



Quarter 1, 2021

Press and analyst presentation

29 April 2021

Per Strömberg, CEO
Sven Lindskog, CFO

Q1 in brief

- Pandemic continues to have impact – weak pharmacy market
- Continued strong growth in sales online
- ICA Sweden – continued growth and stable operating margin



Stable start to the year, but weak pharmacy market

Net sales growth

+0.8%

- Covid-19 impact on sales +1.7% (+2.9%)
- Growth local currency +1.5%

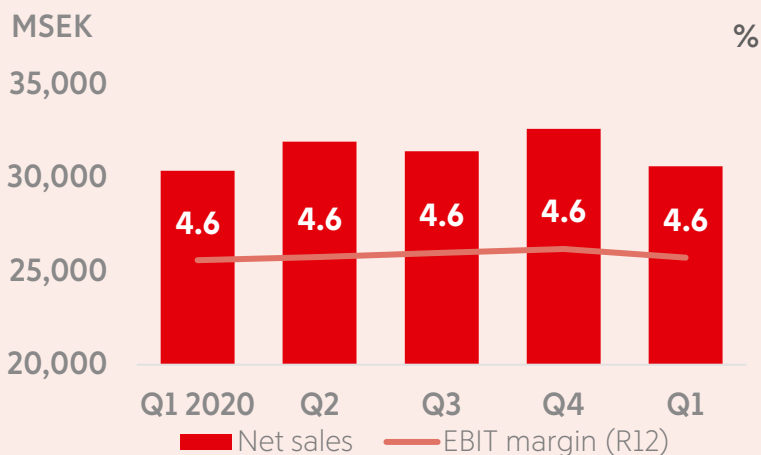
EBIT growth

-3.5%

- Covid-19 impact on EBIT MSEK -20 (+50)

MSEK	Q1 2021	Q1 2020	Change %
Net sales	30,602	30,366	0.8
EBIT	1,264	1,310	-3.5
EBIT Margin	4.1%	4.3%	-0.2 pp

Net sales and EBIT margin (R12)



EBIT equals "EBIT excluding items affecting comparability" on all slides in this presentation. As of January 1, 2019, ICA Gruppen reports in accordance with IFRS 16.

Events

- Eric Lundberg has been recruited as the new CEO of Apotek Hjärtat. He will start on May 3.
- The Annual General Meeting on April 15
 - The Board's proposed dividend of 13.00 SEK/share was decided
 - Charlotte Svensson was elected new board member

ICA store sales slightly below market growth

ICA store sales growth

+ 2.7%

- Comparable stores: +2.6%
- Market growth*: +3.0%
- Price and calendar effect +0.1% (price effect +0.6%, calendar effect -0.5%)
- Establishments: 1

ICA online sales growth

+ 149%

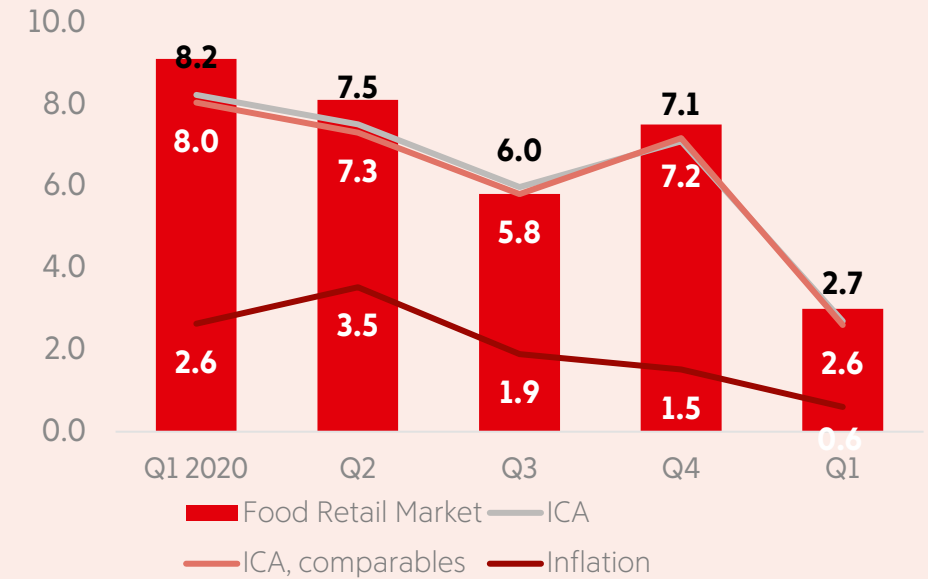
- Food +160%
- Meal kits +28%
- Market growth* +128%

