



ICA
GRUPPEN

Quarter 2, 2021

Press and analyst presentation

18 August 2021

Per Strömberg, CEO
Sven Lindskog, CFO

Q2 in brief

- Solid quarter with a stable margin
- Strong performance in Rimi Baltic and Apotek Hjärtat
- ICA Sweden – stable quarter affected by online investments





Robust improvement in Apotek Hjärtat and Rimi Baltic

Net sales growth

+1.5%

- Covid-19 impact on sales +0.8% (+0.3%)
- Easter calendar effect -0.8%
- Growth local currency +2.1%
- Growth compared to 2019, +6.5%

EBIT growth

-0.4%

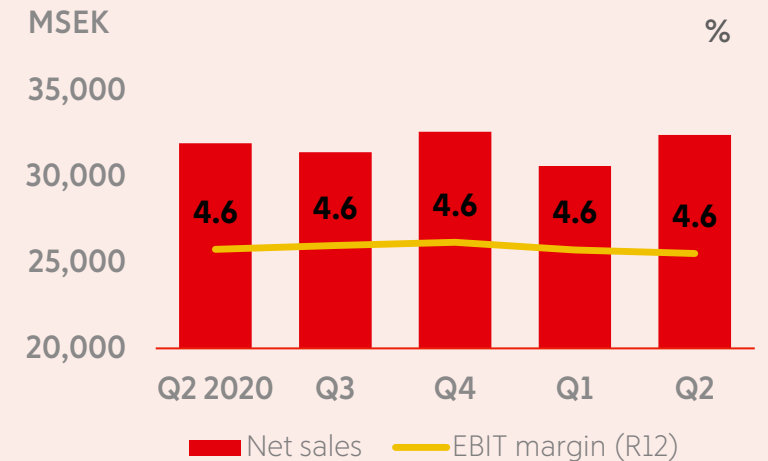
- Covid-19 impact on EBIT MSEK +30 (-60)
- Growth compared to 2019, +5.0%

Events

- 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
- Apotek Hjärtat will move its e-commerce warehouse to enable a continued expansion and development of an omnichannel offering

MSEK	Q2 2021	Q2 2020	Change %
Net sales	32,401	31,924	1.5
EBIT	1,446	1,452	-0.4
EBIT Margin	4.5%	4.5%	-

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.

Store sales below market – online impacting

ICA store sales growth

+0.1%

- Comparable stores: -0.3%
- Market growth*: +0.6%
- Price and calendar effect -1.6% (price effect -0.6%, calendar effect -1.0%)
- Establishments: 2

ICA online sales growth

+23.5%

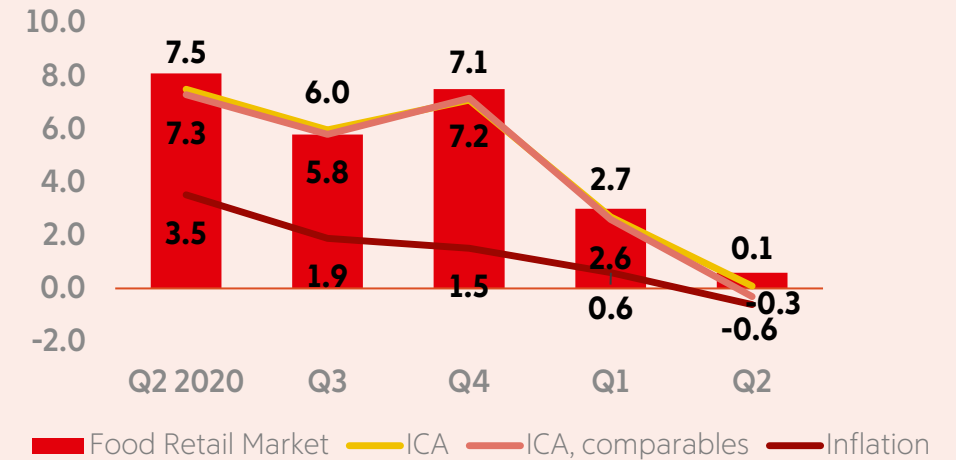
- Food +25.5%
- Meal kits -6.6%
- Market growth* +26.9%

Share online sales

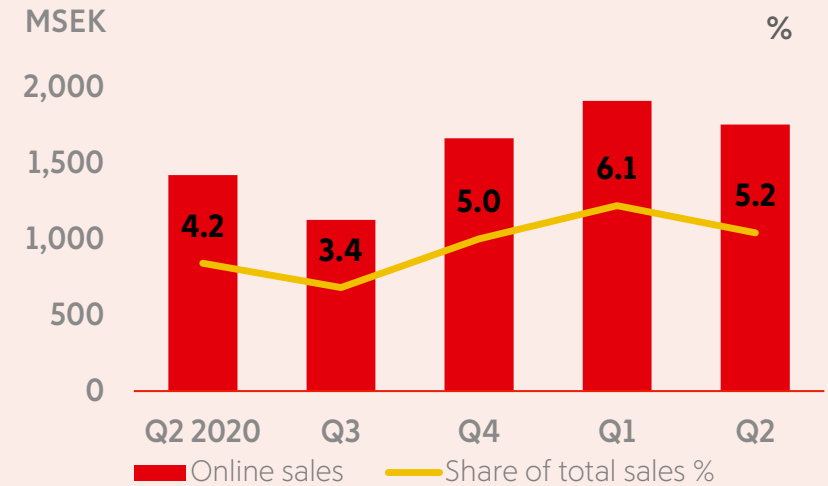
5.2%



ICA Stores sales development (excl. VAT), %



ICA Stores sales development online



*According to DVI= Dagligvarubutiksindex/Food Retail Index which includes grocery sales in stores and online

