



Quarter 3, 2021

Press and analyst presentation

28 October 2021

Per Strömberg, CEO
Sven Lindskog, CFO

Q3 in brief

- Strong quarter, improved Group EBIT margin
- Increasing market shares in all retail segments
- Online projects into implementation phase



Strong quarter – market normalising

Net sales growth

+2.2%

- Growth local currency +2.4%
- Covid-19 impacts lower than LY
- Growth compared to 2019, +7.6%

EBIT growth

+7.0%

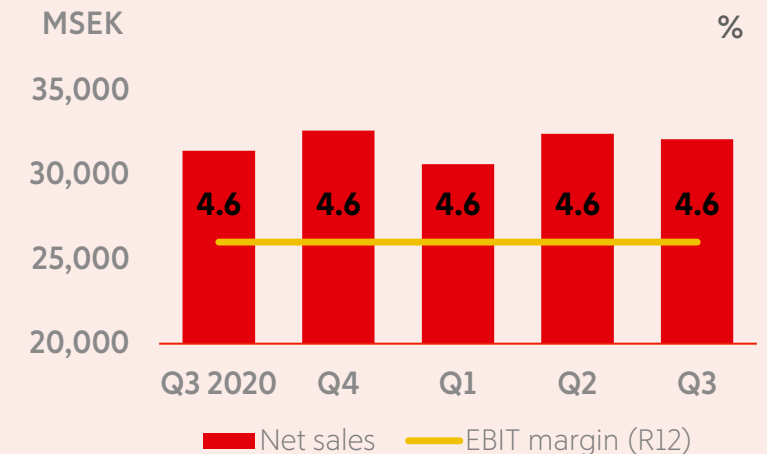
- Some one-offs affecting
- Growth compared to 2019, +13.7%

Events

- ICA Real Estate entered into an agreement to acquire Första AP-fonden's 50 per cent stake in the JV Secore Fastigheter AB. The transaction is due April 1st, 2022

MSEK	Q3 2021	Q3 2020	Change %
Net sales	32,094	31,401	2.2
EBIT	1,818	1,698	7.0
EBIT Margin	5.7%	5.4%	0.3 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.

Market share increasing due to strong summer sales

ICA store sales growth

+1.6%

- Comparable stores: +1.4%
- Growth compared to Q3 2019, +7.8%
- Market growth*: +1.2%
- Price and calendar effect +0.5% (price +0.3%, calendar +0.2%)
- Establishments: 1

ICA online sales growth

-0.8%

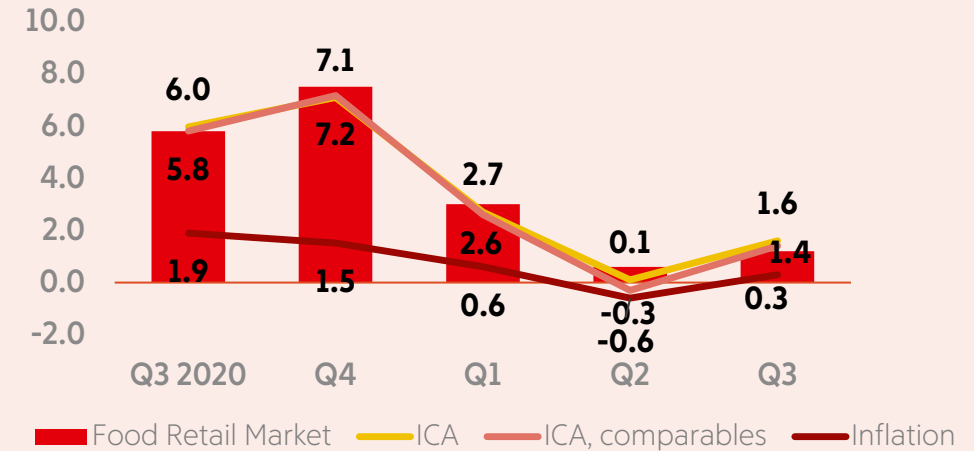
- Food 0%
- Meal kits -17.3%
- Market growth* +3.0%