Share online sales

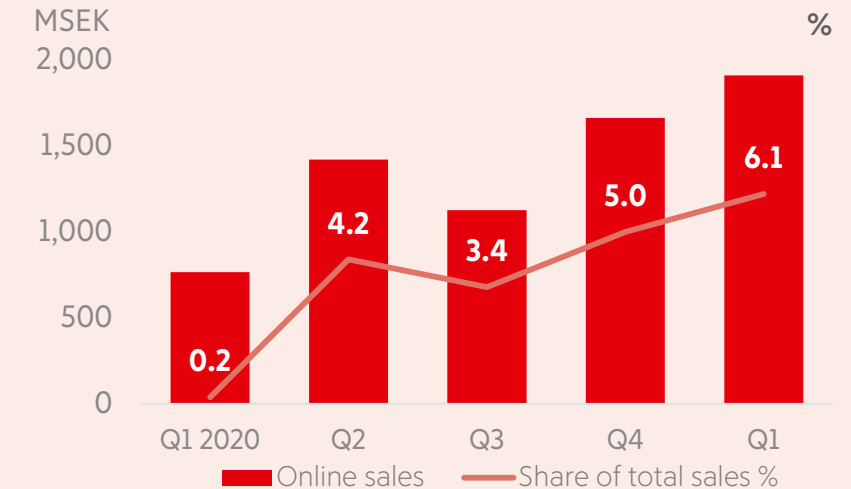
6.1%



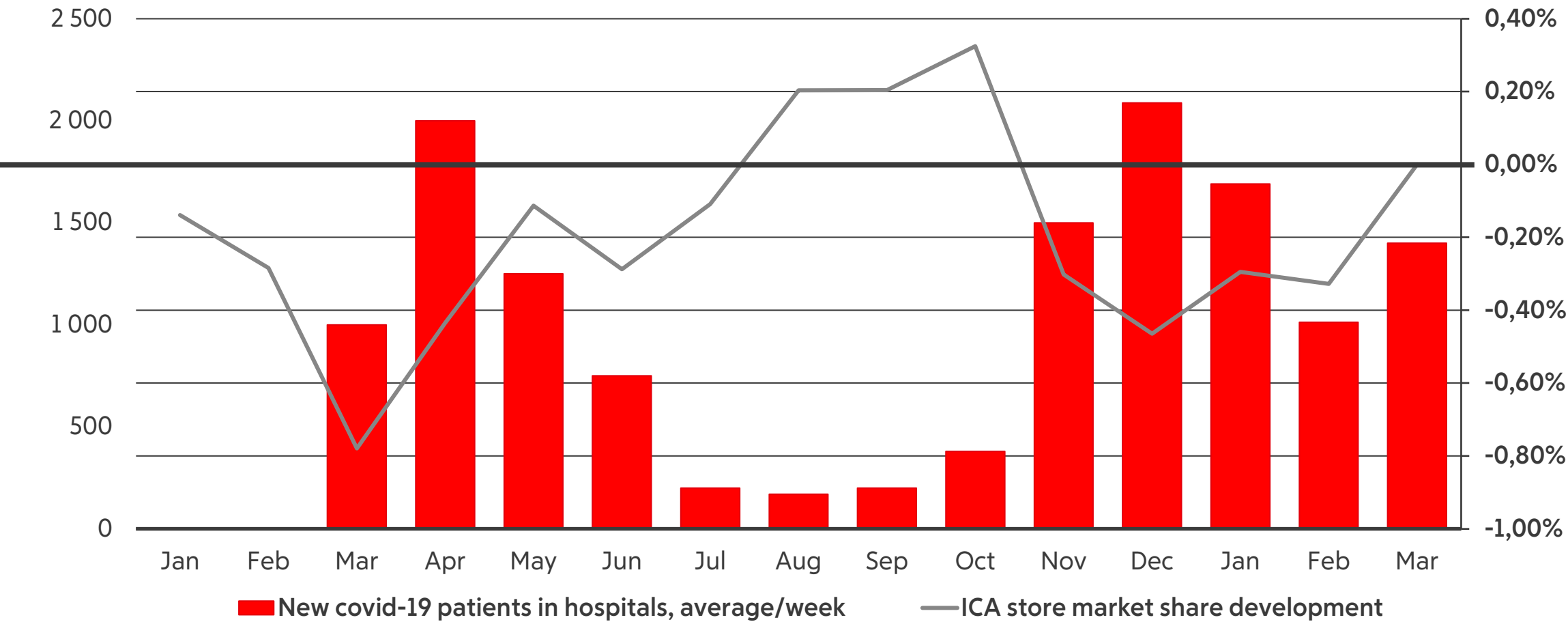
ICA Stores sales development (excl. VAT), %



ICA Stores sales development online



ICA stores market share correlates to covid cases – March blurred by Easter



Store network investments and online boost sales

Rimi store sales growth

+ 4.7%

- Comparable sales -1.3%
- Market growth (preliminary) +2.7%
- Food inflation (preliminary) +0.3%
- Establishments: 5

Share online sales

3.0%



Rimi Baltic sales development, %



	Rimi Baltic Sales growth, %	Food inflation, %	Total market growth, %
Estonia	-1.1	0.4	0.7
Latvia	5.0	0.1	-0.4
Lithuania	10.4	0.5	5.7
The Baltics	4.7	0.3	2.7

Inflation and market data are preliminary figures estimated by Rimi Baltic. Definitive data is available beginning of May

Strong online growth but overall market very weak

Store sales growth

-8.3%

- Market growth -6.0%
- Hoarding in March LY
- Establishments: 3

Online sales growth

+70%

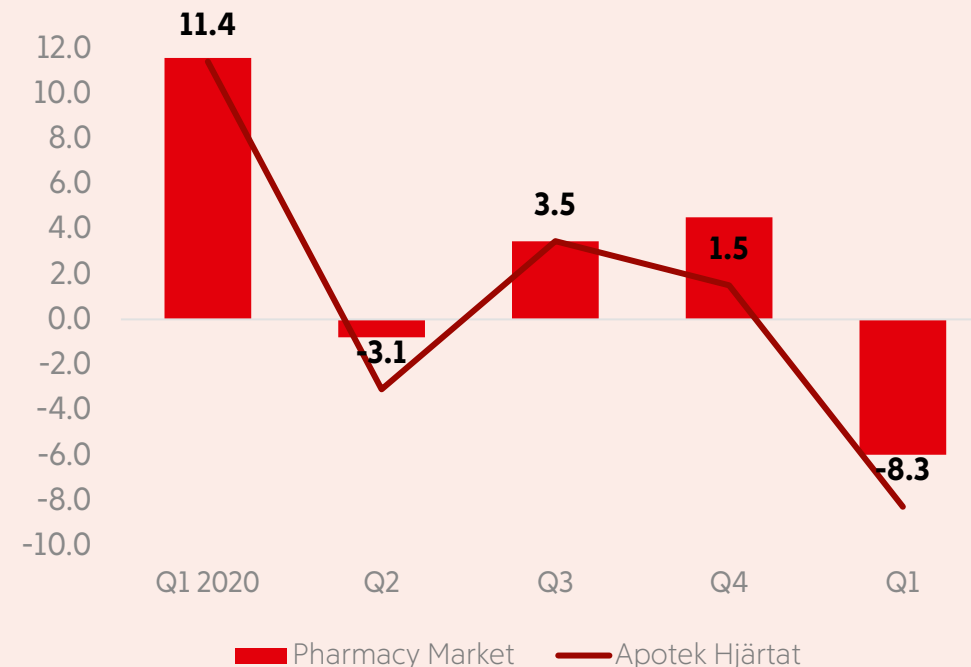
- Market growth +41%

Share online sales

10.6%



Apotek Hjärtat pharmacy sales development, %



	Apotek Hjärtat sales growth, %	Total market growth, %
Prescription	-7.8	-6.6
OTC	-24.8	-21.3
Traded goods	0.2	5.4
Total sales growth	-8.3	-6.0