ICA market share online affects total growth vs. market

Online

- Relatively lower market share online means negative impact in a fast growing market
- Faster scale-up of capacity during Q2 2020 than the market – meeting high growth numbers
- Groups of +65 years return to stores. Share of online sales ~30% (50%)

...in addition

- Few establishments of ICA stores during H1 and relatively low increase of sales area compared to competitors



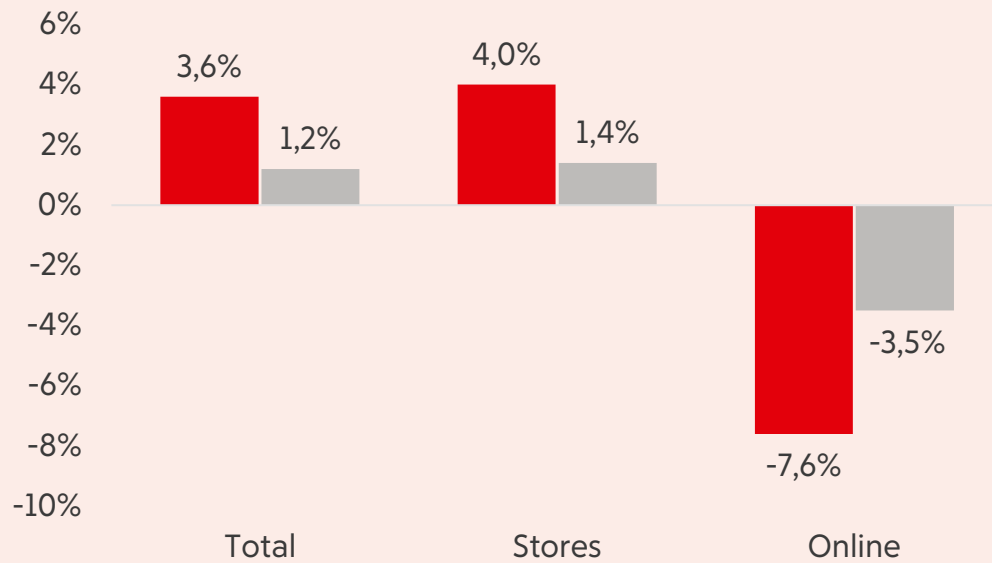
Our long-term strategy remains

- Price-value for the customer
- Use the strength in the ICA system and strengthen store support
 - Increase number of establishments and renewals
- Strong focus on online sales and omnichannel
- Differentiate through health and sustainability
 - for a Good Tomorrow
- Personalization and increased loyalty

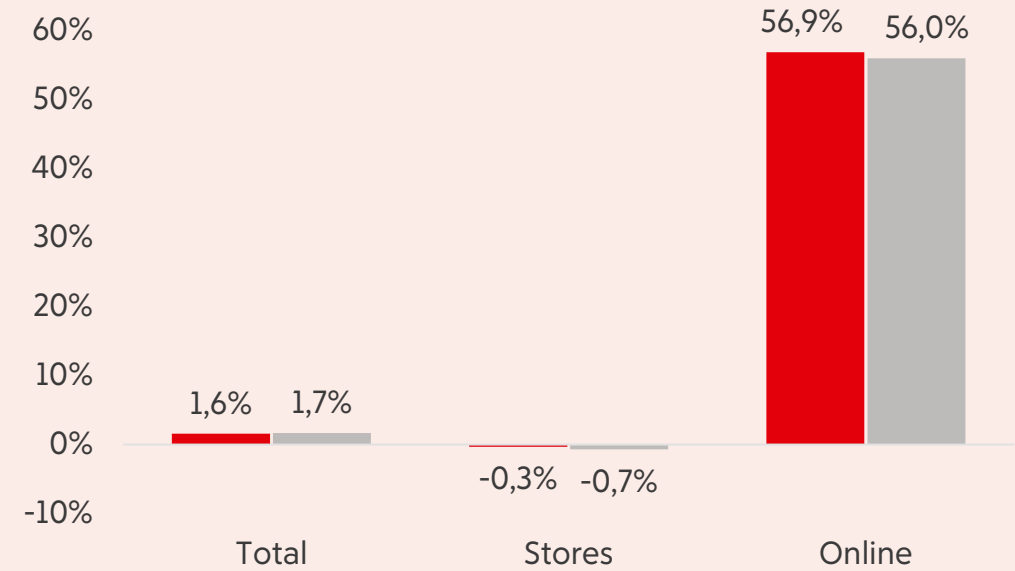


The positive sales trend we saw in June is reinforced in July

July



YTD July



■ ICA ■ Market

Strong sales recovery, increasing market share in all three countries

Rimi store sales growth

+11.9%

- Comparable sales +7.1%
- Market growth +6.3%
- Food inflation +1.1%
- Establishments: 1

Online sales growth

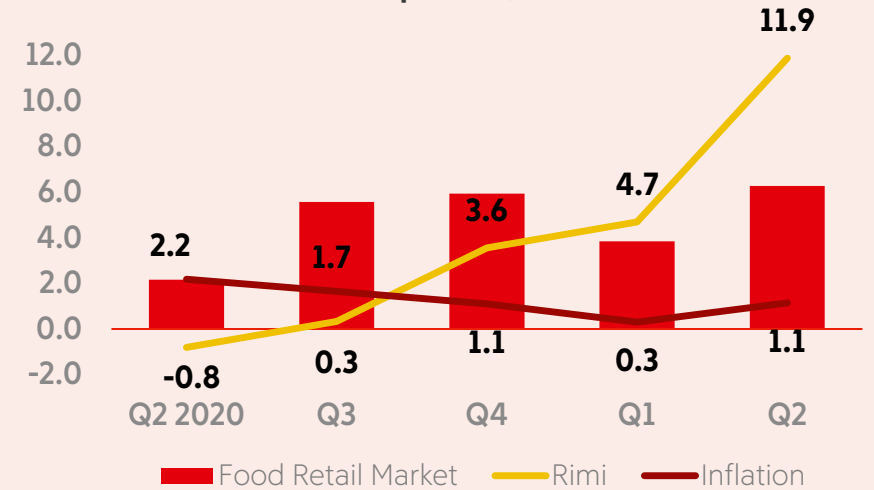
+134%

Share online sales

2.3%



Rimi Baltic sales development, %



	Rimi Baltic sales growth, %	Food Inflation, %	Total market growth, %
Estonia	12.5	0.8	6.9
Latvia	11.0	1.0	2.4
Lithuania	13.2	5.9	8.5
The Baltics	11.9	1.1	6.3