Share online sales

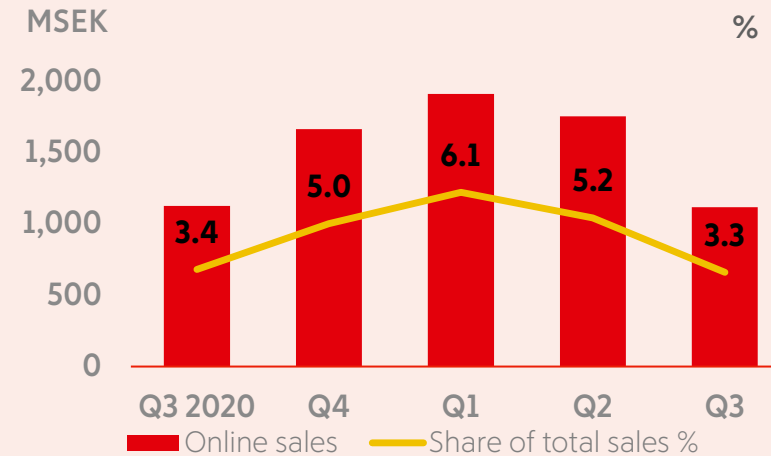
3.3%



ICA Stores sales development (excl. VAT), %



ICA Stores sales development online



Positive sales trend continues with strong market share gains

Rimi store sales growth

+8.8%

- Comparable sales +6.0%
- Food inflation estimate +2.7%
- Establishments: 1

Online sales growth

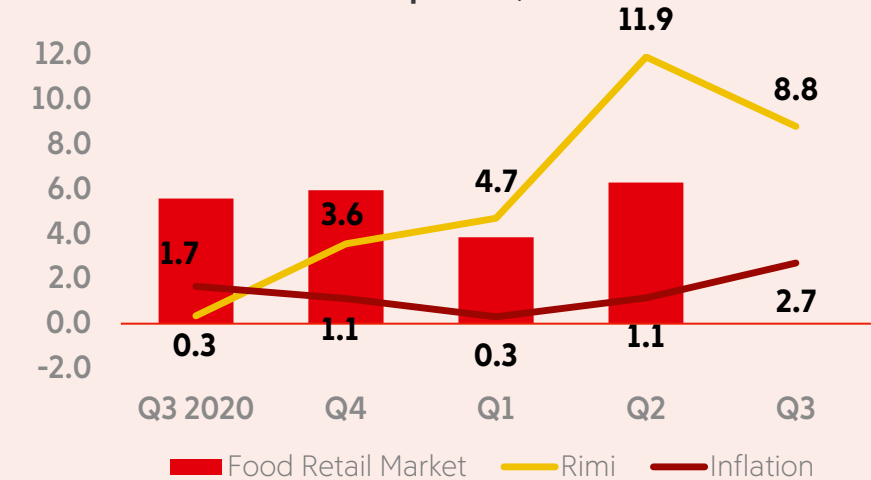
+125%

Share online sales

2.0%



Rimi Baltic sales development, %



	Rimi Baltic sales growth, %	Food Inflation, %	Total market growth, %
Estonia	7.8	1.8	N/a
Latvia	8.2	2.3	N/a
Lithuania	11.2	3.5	N/a
The Baltics	8.8	2.7	N/a

Inflation estimated by Rimi Baltic

Market data available beginning of November

Market share gains

Store sales growth

+5.4%

- Market growth +4.7%
- No new establishments

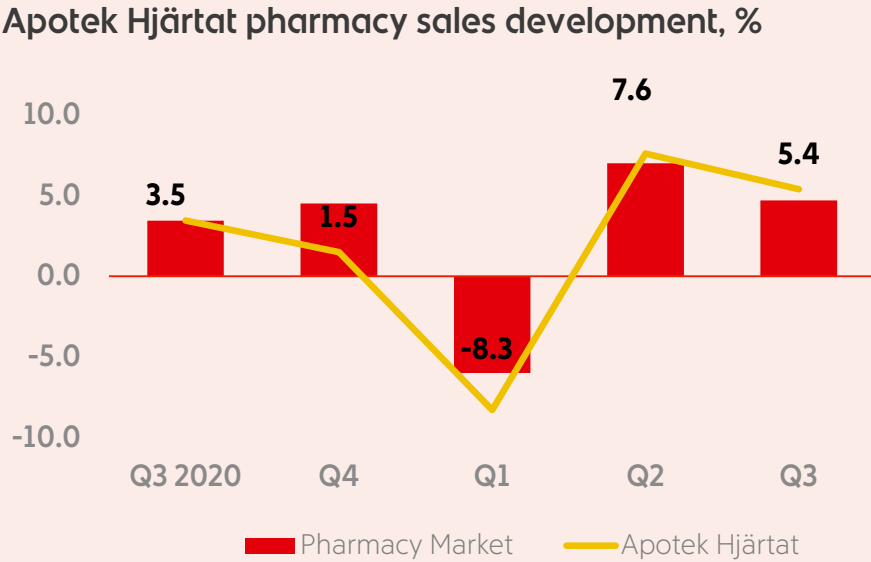
Online sales growth

+20.5%

- Market growth +17.5%

Share online sales

9.3%



	Apotek Hjärtat sales growth, %	Total market growth, %
Prescription	4.2	3.0
OTC	10.2	11.5
Traded goods	8.8	8.5
Total sales growth	5.4	4.7

Highlights



Market normalising – online penetration remains at high level

Restaurants & meal solutions

- Increasing sales within bakery, deli, salad bars and ready-made meals. Meal solutions +7% in Q3 vs Q3 2020
- Strong recovery in away-from-home market but still not back to 2019 levels

Stores & online

- Sales in ICA stores in malls and border trade are slowly returning to higher, more normal levels
- Store visits in physical stores, +17% (Q3 vs begin 2021)
- Online shopping at levels equal to a year ago in Q3
 - Decreasing online share of sales for age group 65+, 29% in Q3 compared to 48% in Q3 2020 (share of no. of orders)
- 430+ stores online compared to 349 Q3 LY
- Continued high online penetration – even more important to leverage economies of scale



Intense transformation phase in online continues

E-commerce warehouse Gothenburg is operational with Ocado solution



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

Converting stores to Ocado OSP



- 100+ stores on Ocado Smart Platform by end of year according to plan
- Positive feedback from customers
- Initial findings show positive effects – basket size and margin
- Continuous efforts to complete development and adaptation for stores which use store pick on OSP

Automated warehouse in Stockholm, Brunna according to plan



- Building phase finished
- Installing and testing of automation in Q4
- Operational in Q2 2022

