



ICA
GRUPPEN

ICA Gruppen Investment case Q2 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

- At least net zero emissions from own operations by 2030
- ICA's suppliers are to have adopted science-based targets by 2025
- Cut climate emissions from customers' grocery purchases in half by 2030

Long-term financial targets

Grow 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

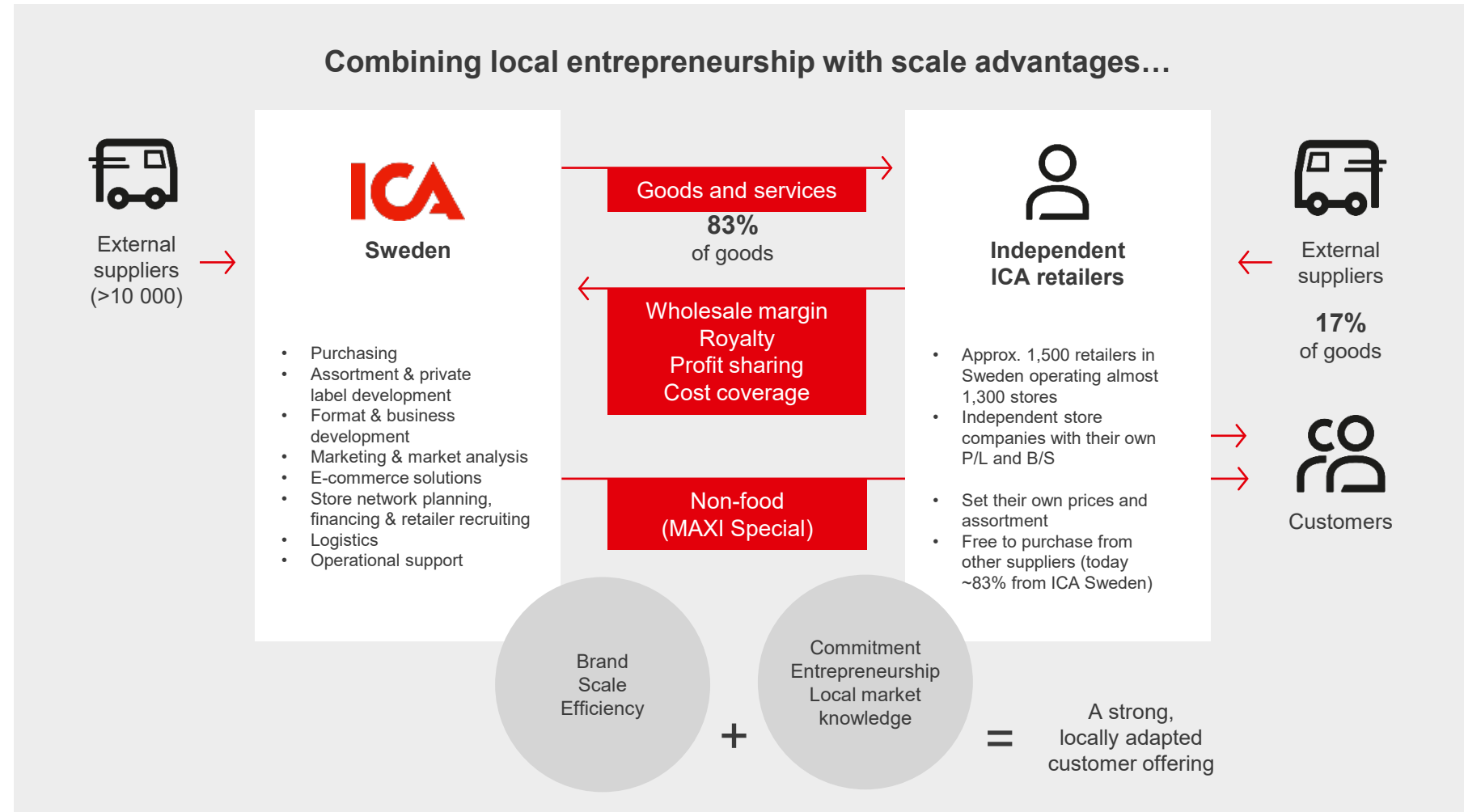
>840,000 Bank customers **~200,000** Insurance customers

