



ICA
GRUPPEN

ICA Gruppen Investment case Q1 2021

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	36%
Stores	Market share

91,684	4,240
Net sales	EBIT

rimi

Grocery retail with leading positions in Estonia, Latvia & Lithuania

283	15%
Stores	Market share

16,373	703
Net sales	EBIT

APOTEK 

2 pharmacy chain in Sweden

391	31%
Stores	Market share

15,178	383
Net sales	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	603
Net sales	EBIT

ICA banken

ICA Bank - full-service bank and insurance offering

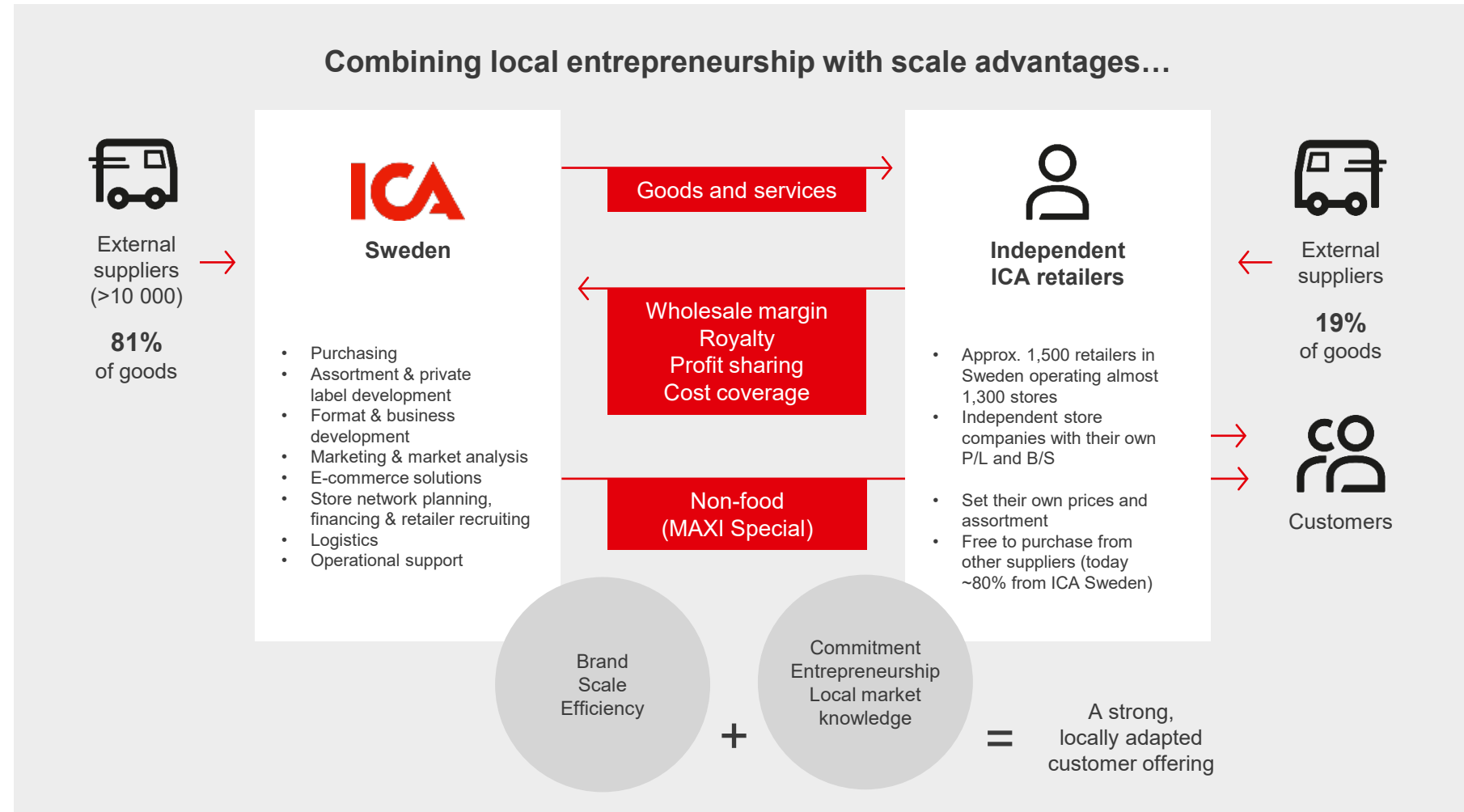
>840,000	~200,000
Bank customers	Insurance customers

1,699	174
Net sales	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



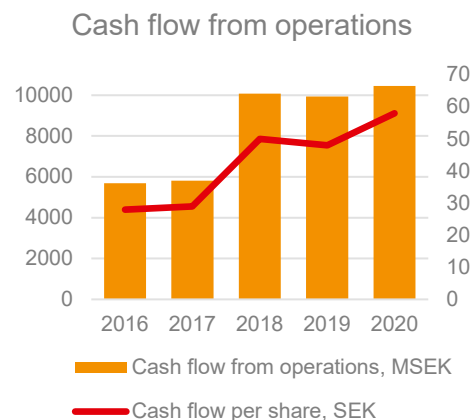
Strong financial position and stable returns with the capacity to invest to capture new opportunities

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

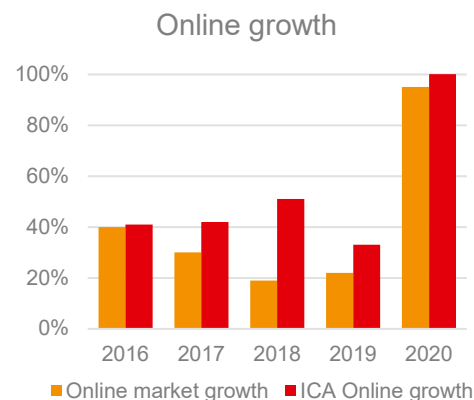
...generating a solid cash flow and a stable financial performance...