Sales rebound, increasing market shares

Store sales growth

+7.6%

- Market growth +7.0%
- No new establishments

Online sales growth

+21%

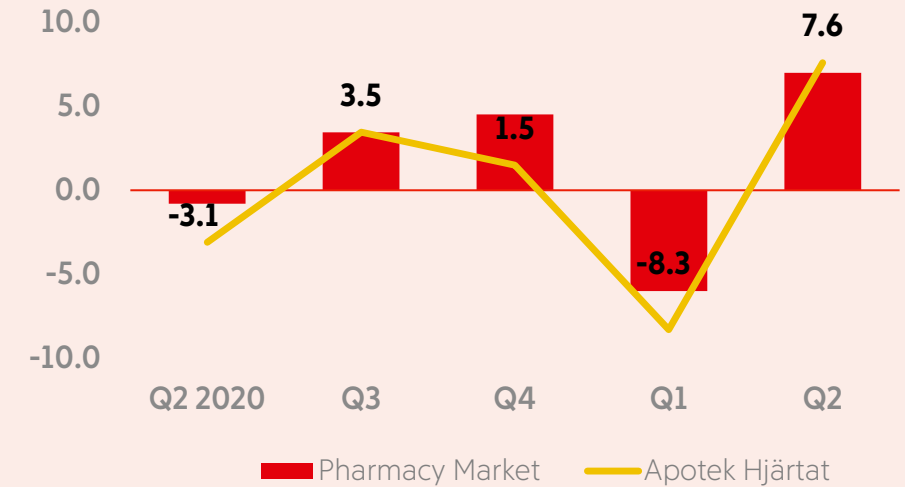
- Market growth +17%

Share online sales

10.3%



Apotek Hjärtat pharmacy sales development, %



	Apotek Hjärtat sales growth, %	Total market growth, %
Prescription	7.7	6.7
OTC	8.0	9.1
Traded goods	7.1	7.3
Total sales growth	7.6	7.0

Highlights



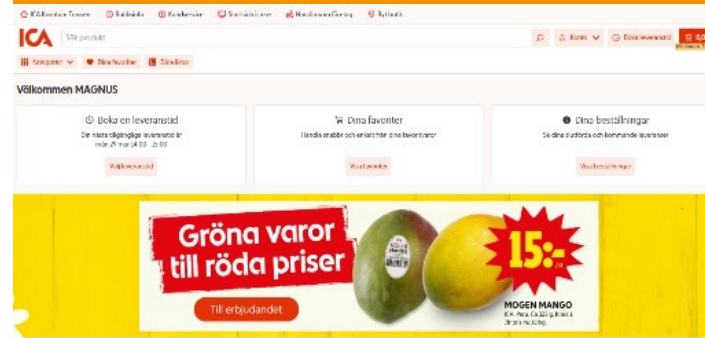
Intense transformation phase – new e-commerce warehouse in Gothenburg, testing and first stores on Ocado OSP

E-commerce warehouse Gothenburg is operational with Ocado solution



- Operational in April, ramp-up ongoing
- Very good quality in picking and deliveries
- 20 stores will be connected by the end of the year

First stores using Ocado OSP



- Around 20 stores using Ocado OSP
- Further roll-out during H2 with around 140 stores
- Positive feedback from customers
- Initial findings show positive effects – basket size and margin

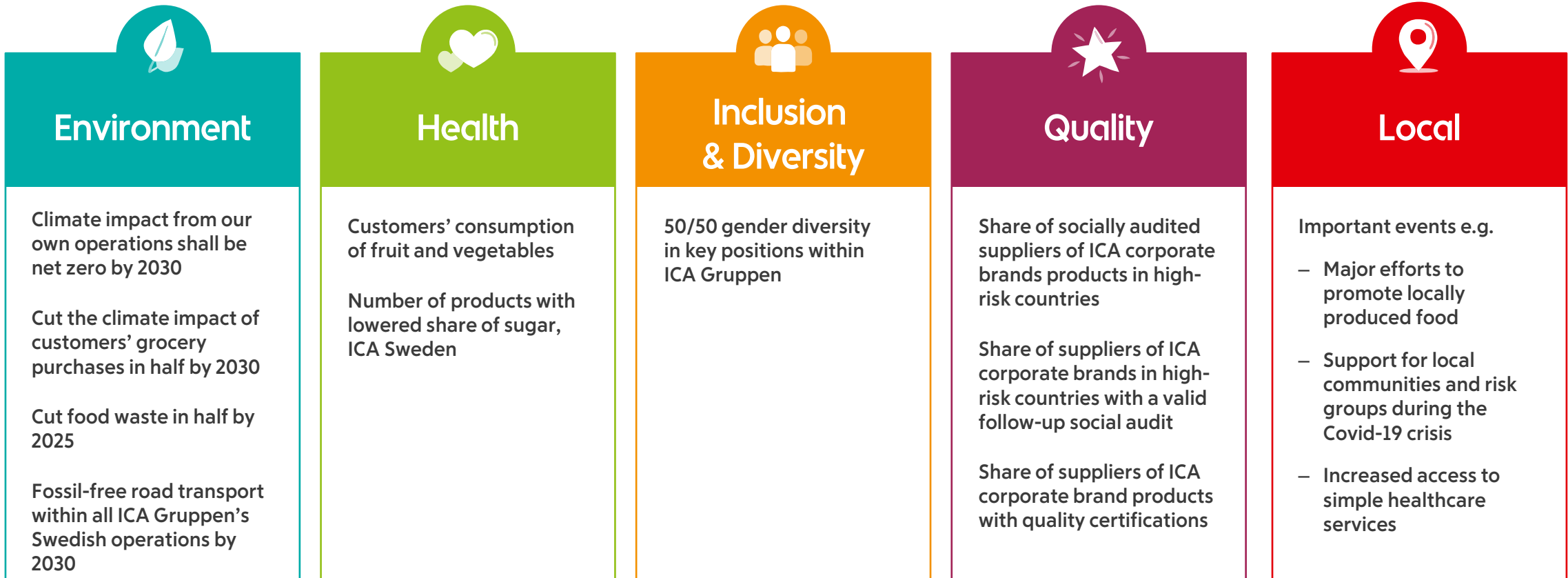
Automated warehouse in Brunna according to plan



