



ICA
GRUPPEN

ICA Gruppen Investment case Q3 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 Stores	36% Market share
85,187 Net sales	3,712 EBIT

rimi

Grocery retail with leading positions in Estonia, Latvia & Lithuania

277 Stores	15% Market share
16,168 Net sales	744 EBIT

APOTEK 

2 pharmacy chain in Sweden

390 Stores	31% Market share
14,778 Net sales	464 EBIT

ICA Fastigheter

ICA Real Estate - supports ICA Sweden's store network

Real estate portfolio – book value SEK 17.4 bn, estimated market value SEK 23.9 bn.

2,731 Net sales	504 EBIT
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ICA banken

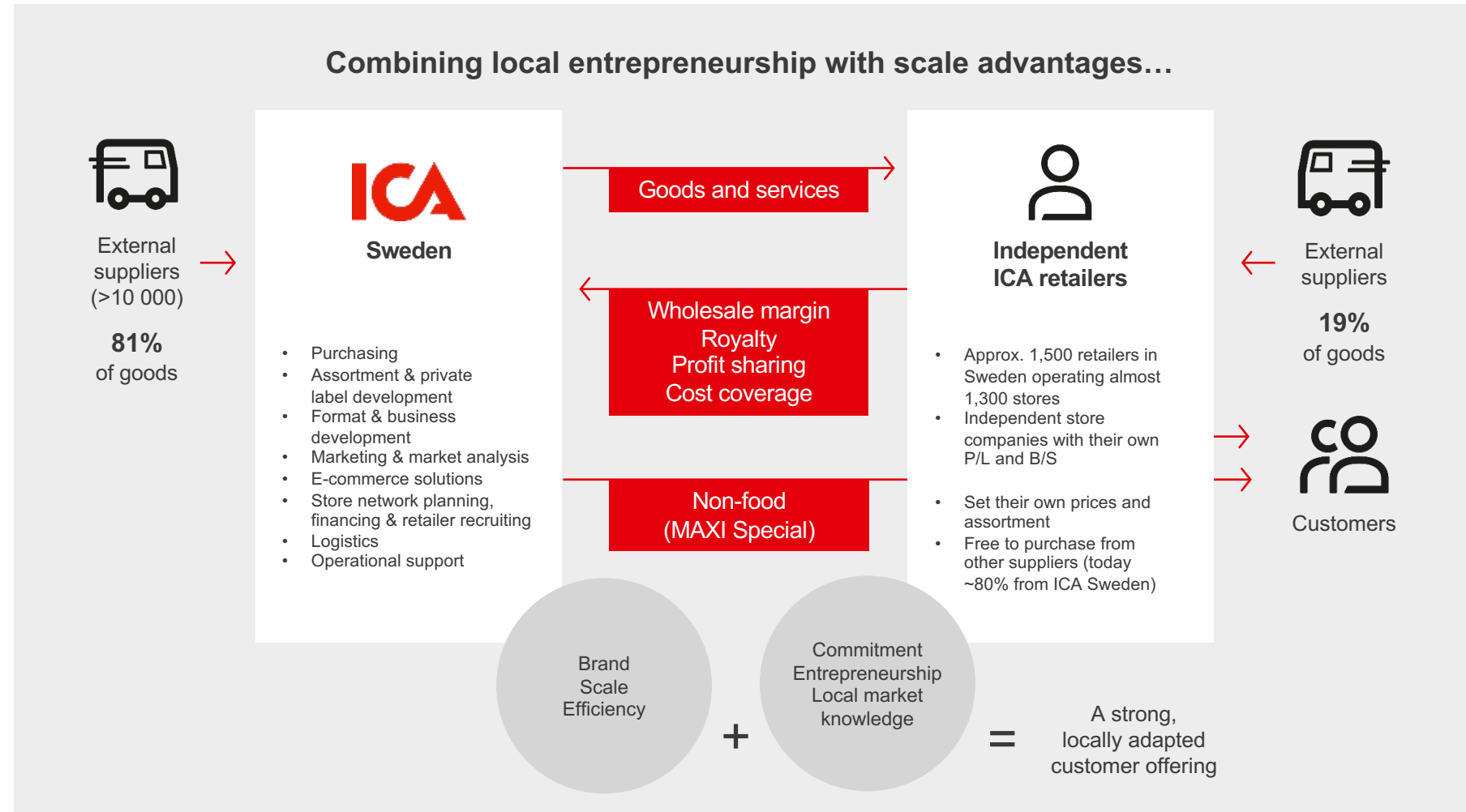
ICA Bank - full-service bank and insurance offering