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



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

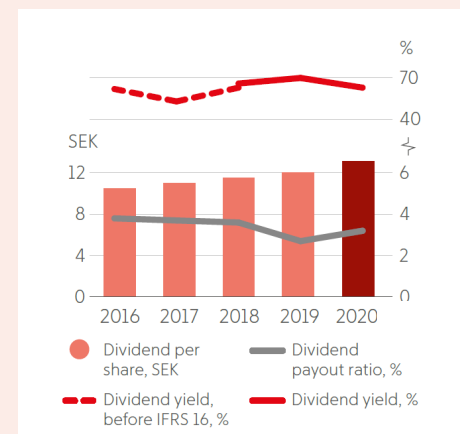
- Digitalisation of retail requires large upfront investments in infrastructure, systems and competences – scale matters
- Growth in online sales outperforming average online market growth



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 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

Q1 Report 2021

Stable start to the year – but weak pharmacy market

Financial

Net sales:
+0.8%

EBIT:
-3.5%

EBIT margin:
4.1%

Highlights

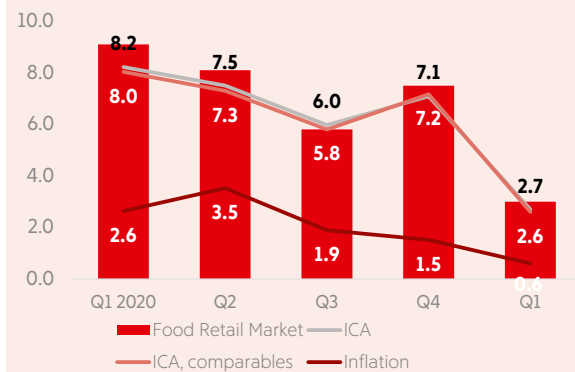
- Pandemic continues to have impact – weak pharmacy market
- Continued strong growth in sales online
- ICA Sweden – continued growth and stable operating margin
- Covid-19 effects approximately SEK -20 million net
- Eric Lundberg new CEO of Apotek Hjärtat, takes office on 3 May

Store sales and retail market in Q1

Sweden – ICA store sales growth slightly below market

- ICA store sales in Sweden, growth of +2.7%, in comparable stores +2.6%
- Price and calendar effect of +0.1% (price +0.6%, calendar +0.5%)
- Market growth according to DVI index +3.0%
- ICA Online sales growth +149%. Market growth online +128%
- Establishments Q1: 1 new store

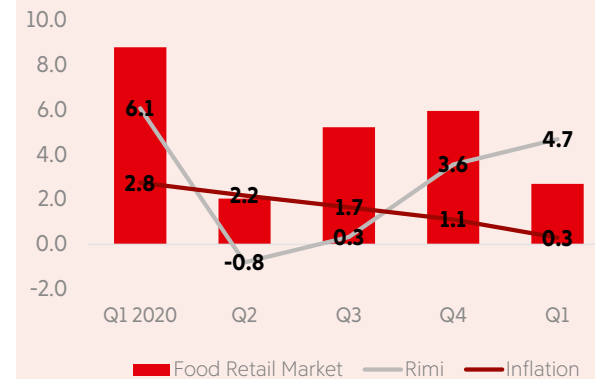
ICA Stores sales development (excl. VAT), %



Rimi Baltic – Store network investments and online boost sales

- Rimi store sales +4.7%, comparable sales -1.3%
- Market growth (prel. & estimated) +2.7
- Food inflation (prel. & estimated) +0.3%
- Establishments Q1: 5 new stores

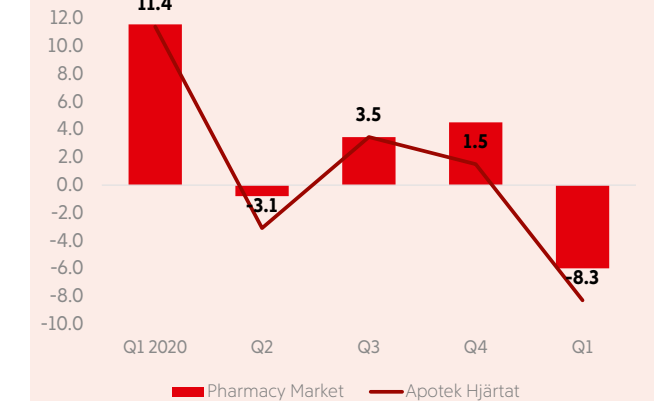
Rimi Baltic sales development, %



Apotek Hjärtat – Strong online growth but overall market very weak

- Apotek Hjärtat sales growth -8.3%
- Market growth of -6.0%
- Online growth Apotek Hjärtat +70%
- Online growth market +41%
- Establishment Q1: 3 new pharmacies

Apotek Hjärtat pharmacy sales development, %



MSEK Net sales

Q1 2021	Q1 2020	Change %
30,602	30,366	+0.8%

EBIT

Q1 2020	Q1 2020	Change %
1,264	1,310	-3.5%

EBIT margin

Q1 2021	Q1 2020	Change %
4.1%	4.3%	-0.2pp

*Source DVI = Food retail index/Dagligvaruindex