- Building phase finished
- Installing and testing of automation
- Test picking and deliveries planned to take place during Q4

Transparency and measurability for a good tomorrow

– five key areas



On track to fossil-free transports – important steps 2021

- In 2020 goods transports accounted for roughly half (49%) of ICA's total CO₂ emissions.
- Reducing our CO₂ emissions from transports is hence a crucial part of ICA's climate ambition to achieve a net zero climate impact by 2030.

- **Biogas reduces transport emissions by one-fifth** – In 2021 ICA Sweden's investment in biogas is expected to reduce our transport emissions by roughly one-fifth.
- **First electric truck** – Next week our first electric truck will begin operating as part of our collaboration with Volvo Trucks.



Financial development



Solid development in Q2

- EBIT margin on par

Net sales

+1.5%

- Growth in local currency +2.1%
- Covid-19 impact +0.8% (+0.3%)
- Easter impact -0.8%
- Volume growth in all segments. Price and mix effects positive except in ICA Sweden

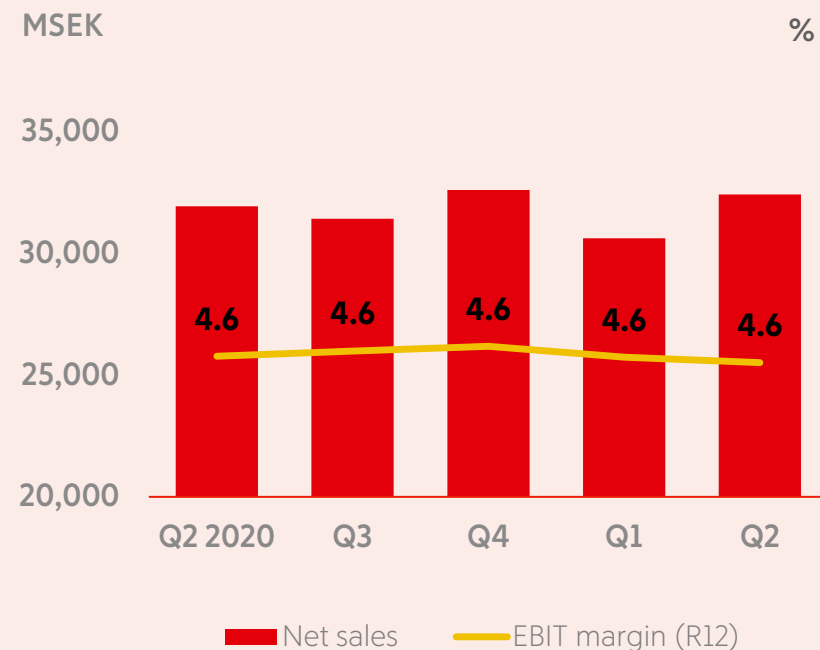
EBIT

-0.4%

- +** Price and volume, covid-19 effect MSEK +30 (LY MSEK -60)
- Improved EBIT in Rimi Baltic and Apotek Hjärtat
- One-off credit loss effect (IFRS9 accounting) in ICA Bank related to the acquisition of the loan portfolio of Forex Bank



Net sales and EBIT margin (R12)