Adapting to a changing market

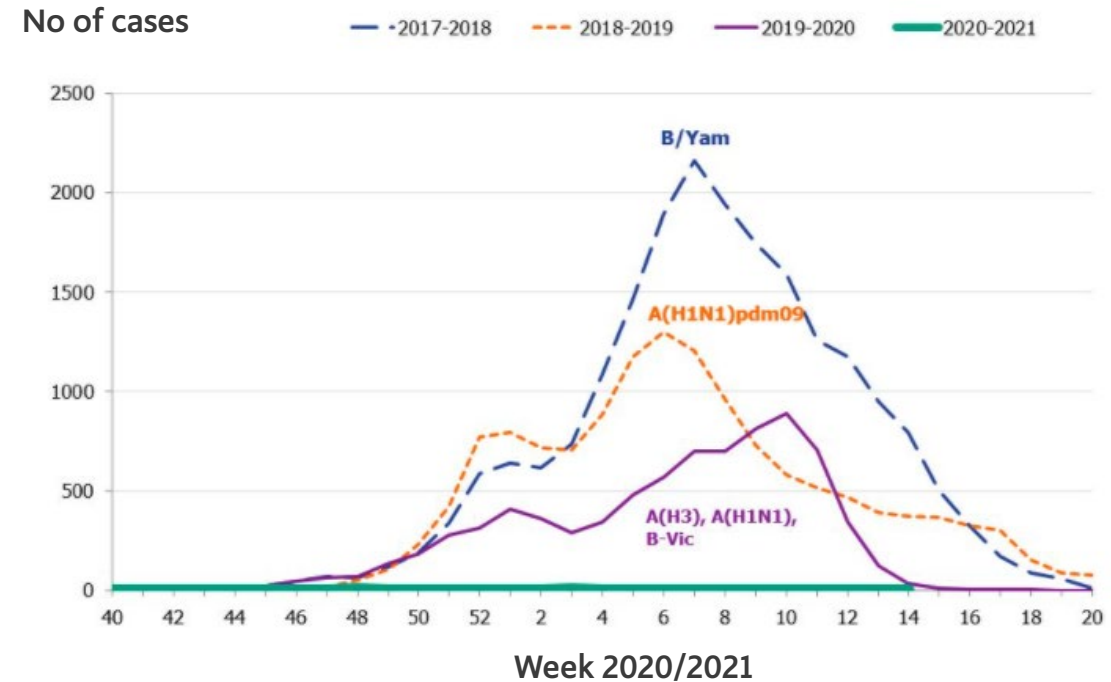
A very weak pharmacy market...

- Significantly less cases of flu and other seasonal diseases give sharp decrease in sales of cold/flu related products
 - Pain & fever products down >30% and cold/flu products -50% compared to last year (Apotek Hjärtat)
- Less visits to hospitals and health care centers and non-acute surgeries postponed - lower demand for pharmaceutical products
 - Prescribed volume -10%
- Hoarding of OTC and prescribed in March LY

... and continued very strong online migration

- All growth in market is online +41%. Sales in physical pharmacies down sharply, -13%

Number of flu cases per week/years



Source: Public Health Agency of Sweden (Folkhälsomyndigheten)

Cost reduction and efficiency program in place

Cost reduction program in three key areas:

- Reduction of overhead costs – head office and support functions
- Efficiency in pharmacies
- Increased efficiency in logistics

Add-on to existing annual 20 MSEK savings program communicated in Q4 2020



Apotek Hjärtat's goal is to be Sweden's leading e-commerce player and the strongest omni-channel player in the business



A STRONG OMNI OFFERING:

- Apotek Hjärtat's online sales grow faster than the market
- ~20% of total online orders are delivered through Click & Collect or Home Delivery express
- Picking in our e-commerce warehouse or in physical pharmacies
- Giving the customers a good offering and sustainable alternatives

GROUP ECO SYSTEM CREATES FURTHER OPPORTUNITIES:

- ICA, Apotek Hjärtat and Min Doktor in co-operation
- Unique customer offerings
- Co-deliveries recently launched with ICA and Apotek Hjärtat

Highlights



Conversion to Ocado Smart Platform initiated, improved customer offerings



- Ocado platform implementation 2021 – roll out has begun with positive response from ICA retailers and customers
- Highly automated customer fulfilment center in Brunna north of Stockholm to be finalized 2022. Tests to start Q4 2021



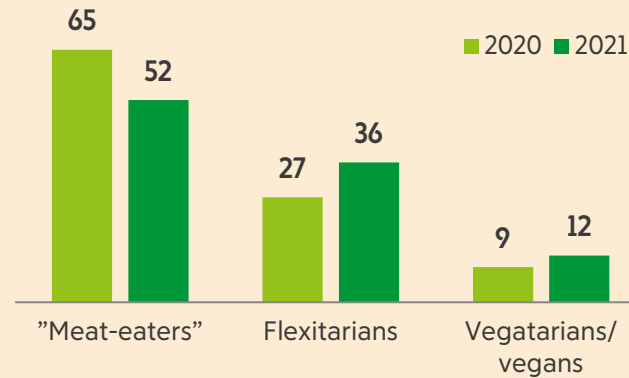
- E-commerce warehouse Arendal now operational for deliveries 7 days a week in greater Gothenburg area
- Latest Ocado technology, hundreds of new job opportunities in 17,000 sqm building
- Fossil free fuels used in transports



- First player in the market to offer co-deliveries of food and pharmaceuticals – Apotek Hjärtat and ICA started in March
- Deliveries within the area of the e-commerce warehouse in Stockholm

New Future Report – fast transition to plant-based food

- The number of "meat-eaters" dropped from **65%** last year to **52%** this year
- Younger people more interested in plant-based food
- Climate change main driver
- Women lead the way
- Trend towards plant-based food with the taste of the original ingredients, instead of imitating meat



Cook plant-based meals two times a week or more:

Women	29%
Men	11%
18 – 29 yrs	31%
30 – 49 yrs	24%
50 – 64 yrs	15%
65 – 79 yrs	8%



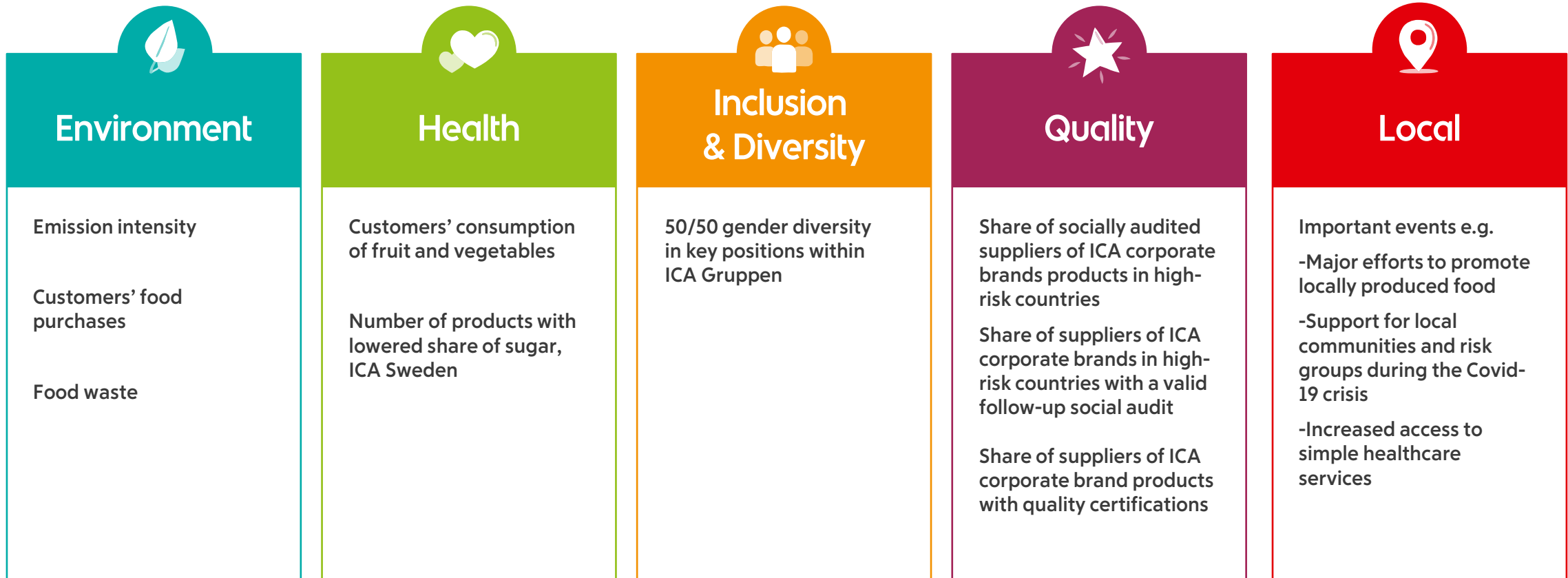
Drivers to choose plant-based food (ranked)

1. Climate	39%
2. Health	36%
3. For a better world	27%
4. For the animals	23%

ICA Future Report ("Framtidsrapporten") can be downloaded at icagruppen.se (in Swedish)

Transparency and measurability for a good tomorrow

- key indicators



Financial development



Solid development in Q1 – but pharmacy very weak

Net sales

+0.8%

- Growth in local currency +1.5%
- Covid-19 impact +1.7% (+2.9%)
- Easter impact this year +1.0%
- Leap day impact last year +0.7%
- Volume growth in most segments, but severe negative volume impact Apotek Hjärtat

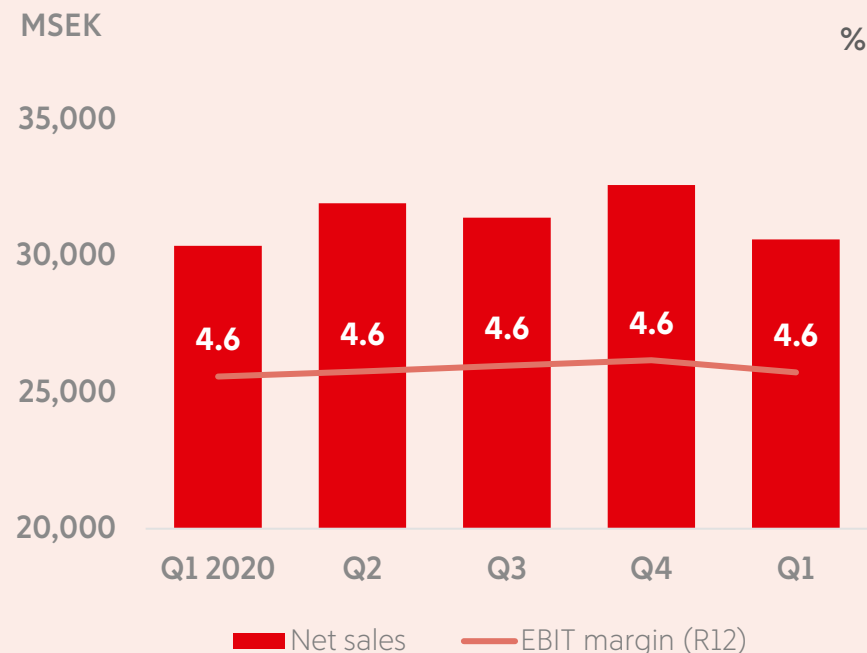
EBIT

-3.5%

- +** Volume growth, covid-19
Improved EBIT most segments
- Covid-19 effect MSEK -20 (LY MSEK +50)
Negative volume impact Apotek Hjärtat



Net sales and EBIT margin (R12)