>800 000 Bank customers	>170 000 Insurance customers
1,570 Net sales	244 EBIT

SEK million. All figures as of end 2019. 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



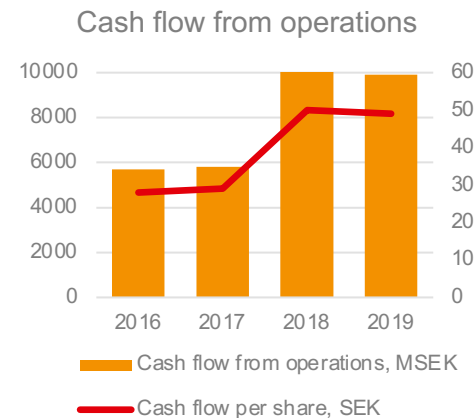
Strong financial position and stable returns with the capacity to invest to capture new opportunities

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

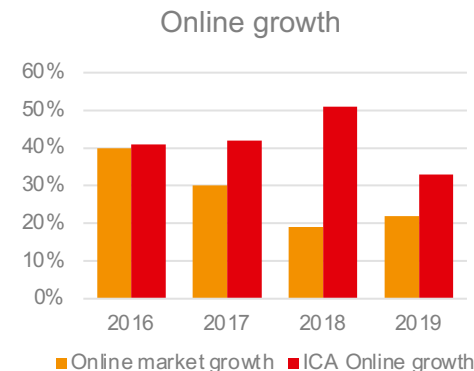
...generating a solid cash flow and a stable financial performance...

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



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

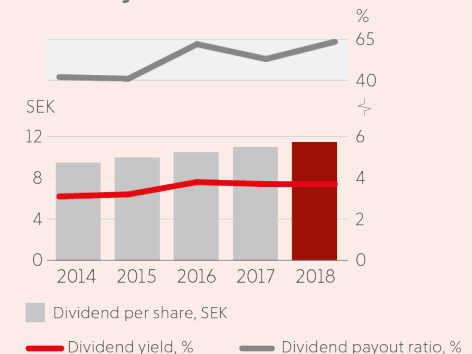
- Digitalisation of retail requires large upfront investments in infrastructure, systems and competences – scale matters
- Growth in online sales outperforming average online market growth



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:	Online market growth	Apotek Hjärtat online growth
>10%	+36%	+40%

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

Q3 Report 2020

Stable in a turbulent world

Financial

Net sales:
+5.3%

EBIT:
+6.2%

EBIT margin:
5.4%

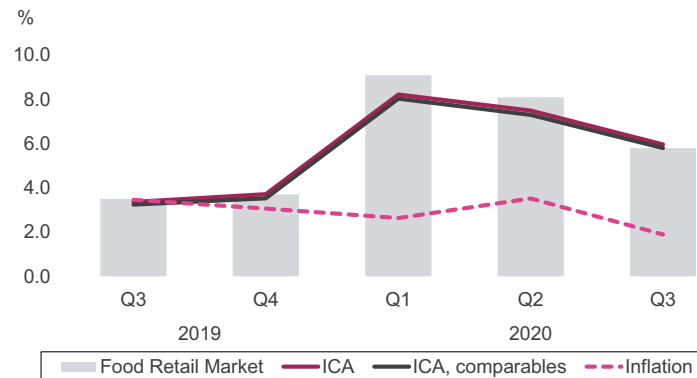
Events

- Extraordinary General Meeting on September 22 resolved in favour of the proposed dividend the Board's proposal of a second dividend of SEK 6/share
- Updated market valuation of real estate portfolio shows stable development