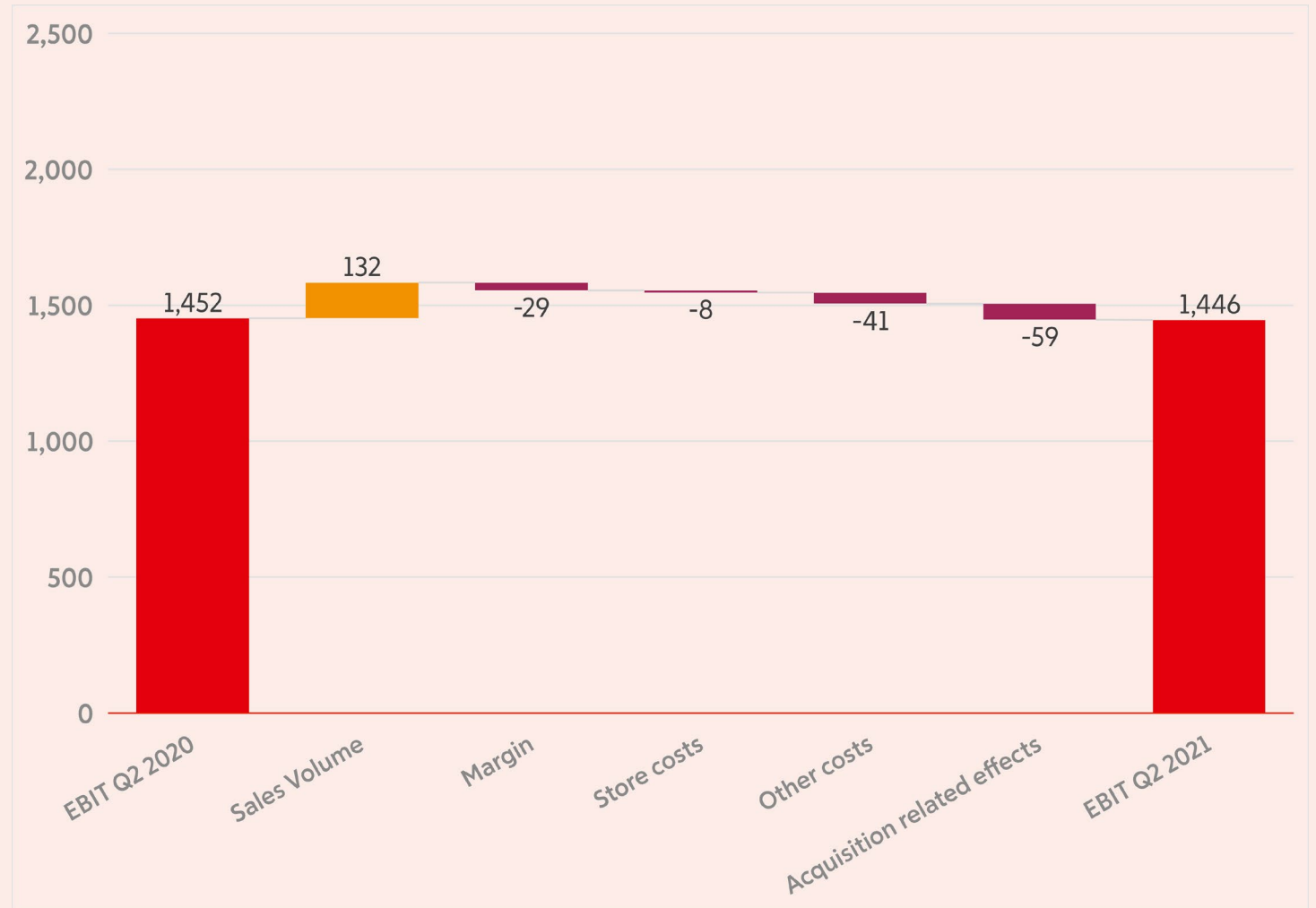


	Q2 2021	Q2 2020	Change %
Net Sales	32,401	31,924	1.5
EBIT	1,446	1,452	-0.4
EBIT margin %	4.5%	4.5%	-
Cash flow ¹	3,181	2,911	9.3
Earnings per share (SEK)	5.64	4.83	16.8

¹ Cash flow from operating activities excl. ICA Bank

EBIT variance analysis Q2 (estimate)

- Sales volume impact driven by Apotek Hjärtat and Rimi Baltic
- Also strong margin growth in those segments, but ICA Sweden lower than very strong level last year
- Store cost increase driven by Rimi Baltic, partly offset by fewer store subs in ICA Sweden and higher store profit share
- Advertising and IT costs up
- Acquisition related effects relating to Forex loan portfolio acquisition



Sales less affected by covid-19, margin down as expected

Net sales

-0.5%

- Wholesale volume growth, negative price effects
 - Easter calendar effect -1.1%
- Covid-19 impact +2.3% (+3.4%)
- Continued online sales growth



EBIT

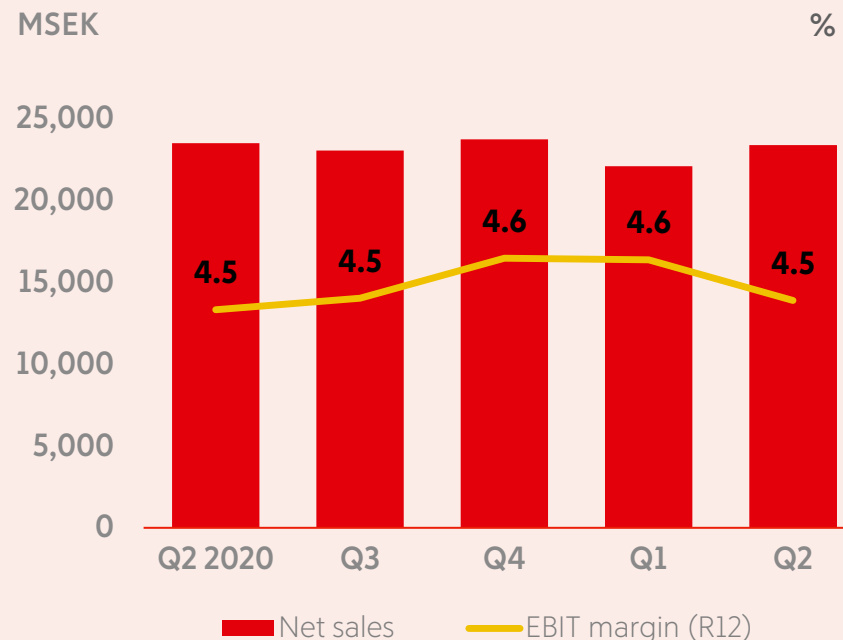
-9.5%

Lower EBIT, covid -19 effect +120 MSEK (+130)

+ Profit sharing, MSEK +44
Non-food improving

- Price effects
Easter effect MSEK -20
One-off LY of MSEK +20 insurance compensation
Investing in online

Net sales and EBIT margin (R12)



MSEK	Q2 2021	Q2 2020	Change %
Net sales	23,376	23,496	-0.5
EBIT	1,007	1,113	-9.5
EBIT Margin	4.3%	4.7%	-0.4 pp

Very encouraging performance - in a sweet spot

Net sales

+6.5%

- Net sales growth in local currency +11.9%, volume and price
- Covid-19 impact -2% (-5%)