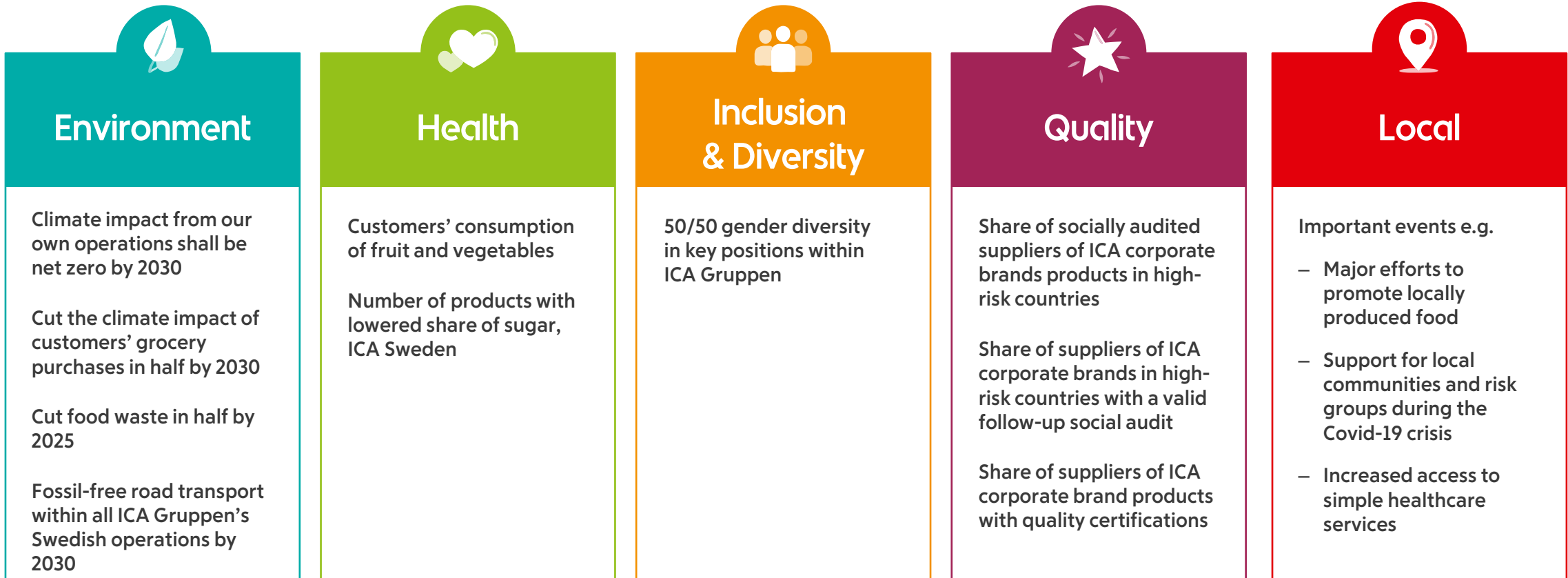
Transfer to new Apotek Hjärtat e-commerce warehouse



- Meet increasing online demand, increase capacity and efficiency
- Preparations for moving to new premises ongoing
- Operational autumn 2022

Transparency and measurability for a good tomorrow

– five key areas



ICA Gruppen's climate work awarded by the UN

- The UN has awarded ICA Gruppen for its “Beyond Climate Neutrality” climate ambition – UN Global Climate Action Awards
- The award will be presented in connection with the UN COP26 Climate Change Conference in Glasgow in early November
- ICA has been recognised for its work to achieve climate neutrality in its own operations and its ambition to drive change for reduced climate impact both upstream in the supply chain and downstream among consumers



Important milestone for ICA Växa



ICA Växa's own product line is now being launched
– “ICA svenskt växtbaserat” – 10 products in first step



- ICA Växa* was initiated in 2020 as a step toward creating a sustainable food system for the future – three focus areas:
 - Promote Swedish and local food
 - Scale-up of small producers
 - Collaboration and open innovation
- Strong customer demand for more plant-based foods – **24% want to eat more plant-based or vegetarian foods**
- Customers driven towards plant-based for several reasons:
 - Reduced carbon footprint (39%)
 - Health (36%)
 - Better world (27%)

*ICA Växa ("ICA Grow") initiative. ICA Växa is contributing both to the ambition to cut the climate impact of customers' grocery purchases in half and to strengthening local ecosystems for food production and consumption.

Financial development



Robust sales and earnings

Net sales

+2.2%

- Growth in local currency +2.4%
- Volume growth driven
- Covid-19 impact lower than last year