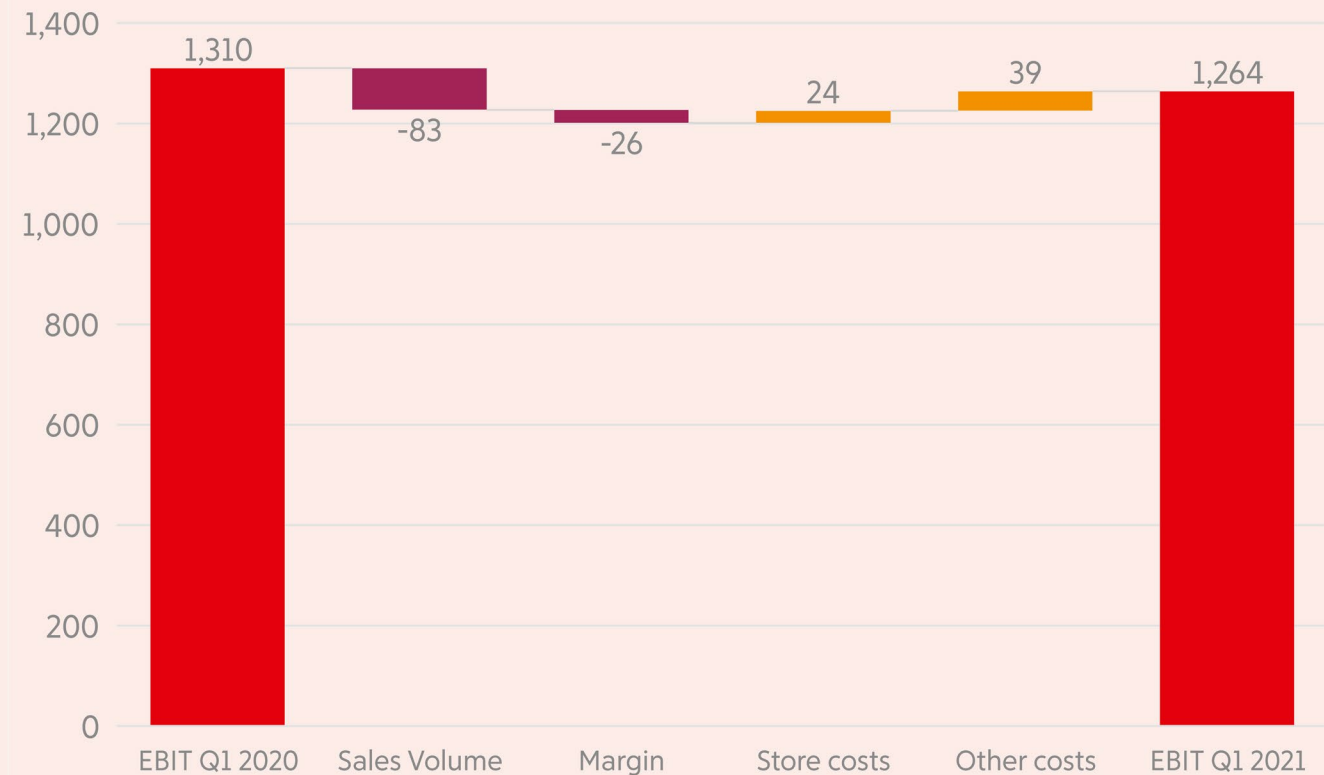


	Q1 2021	Q1 2020	Change %
Net Sales	30,602	30,366	0.8
EBIT	1,264	1,310	-3.5
EBIT margin %	4.1%	4.3%	-0.2 pp
Cash flow ¹	1,775	2,009	-11.6
Earnings per share (SEK)	4.86	4.83	0.6

¹ Cash flow from operating activities excl. ICA Bank

EBIT variance analysis Q1 (estimate)

- Earnings increase from wholesale volumes could not balance decrease from lower pharmacy volumes
- Margin variance affected above all by Apotek Hjärtat
- Store costs lower due to divested stores and increased profit sharing, but partly offset by increased cost levels
- Other costs lower primarily due to lower advertising costs this year and "exceptional" credit loss provision last year



EBIT margin stable

Net sales

+3.0%

- Mainly wholesale volume growth
 - Easter calendar effect this year +1.4%
 - Leap day effect last year +0.6%
- Covid-19 impact +4.1% (+3.0%)
- Continued strong online growth



EBIT

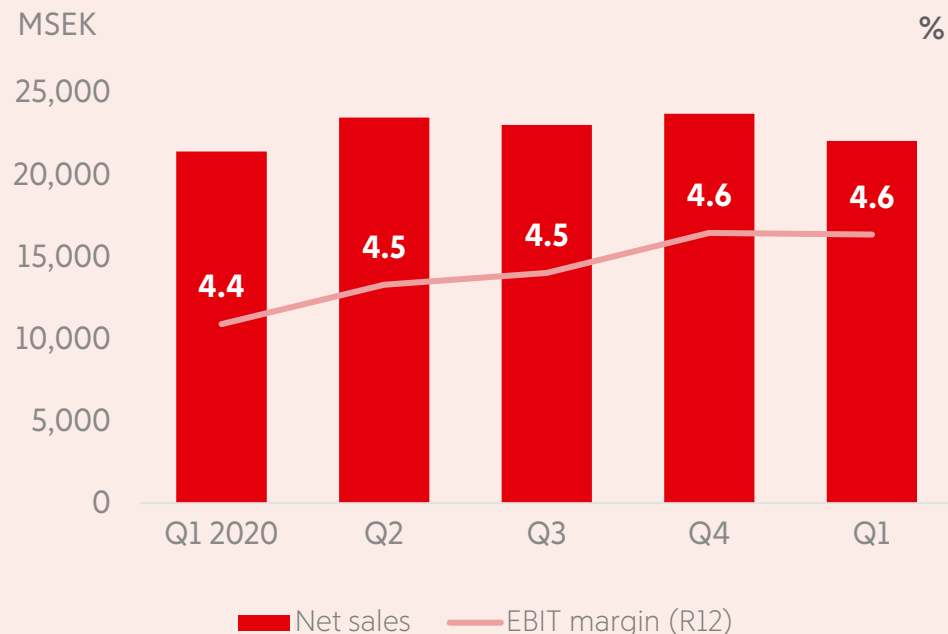
+2.8%

EBIT mainly driven by approx.
+100 MSEK covid-19 effect (+35)

+ Sales volume growth (including Easter impact, but excl. leap day)
Profit sharing, MSEK +19

- Less gain on divested stores
Logistics costs, new warehouse
Higher costs online and IT

Net sales and EBIT margin (R12)



MSEK	Q1 2021	Q1 2020	Change %
Net sales	22,074	21,430	3.0
EBIT	942	916	2.8
EBIT Margin	4.3%	4.3%	-0.0 pp

Encouraging sales development

Net sales

-0.8%

- Net sales growth in local currency +4.7%, price and volume
- Covid-19 impact -1.0% (+1.0%)



EBIT

-2.9%

EBIT improving in local currency, but still burdened by some MSEK -20 covid-19 effect (+/-0)