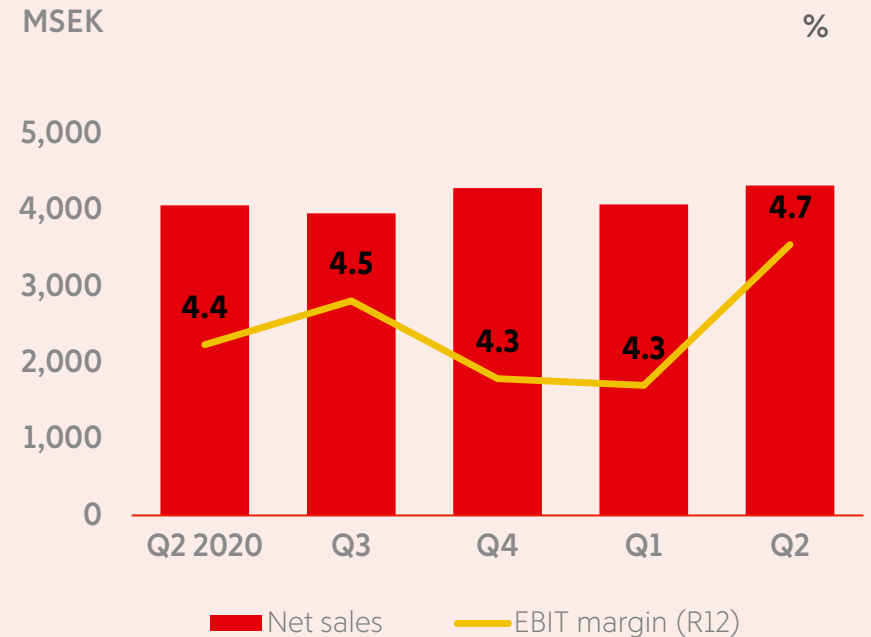
EBIT

+53.3%

Improved EBIT, covid-19 effect approximately MSEK -15 (-65)

- +** Volume and price
Product mix (Non food and ready-made meals)
- Store costs – store network changes and salaries
Investing in e-commerce
Marketing

Net sales and EBIT margin (R12)



MSEK	Q2 2021	Q2 2020	Change %
Net sales	4,313	4,051	6.5
EBIT	225	147	53.3
EBIT Margin	5.2%	3.6%	1.6 pp

Strong recovery

Net sales

+7.8%

- Positive volume development
- Positive price and mix effects within Self-care
- Covid-19 impact -5% (-11%)



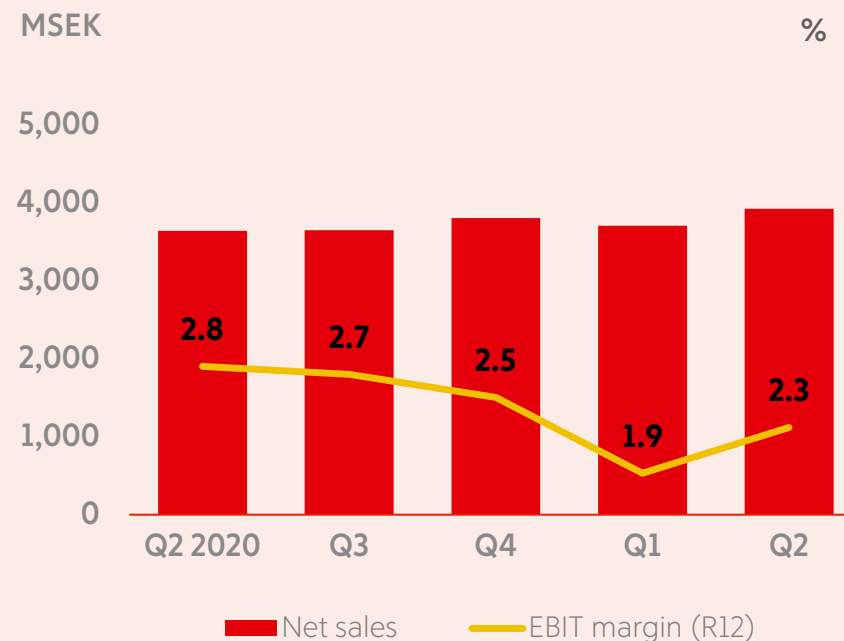
EBIT

+98.6%

Higher EBIT, covid-19 effect MSEK -50 (-105)

- +** Sales volume and price
Increased parallel import
Improved logistic efficiency
Cost savings
- Increased costs related to scaling up e-commerce and IT

Net sales and EBIT margin (R12)



MSEK	Q2 2021	Q2 2020	Change, %
Net sales	3,923	3,638	7.8
EBIT	132	66	98.6
EBIT Margin	3.4%	1.8%	1.5 pp

A stable quarter

Net sales

+0.1%

- Underlying sales approx. MSEK +40 (transfer of rental contracts between ICA Real Estate and ICA Sweden)
- Investments and price effects (turnover-based rent)