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



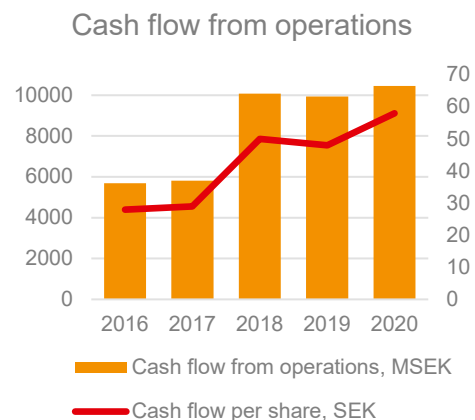
Strong financial position and stable returns with the capacity to invest to capture new opportunities

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

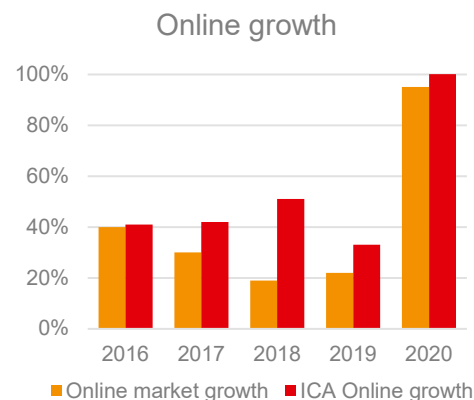
...generating a solid cash flow and a stable financial performance...

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



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

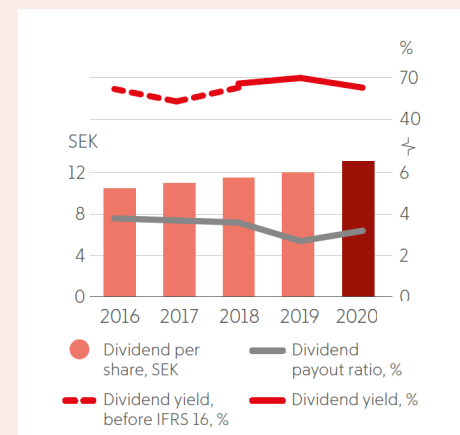
- Digitalisation of retail requires large upfront investments in infrastructure, systems and competences – scale matters
- Growth in online sales outperforming average online market growth



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



Food Ecosystem (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 2021/22.
- Rimi Baltic: Online shopping launched in 2019/2020. Rapid growth since launch
- Apotek Hjärtat: A broader offering and faster deliveries
- Launched co-delivery of products from Apotek Hjärtat with groceries from ICA (Stockholm region)
- ICAX has launched multiple services and has a strong pipeline focusing on areas such as sustainability, health and improved shopping experience



Personalized & digital marketing

- Scaling up personalisation across channels through loyalty program and the use of advanced analytics and AI
- Leverage large volume of customer data in a secure way



Advanced Analytics & AI

- Advanced analytics and AI capabilities deployed across multiple fields in all segments
- Utilized to optimise performance of pricing, assortment planning, space allocation, store networks etc



Process automation

- Reduces labour costs and increases quality and speed
- Machine learning to optimise performance of pricing, assortment planning, etc
- Using capabilities such as RPA, Digital Assistants and Process Mining

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
- Two ICA online dark store supporting stores in Stockholm and Gothenburg
- Apotek Hjärtat rapid online growth
- Online launch in Rimi Baltic
- Investment in and partnership with Min Doktor