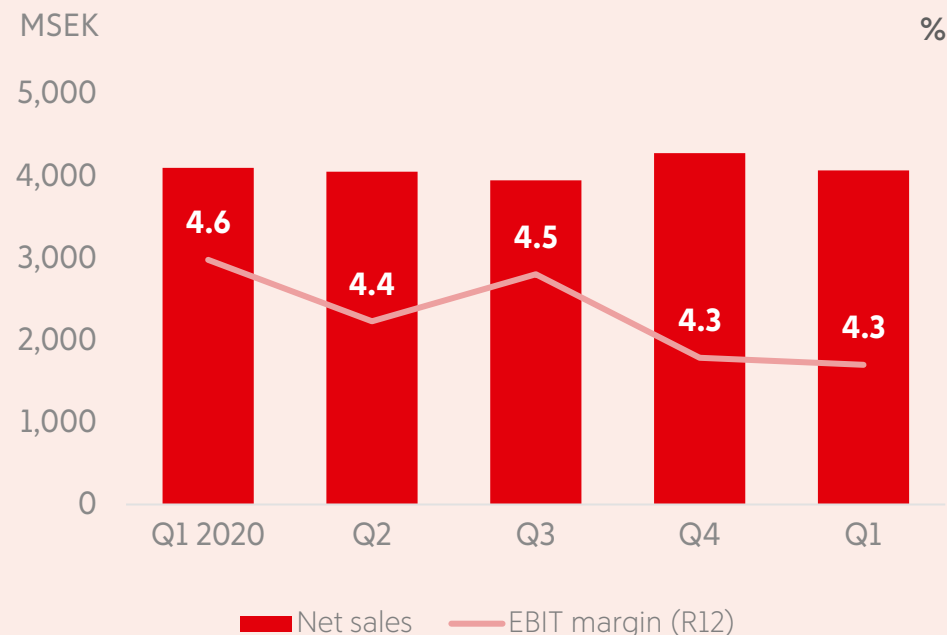


Volume
Product mix (Non food)
Shrink



L&D costs, mainly DC ramp-up
Store costs – store network changes and salaries
Investing in e-commerce

Net sales and EBIT margin (R12)



MSEK	Q1 2021	Q1 2020	Change %
Net sales	4,067	4,098	-0.8
EBIT	148	152	-2.9
EBIT Margin	3.6%	3.7%	-0.1 pp

Covid-19 effects pushing down sales and results

Net sales

-9.3%

- Positive price effects, negative volume development
- Covid-19 impact -8.0% (+6.0%)
- Hoarding in March last year
- High growth in online sales, +70%



EBIT

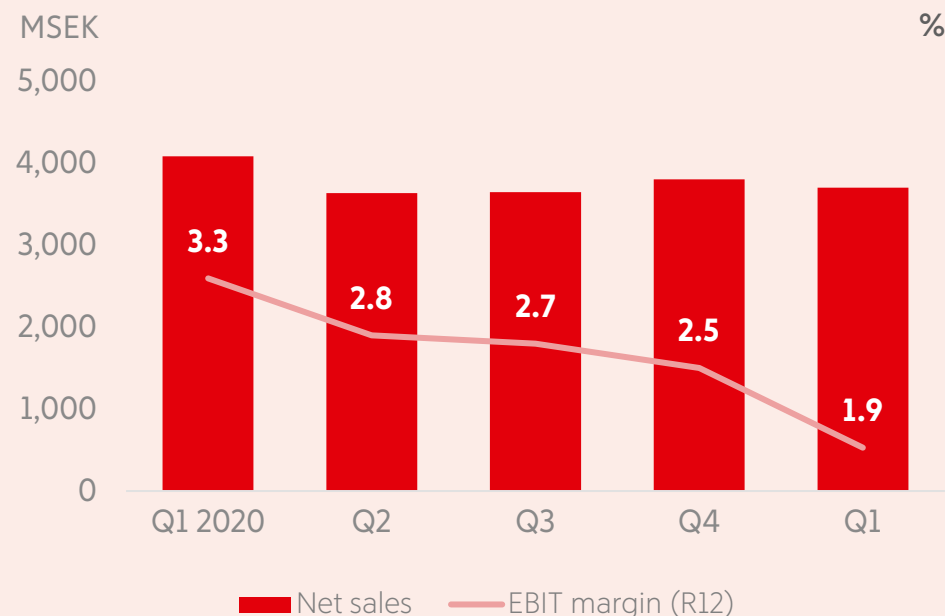
-83.1%

Lower EBIT, covid-19 effect MSEK
-90 (+35)

- Sales volume
Margin effect – lower share of PL and higher share of online sales
E-commerce and digitalisation costs

✚ Cost savings

Net sales and EBIT margin (R12)



MSEK	Q1 2021	Q1 2020	Change, %
Net sales	3,706	4,087	-9.3
EBIT	22	130	-83.1
EBIT Margin	0.6%	3.2%	-2.6 pp

Profitable growth

Net sales

-1.6%

- Investments and price effects (turnover-based rent)



EBIT

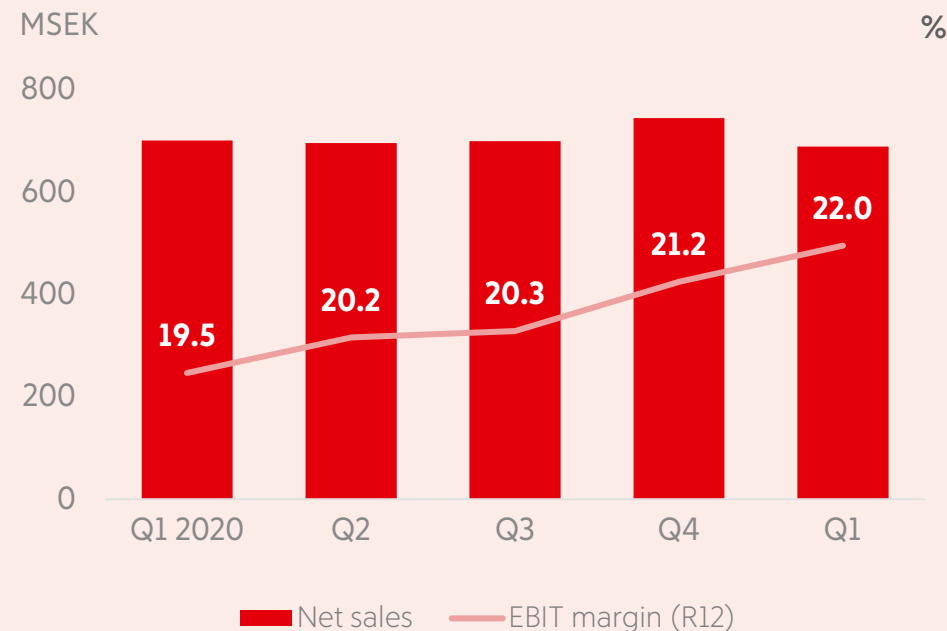
+12.7%

Improved EBIT, covid-19 effect
MSEK +16 (+/-0)