EBIT

+7.0%



EBIT growth driven mainly by Apotek Hjärtat and ICA Bank

Forex acquisition effect MSEK +30

One-off insurance compensation MSEK +25

LY included one-offs of MSEK -40



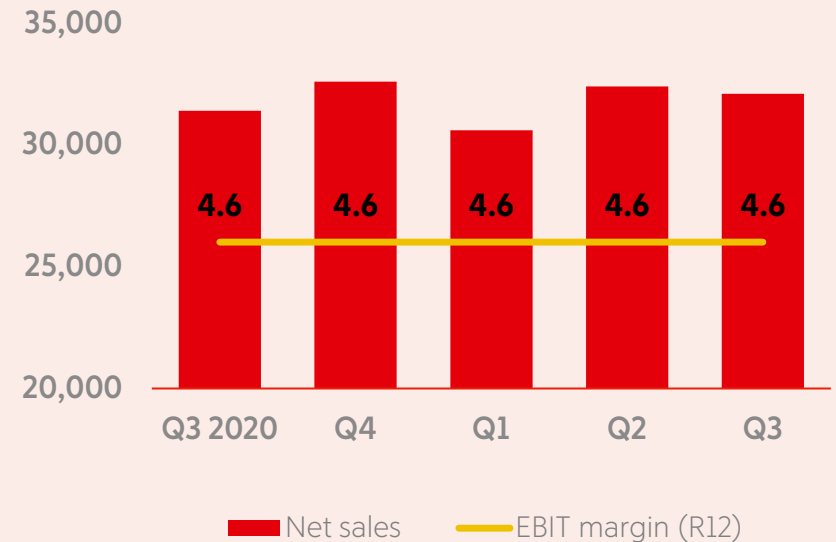
Investing in Online and digitalisation



Net sales and EBIT margin (R12)

MSEK

%

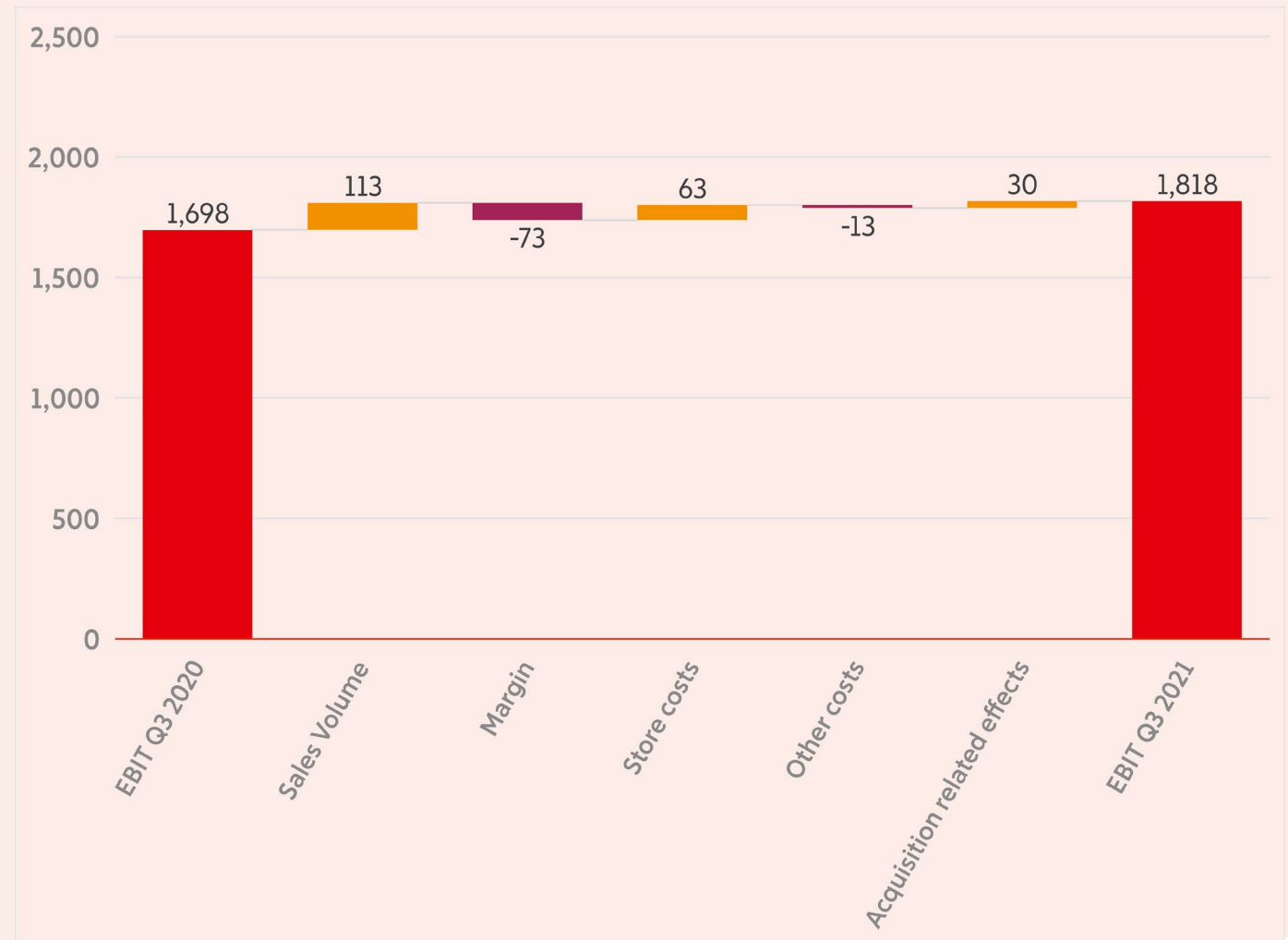


	Q3 2021	Q3 2020	Change %
Net Sales	32,094	31,401	2.2
EBIT	1,818	1,698	7.0
EBIT margin %	5.7%	5.4%	0.3 pp
Cash flow ¹	2,318	1,752	32.4
Earnings per share (SEK)	6.87	6.45	6.6