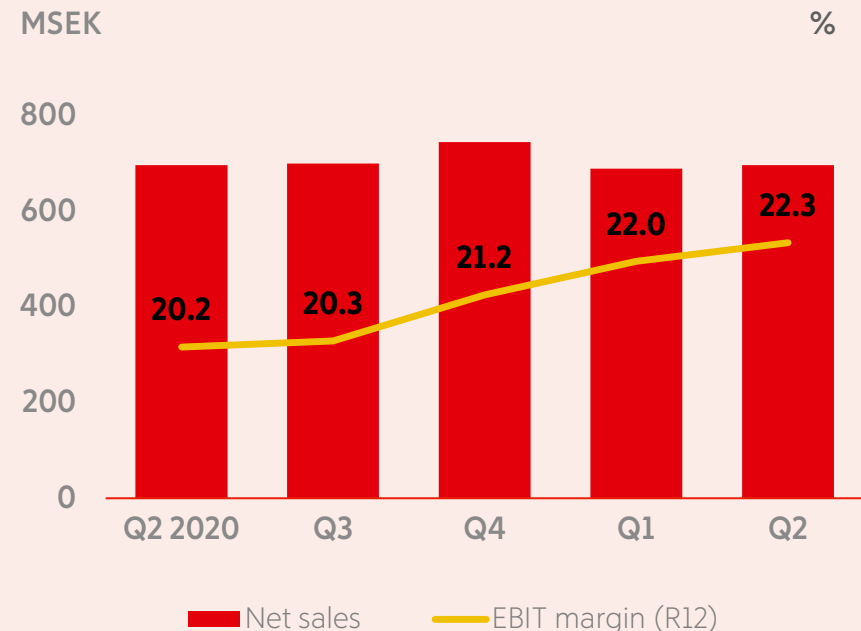
EBIT

+7.2%

Improved EBIT, covid-19 effect
MSEK +7 (-6)

- +** 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	Q2 2021	Q2 2020	Change %
Net sales	696	696	0.1
Whereof owned properties	332	295	12.5
Net Yield ¹	7.0%	7.0%	0.0 pp
EBIT	165	154	7.2
EBIT Margin	23.7%	22.1%	1.6 pp

¹ January-June

Acquisition impact driving the variance this quarter

Net income

+16.1%

Higher net income

- Insurance volume growth
- Higher net interest, due to acquisition of loan portfolio from Forex bank (+7.3pp of net income increase)



EBIT

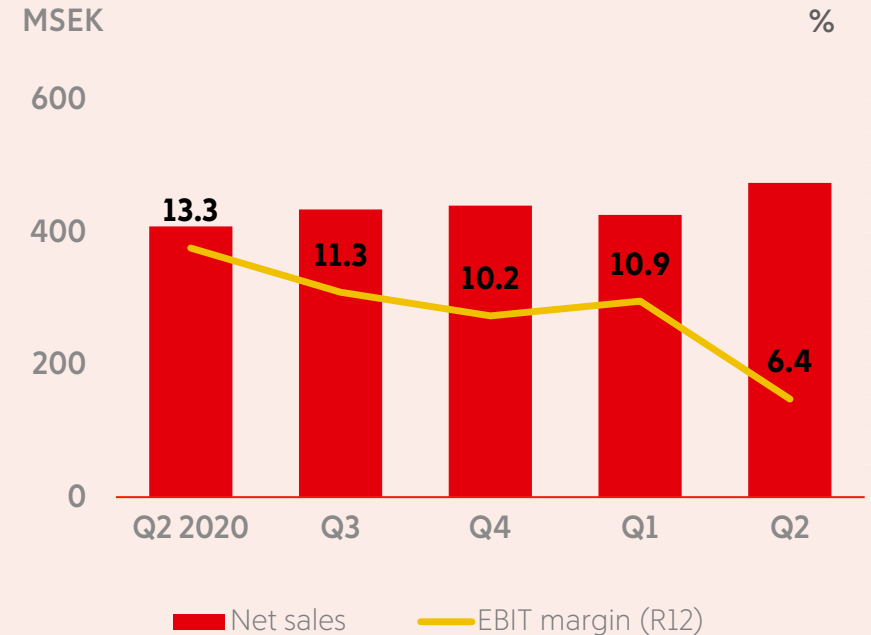
-142.9%

Lower EBIT, covid-19 effect MSEK -30 (-8)

+ Volume growth Insurance
Margins on certain products

- Lower volumes in loans
(excluding Forex), prepaid cards, ATM etc
Acquisition impact MSEK -59

Net sales and EBIT margin (R12)



MSEK	Q2 2021	Q2 2020	Change %
Net income	474	408	16.1
EBIT	-21	50	-142.9
Business Volume	53,845	47,335	13.8