+ Increased rent income, including
DC acquisition impact

- Slightly higher costs
Depreciation from investment in
owned stores and warehouses

Net sales and EBIT margin (R12)



MSEK	Q1 2021	Q1 2020	Change %
Net sales	689	700	-1.6
Whereof owned properties	324	276	17.4
Net Yield	6.8%	6.9%	-0.1 pp
EBIT	160	142	12.7
EBIT Margin	23.2%	20.3%	2.9 pp

Mixed picture

Net income

+2.2%

Higher net income

- Insurance volume growth
- Lower net commissions from mortgages and cash handling

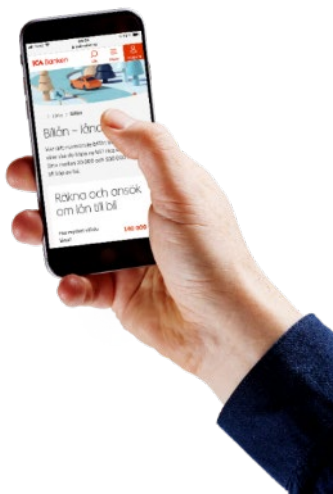
EBIT

+70.6%

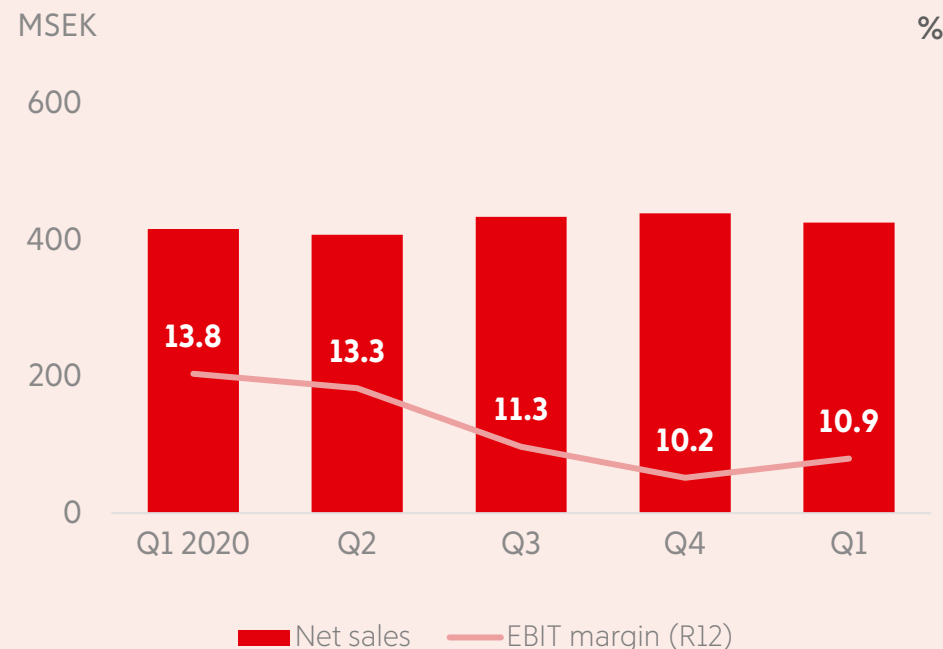
Lower EBIT, covid-19 effect MSEK -25 (-26)

+ Volume growth Insurance
Credit losses MSEK 20 lower vs LY

- Lower mortgage volumes, card transactions, ATM volumes etc



Net sales and EBIT margin (R12)



MSEK	Q1 2021	Q1 2020	Change %
Net income	426	417	2.2
EBIT	29	17	70.6
Business Volume	40,315	48,924	-17.6

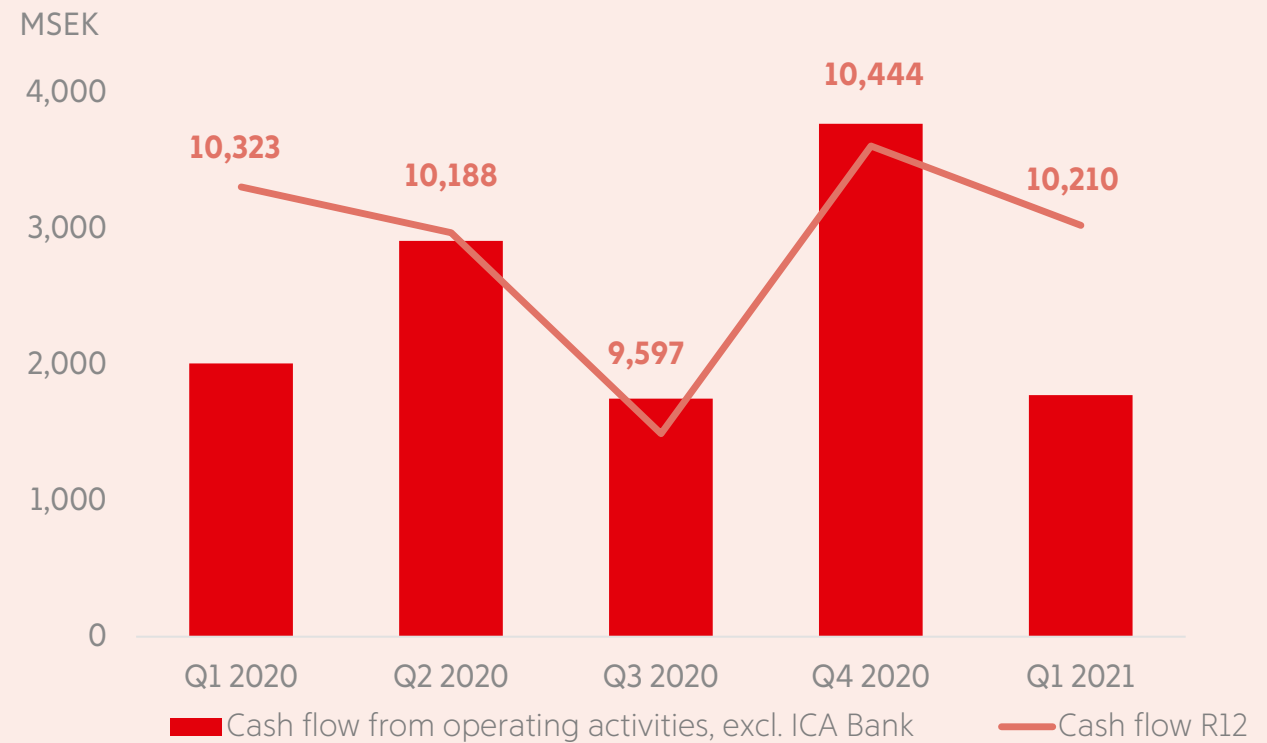
Cash flow impacted by calendar

Operating cash-flow lower than LY:

- Unfavourable quarterly closing working capital positions (accounts receivables) – calendar effect Easter
- Hoarding effects Q1 LY
- Paid tax lower



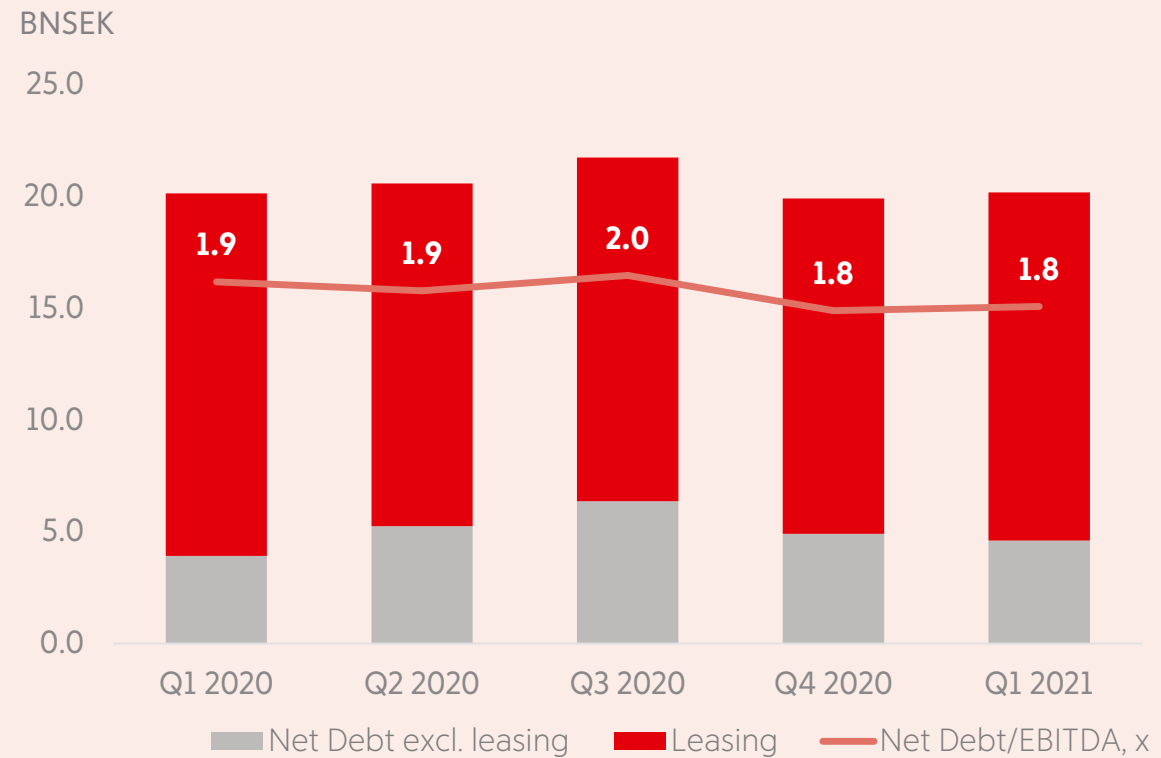
Cash flow (exkl. ICA Bank)



Net debt stable

- Favourable IFRS16 impact
- Net debt pre IFRS 16 up vs Q1 2020 due to investments 2020
- Lower investments 2021
- IFRS16 adds SEK 15.6 billion to net debt as per Q1 2021

Net debt



Long term financial targets

Targets	R12 (31 mar 2021)	Long-term targets, %
Grow faster than market ¹	Sweden ● Baltics ● Pharmacy ●	All markets
EBIT excl. items affecting comparability	4.6	4.5
ROCE ²	9.1	7.5
Net debt/EBITDA ³	1.8	<3.0x
Dividend ⁴ (% profit of the year 2020)	63	At least 50

The changeover to IFRS 16 impacts EBIT margin, ROCE, Net debt/EBITDA and dividend ratio

¹ Swedish growth based on latest definitive market data Q1, 2021.
Baltic growth based on latest definitive market data Q4 2020

² Excluding ICA Bank

³ Interest-bearing liabilities excluding pensions and ICA Bank minus cash and cash equivalents in relation to EBITDA, operating income before depreciation and impairment

⁴ Board proposal decided at AGM of SEK 13.00/share



Outlook and Summary

Outlook



ICA Sweden

- Online implementation margin impact
- Continued conversion to Ocado Smart Platform
- Increased focus on securing price value - private label an important tool
- 8-12 store openings in 2021 with focus on large cities



Rimi Baltic

- Sales growth outlook improving as we are slowly leaving the acute covid-19 phase
- Increase capacity in e-commerce and grow online sales
- Investing in preparations for Lidl entry
- 22-25 store openings in 2021



Apotek Hjärtat

- Continued strong negative covid-19 effect on sales with bottom line impact through Q2
- Additional focus on cost efficiency
- Priority to handle increased online volumes and improve efficiency and omni capability
- 6-8 new pharmacies in 2021

Outlook



ICA Real Estate

- Increase our presence in metropolitan areas
- Completing important projects in online logistics



ICA Bank

- Income streams likely to gradually improve, but depending upon Covid-19 restrictions
- Set-up of new mortgage joint venture
- Completing FOREX loan portfolio acquisition in Q2. Regulatory negative credit loss MSEK 80 in Q2



ICA Gruppen

- Group costs guidance MSEK 450 FY
- Group capex guidance 2021 SEK 3.5 Bn

Q1 in brief

- Pandemic continues to have impact – weak pharmacy market
- Continued strong growth in sales online
- ICA Sweden – continued growth and stable operating margin



Appendix

Lower investment level in Q1

- Group investment level down compared to Q1 LY
 - Lower level in Rimi Baltic MSEK -165. LY warehouse in Riga
 - Higher level in ICA Sweden, investing in IT and online
 - Lower level ICA Real Estate
- Total investment level 2021 SEK 3.5 Bn, where of ICA Real Estate SEK 1.5 Bn

Investments