¹ Cash flow from operating activities excl. ICA Bank

EBIT variance analysis Q3 (estimate)

- Sales volume impact driven by Rimi Baltic, Apotek Hjärtat and ICA Bank
- Margin impact mixed across the segments and held back by online expansion in Sweden
- Increased profit sharing and fewer store subs in Sweden, only partly offset by increasing store costs in Rimi Baltic
- Other cost increases low, due to phasing and accruals timing
- Acquisition related effects relating to Forex loan portfolio acquisition



Strong EBIT margin sustained

Net sales

+0.7%

- Covid-19 effects less positive than last year
- Higher non-food sales



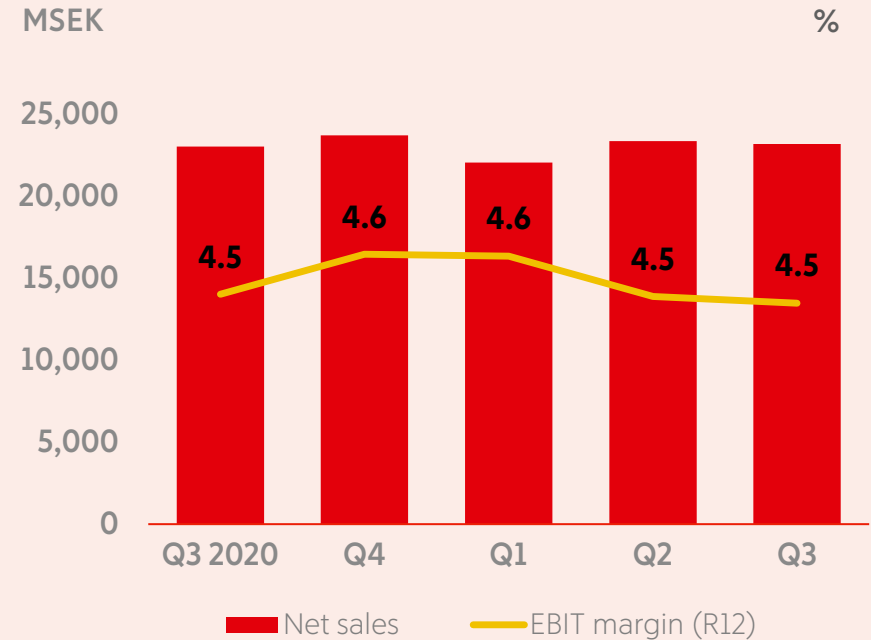
EBIT

-0.7%

EBIT margin on par

- +** Profit sharing
Insurance compensation MSEK +25
Store costs lower (fewer own stores)
- Investing in online
Lower Gross Profit (fewer own stores)

Net sales and EBIT margin (R12)



MSEK	Q3 2021	Q3 2020	Change %
Net sales	23,192	23,035	0.7
EBIT	1,198	1,207	-0.7
EBIT Margin	5.2%	5.2%	-

Steady sales progress – EBIT margin down vs strong last year

Net sales

+7.1%

- Net sales growth in local currency +8.8%, volume and price
- Negative impact end of quarter due to new covid-19 restrictions in Lithuania



EBIT

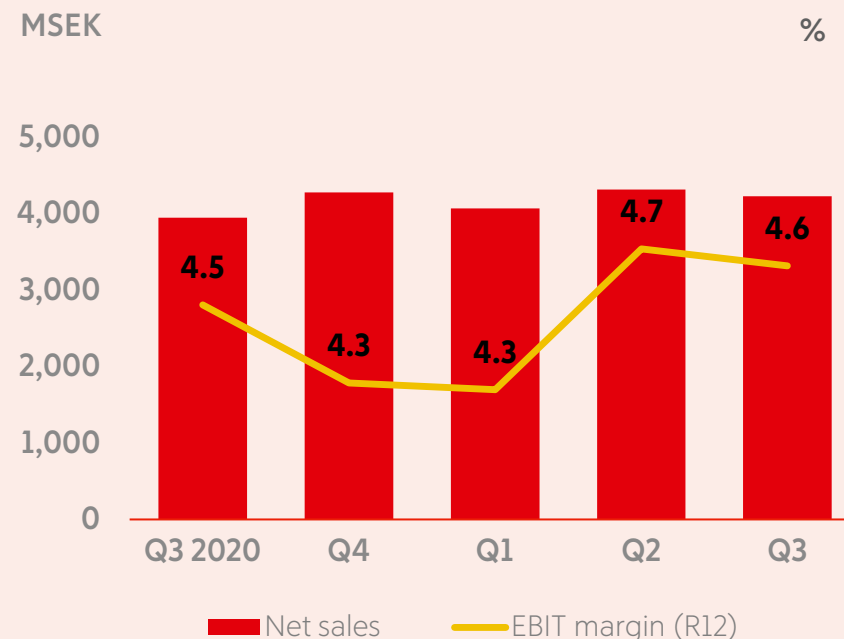
+2.1%

Slightly lower EBIT margin

+ Volume growth, mixed price effects

- Store costs – salaries, electricity and store network changes
- Investing in online expansion
- Marketing costs
- Adjusted price positions in Latvia

Net sales and EBIT margin (R12)



MSEK	Q3 2021	Q3 2020	Change %
Net sales	4,225	3,946	7.1
EBIT	232	227	2.1
EBIT Margin	5.5%	5.8%	-0.3 pp