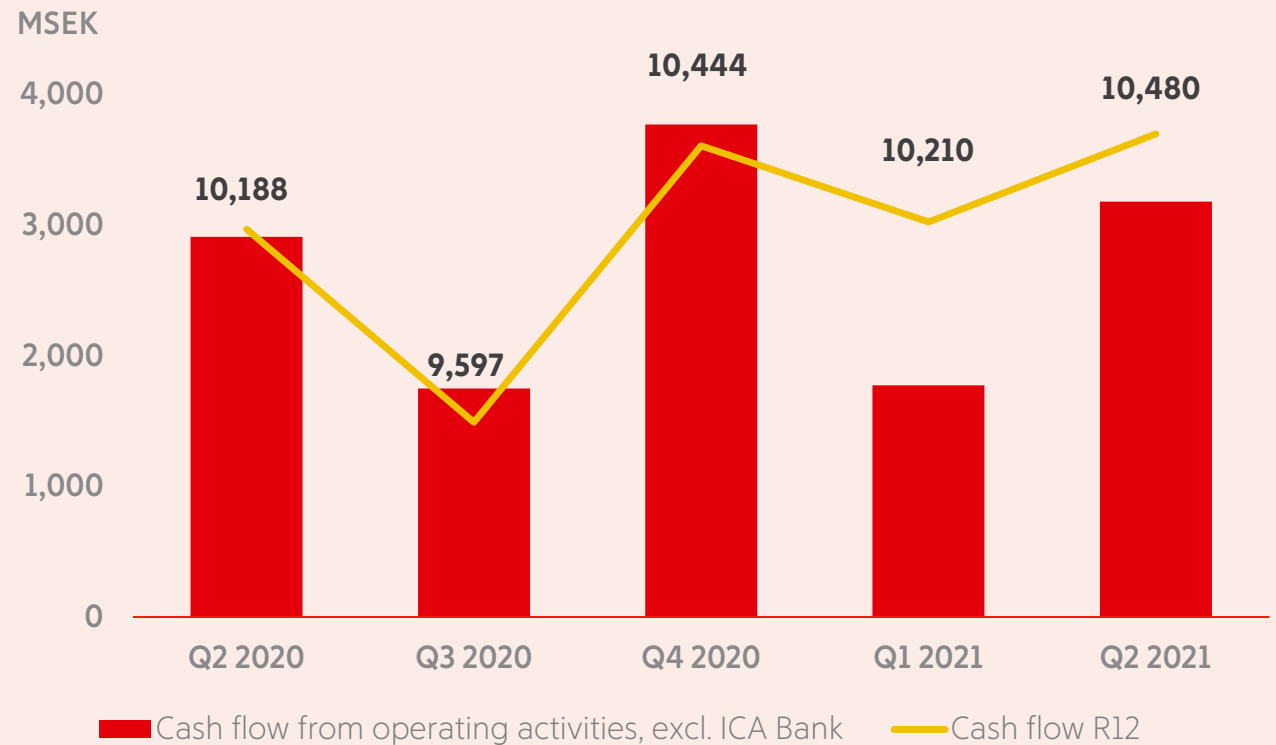
Strong cash flow sustained

Operating cash-flow higher than LY:

- Favourable quarterly closing working capital positions (accounts payable)
- Capex in line with expectations



Cash flow (exkl. ICA Bank)



Net debt slightly higher

- Net debt pre IFRS 16 up vs Q2 2020
 - Higher paid dividend and capital injection (acquisition related) to ICA Bank
 - Lower investments 2021
- IFRS16 adds SEK 15.1 billion to net debt as per Q2 2021



Net debt

BNSEK

25.0

20.0

15.0

10.0

5.0

0.0

Q2 2020

Q3 2020

Q4 2020

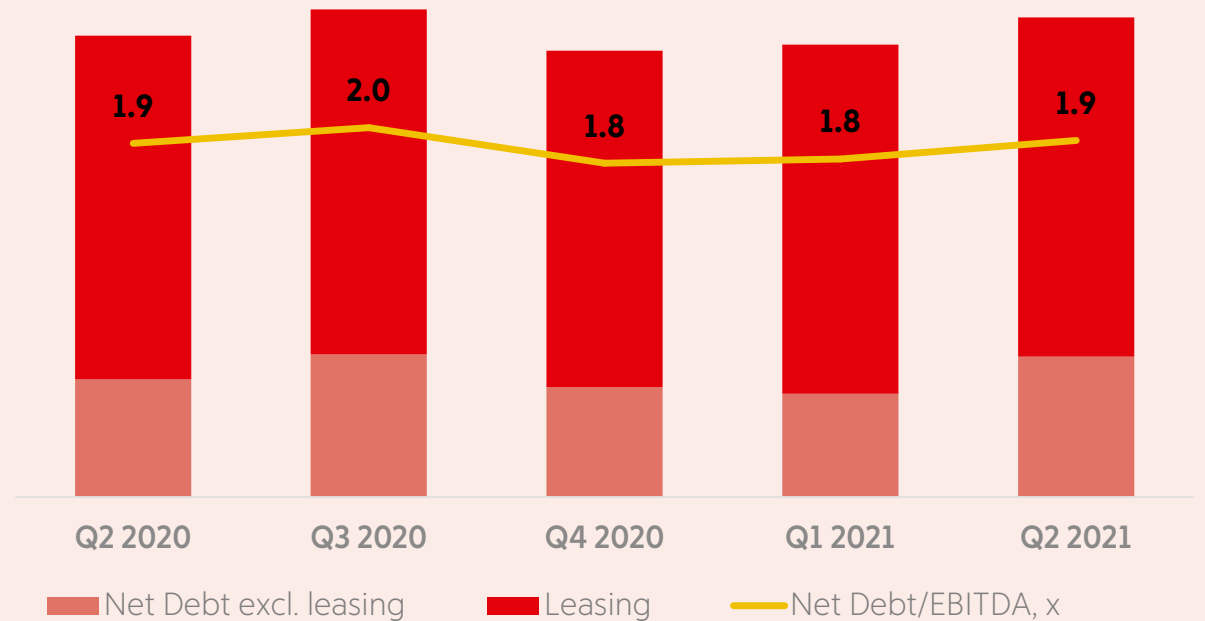
Q1 2021

Q2 2021

Net Debt excl. leasing

Leasing

Net Debt/EBITDA, x



Long term financial targets

Targets	R12 (30 jun 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	9.2	7.5
Net debt/EBITDA ³	1.9	<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 and Baltic market growth based on latest definitive market data Q2, 2021

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
- Ocado CFC ramp-up from Q4
- Increased focus on securing price value - private label an important tool
- 8-12 store openings in 2021 with focus on large cities



Rimi Baltic

- Lidl entry impact
- Increase capacity in e-commerce and grow online sales
- 22-25 store openings in 2021



Apotek Hjärtat

- Continued focus on cost efficiency
- Prepare move of e-commerce warehouse to larger premises, 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, linked to covid-19 development
- Acquisition impact guidance maintained
- Set-up of new mortgage joint venture, with some preparatory costs



ICA Gruppen

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

Q2 in brief

- Solid quarter with a stable margin
- Strong performance in Rimi Baltic and Apotek Hjärtat
- ICA Sweden – stable quarter affected by online investments



Appendix



Lower investment level in Q2

- Group investment level down significantly compared to Q2 LY due to acquisition of warehouse LY
 - Lower level in Rimi Baltic (LY warehouse in Riga)
 - ICA Sweden same level
 - Lower level ICA Real Estate, MSEK -1.3 Bn
- Total investment level 2021 SEK 3.5 Bn, where of ICA Real Estate SEK 1.5 Bn

Investments