Q2 Report 2021

Robust improvement in Apotek Hjärtat and Rimi Baltic

Financial

Net sales:
+1.5%

EBIT:
-0.4%

EBIT margin:
4.5%

Highlights

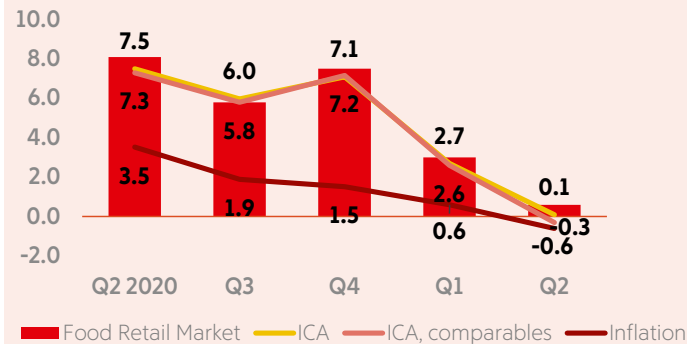
- New board member Charlotte Svensson elected, and dividend decided of SEK 13.00/share at AGM in April
- ICA Bank completes the Forex transaction
- Apotek Hjärtat will move its e-commerce warehouse to larger premises to enable a continued expansion of an omnichannel offering

Store sales and retail market in Q2

Sweden – Store sales below market – online impacting

- ICA store sales in Sweden, growth of +0.1%, in comparable stores -0.3%
- Price and calendar effect of -1.6% (price -0.6%, calendar -1.0%)
- Market* growth according to DVI index +0.6%
- Online sales growth +23.5%. Market growth online +26.9%
- Establishments Q2: 2 new stores

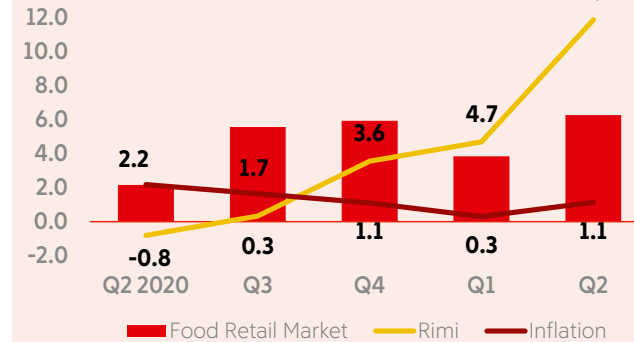
ICA Stores sales development (excl. VAT), %



Rimi Baltic – Strong sales recovery, increasing market share in all three countries

- Rimi store sales +11.9%, comparable sales +7.1%
- Market growth +6.3%
- Food inflation +1.1%
- Online sales growth +134%
- Establishments Q2: 1 new store

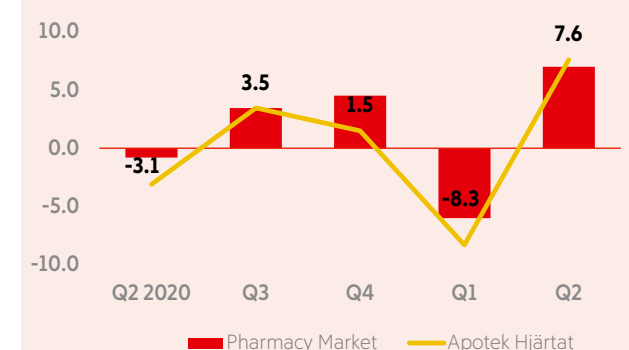
Rimi Baltic sales development, %



Apotek Hjärtat – Sales rebound, increasing market shares

- Apotek Hjärtat sales growth +7.6%
- Market growth of +7.0%
- Online sales growth +21%. Market growth online +17%
- Establishment Q2: no new pharmacies

Apotek Hjärtat pharmacy sales development, %



MSEK Net sales

Q2 2021	Q2 2020	Change %
32,401	31,924	+1.5%

EBIT

Q2 2020	Q2 2020	Change %
1,446	1,452	-0.4%

EBIT margin

Q2 2021	Q2 2020	Change %
4.5%	4.5%	-0.1pp

*Source DVI = Food retail index/Dagligvaruindex