Strong market share - EBIT recovery continues

Net sales

+5.4%

- Mainly volume , especially in self-care segment
- Price impact from prescribed



EBIT

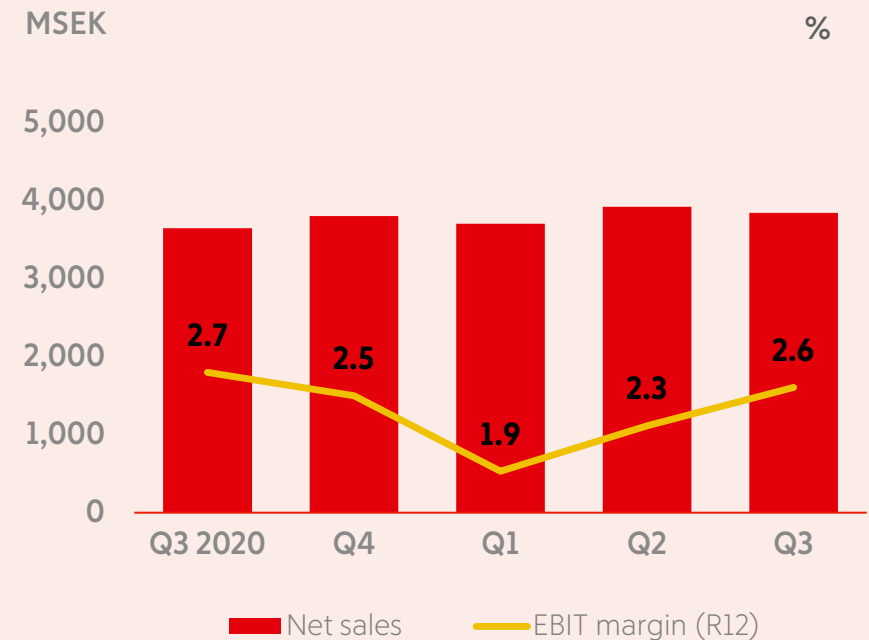
+54.7%

Improved EBIT margin

+ Sales volume and price
Increased parallel import
Improved logistic efficiency
Cost savings

- Increased costs related to scaling up e-commerce

Net sales and EBIT margin (R12)



MSEK	Q3 2021	Q3 2020	Change, %
Net sales	3,846	3,648	5.4
EBIT	157	101	54.7
EBIT Margin	4.1%	2.8%	1.3 pp

Solid EBIT progress continues

Net sales

-1.2%

- Underlying sales approx. MSEK +20 . Investments and price effects (turnover-based rent)
- Total net sales unchanged due to transfer of rental contracts between ICA Real Estate and ICA Sweden



EBIT

+16.7%

Improved EBIT margin

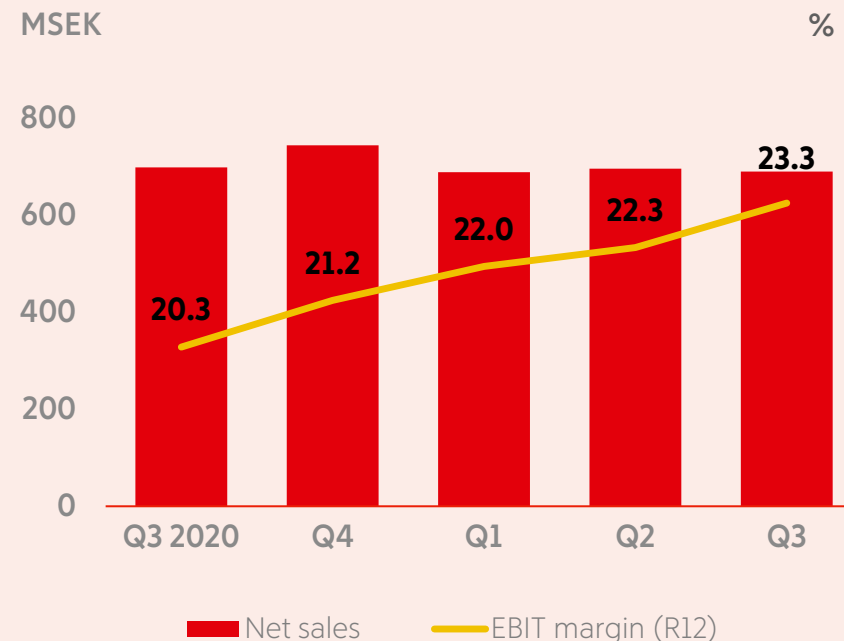


Increased rent income from investments

LY one-off of MSEK -12

Slightly lower costs, partly seasonal effects

Net sales and EBIT margin (R12)



MSEK	Q3 2021	Q3 2020	Change %
Net sales	691	699	-1.2
Whereof owned properties	329	309	6.7
Net Yield ¹	7.0%	7.0%	-0.0 pp
EBIT	166	143	16.7
EBIT Margin	24.1%	20.4%	3.7 pp

¹ January-September

Good growth driven by the Forex acquisition and ICA Insurance

Net income

+20.0%

Higher net income

- Insurance volume growth
- Higher net interest, due to acquisition of loan portfolio from Forex bank (+15pp of net income increase)