Store sales and retail market in Q3

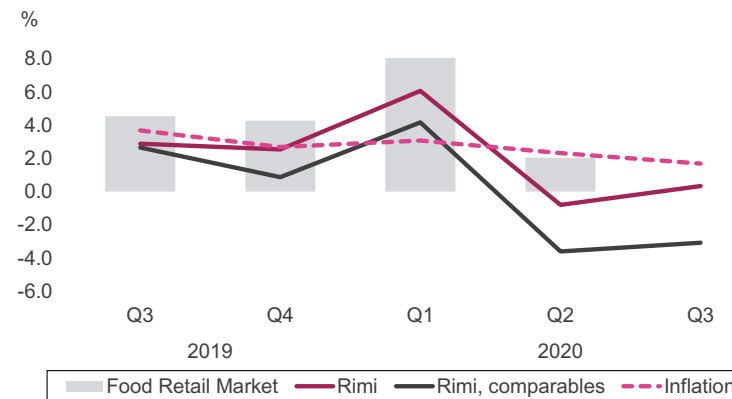
Sweden – ICA store sales growth slightly above market

- ICA store sales in Sweden, growth of +6.0%, in comparable stores +75.8%. Higher average buy, less store visits
- Price and calendar effect of +1.9% (price +1.9%, calendar 0.0%)
- Market growth according to DVI index +5.8%
- ICA Online sales growth +124%. Market growth (DVI) online +101%
- Establishments Q3: no new stores



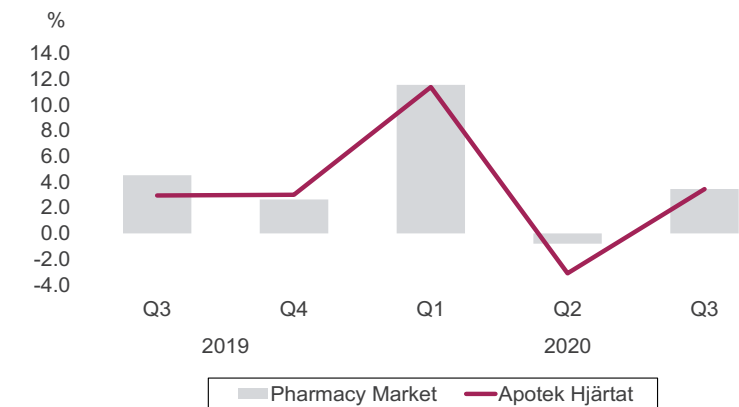
Rimi Baltic – Sales negatively impacted by covid-19 effects

- Rimi store sales +0.3%, comparable sales -3.1%
 - Estonia comparable -5.0%
 - Latvia comparable -3.5%
 - Lithuania comparable +0.1%
- Food inflation +1.7% (preliminary figure)
- Establishments Q3: 2 new stores



Apotek Hjärtat – total sales in line with market, online well above

- Apotek Hjärtat sales growth +3.5%
 - Prescription +2.8%
 - OTC -7.8%
 - Traded goods +14.3%
- Market growth of +3.5%
- Online growth, Apotek Hjärtat +121%, market+53%
- Establishment Q3: 2 new pharmacies



MSEK Net sales

Q3 2020	Q3 2019	Change %
31,400	29,818	+5.3%

EBIT

Q3 2020	Q3 2019	Change %
1,698	1,599	+6.2%

EBIT margin

Q3 2020	Q3 2019	Change %
5.4%	5.4%	+0.0pp

*Source DVI = Food retail index/Dagligvaruindex