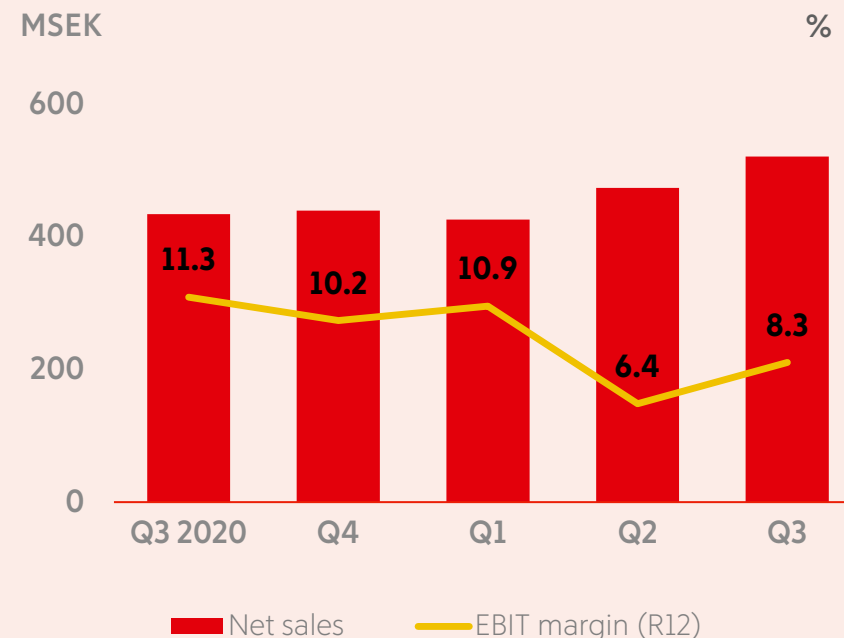
EBIT

+85.4%

+ Forex acquisition effect MSEK 30
Volume growth Insurance
Net commissions improving

- Credit losses higher than last year, mainly due to higher volumes from Forex acquisition, but also due to slightly higher realized losses

Net sales and EBIT margin (R12)



MSEK	Q3 2021	Q3 2020	Change %
Net income	521	434	20.0
EBIT	88	47	85.4
Business Volume	54,392	45,211	20.3

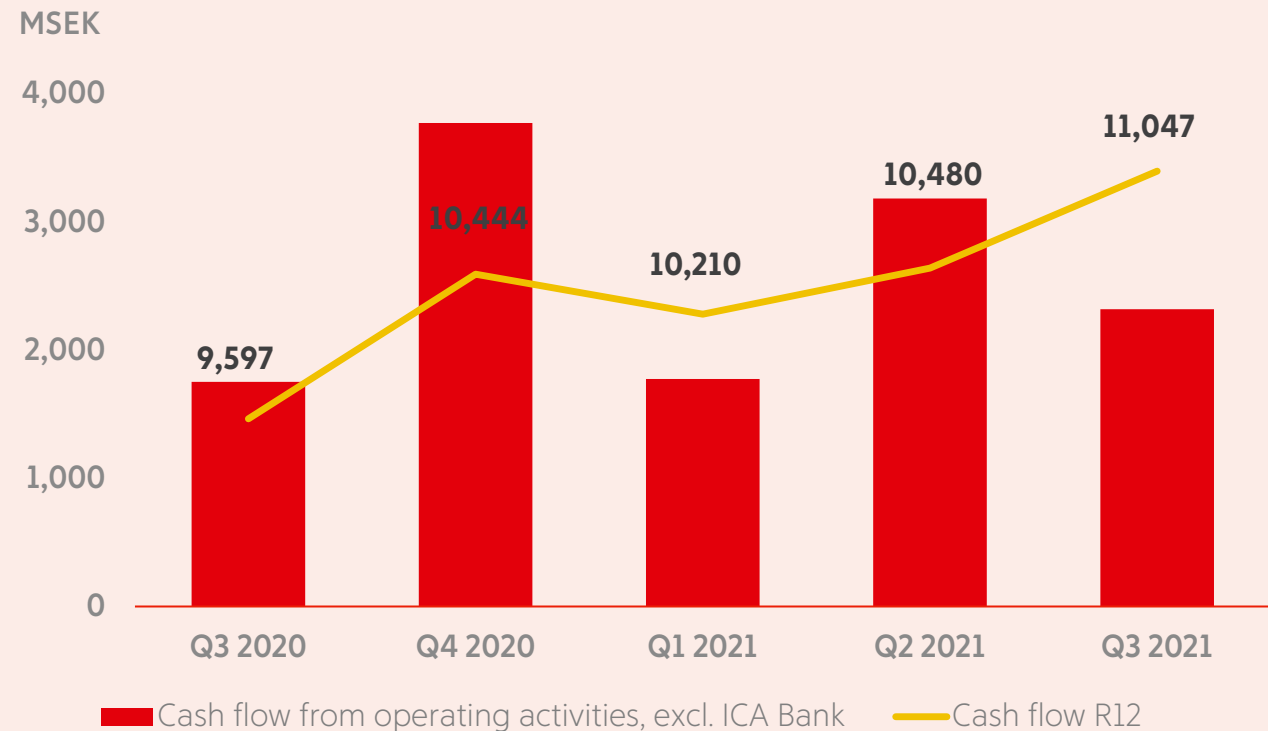
Good Cash flow progress

Operating cash-flow higher than LY:

- Less unfavourable quarterly closing working capital positions
- Capex in line with guidance and lower than last year



Cash flow (exkl. ICA Bank)



Long term financial targets

Targets	R12 (30 sep 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	9.4	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 market growth based on latest definitive market data from DVI Q3, 2021. Baltic market growth based on country statistics and Nielsen data

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 Dividend decided at AGM of SEK 13.00/share



Outlook and Summary



Outlook



ICA Sweden

- Online implementation margin impact
- Ocado CFC ramp-up and transformation to OSP
- Continued focus on securing price value - private label an important tool
- 7-9 store openings in 2021 with focus on large cities



Rimi Baltic

- Lidl entry impact
- New Covid-19 restrictions will impact end of year
- Increase capacity in e-commerce and grow online sales
- 18-20 store openings in 2021



Apotek Hjärtat

- Continued focus on cost efficiency
- Improve online efficiency and omni capability, new warehouse project ongoing
- 6-8 new pharmacies in 2021

Outlook



ICA Real Estate

- Secure transaction, optimising portfolio
- 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
- Mortgage offering to be launched



ICA Gruppen

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

Q3 in brief

- Strong quarter, improved Group EBIT margin
- Increasing market shares in all retail segments
- Online projects into implementation phase



Capital Markets Day 2021

- ICA Gruppen invites the financial market and representatives from the media
- December 14, 2021
- Digital event 14.00-16.30 CET
- Invitation and program: www.icagruppen.se/en/investors



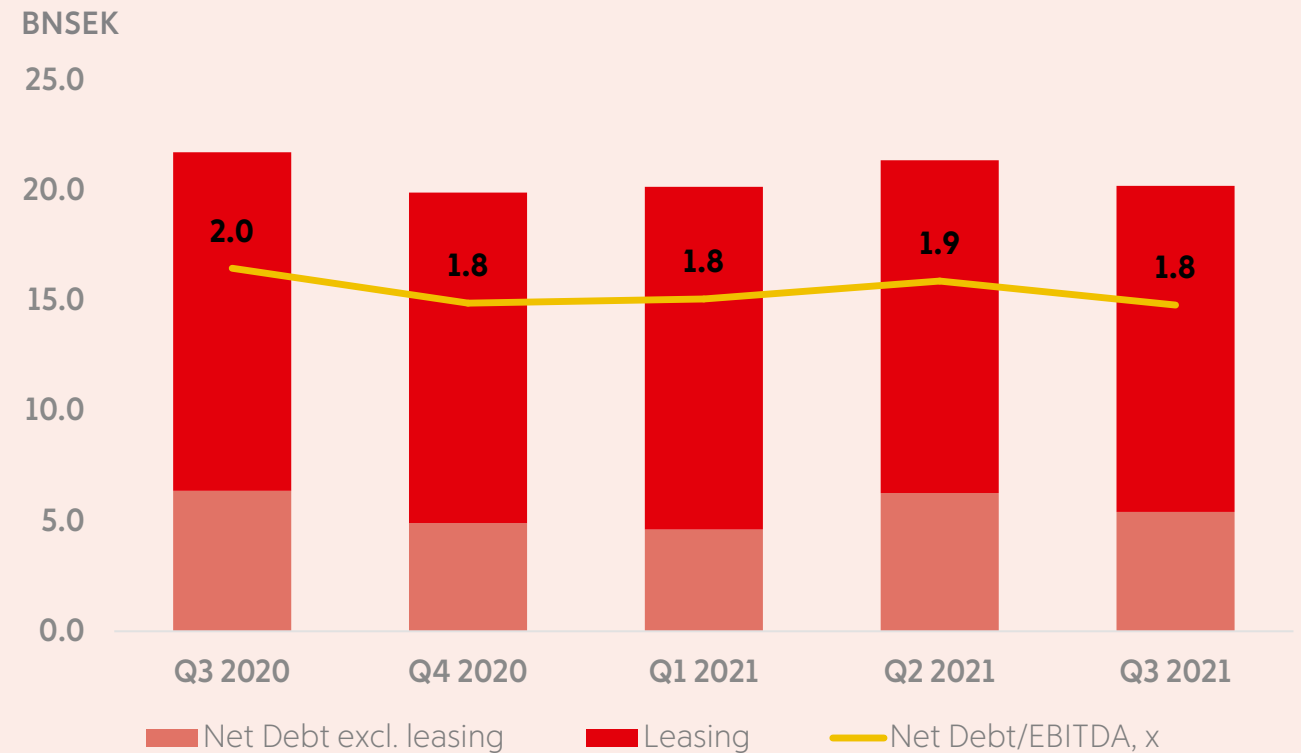
Appendix

Net debt down

- Net debt pre IFRS 16 down vs Q3 2020
 - Strong operating cash flow, divestments and lower capex levels
- IFRS16 adds SEK 14.8 billion to net debt as per Q3 2021



Net debt



Lower investment level in Q3

- Group investment level down
 - Lower level in Rimi Baltic (LY warehouse in Riga)
 - ICA Sweden somewhat higher level, online and IT
 - Lower level ICA Real Estate
 - Total investment level 2021 SEK 3.5 Bn, where of ICA Real Estate SEK 1.5 Bn

Investments

MSEK

1,500

1,000

500

0

Q3 2020

Q4 2020

Q1 2021

Q2 2021

Q3 2021

■ Real Estate ■ Retail, Bank & Other

