



ICA
GRUPPEN

SHB Large Cap Seminar

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2021-09-14

ICA Gruppen at a glance

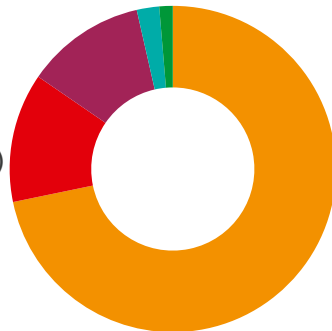
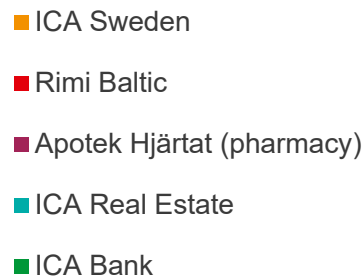
1,940

retailer- and Group-owned stores and pharmacies. The core business is grocery retail.



Sales 2020
SEK 126 bn

Sales
distribution



ICA Gruppen's operations are broken down into

ICA Sweden
Rimi Baltic
Apotek Hjärtat (pharmacy)
ICA Real Estate
ICA Bank



More than
23,000

employees in ICA Gruppen and its companies

Approx.
50,000

people working in the retailer-owned ICA stores

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 and building leading omni channel capabilities.

Ambition 2025 – where we are heading....



PERSONAL & LOCAL

- ICA is for everyone. We serve all customer segments with relevant price-value and locally adapted offerings
- We have the leading everyday food ecosystem build around inspiring local marketplaces with supporting products, services and infrastructure



HEALTHY & SUSTAINABLE

- We are recognized as one of the corporations doing the most to improve public health
- We are industry leader in progressing towards a climate net-zero business
- We are known as a trusted source of guidance to make relevant, healthy and sustainable choices



ATTRACTIVE


- We are the most attractive and appreciated employer with the proudest employees
- We are known for entrepreneurship, modern ways of working, continuous learning and that together we make a difference



DATA-DRIVEN

- We are a trusted data-driven company, with relevant and personal products and services, based on data that we use across the ICA-system, to the benefit of all stakeholders
- We are deeply data-driven in our daily work and we leverage data to develop our business

..with important step-change areas in next three years

	ICA Sweden ICA	ICA Bank ICA Banken	Pharmacy APOTEK 	Rimi Baltic rimi	ICA Real Estate ICA Fastigheter
PERSONAL & LOCAL	Strengthened food ecosystem			E-commerce and digital transformation	
	Best in class grocery e-commerce offer	Mortgage growth	Online profitable growth	Price, promotion & assortment	Urban strategy 2.0
	Strengthen customer loyalty and price value proposition	ICA Insurance profitable growth	Min Doktor success	Expand convenience and meal solutions	Strategic and active portfolio management
HEALTHY & SUSTAINABLE	Climate beyond neutrality				
	Make healthy choices easy				
ATTRACTIVE	Transformation to reduce cost and build new capabilities				
DATA-DRIVEN	Data driven transformation supported by AI/AA				

Q2 2021 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 – Group margin stable

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%

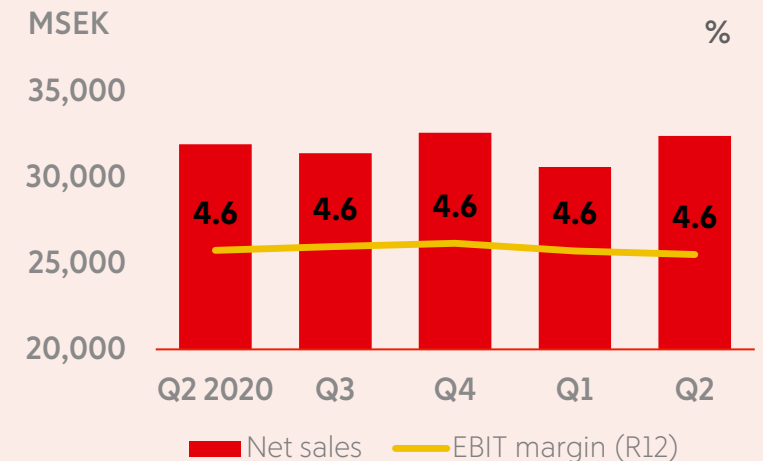
EBIT growth

-0.4%

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

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.

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

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

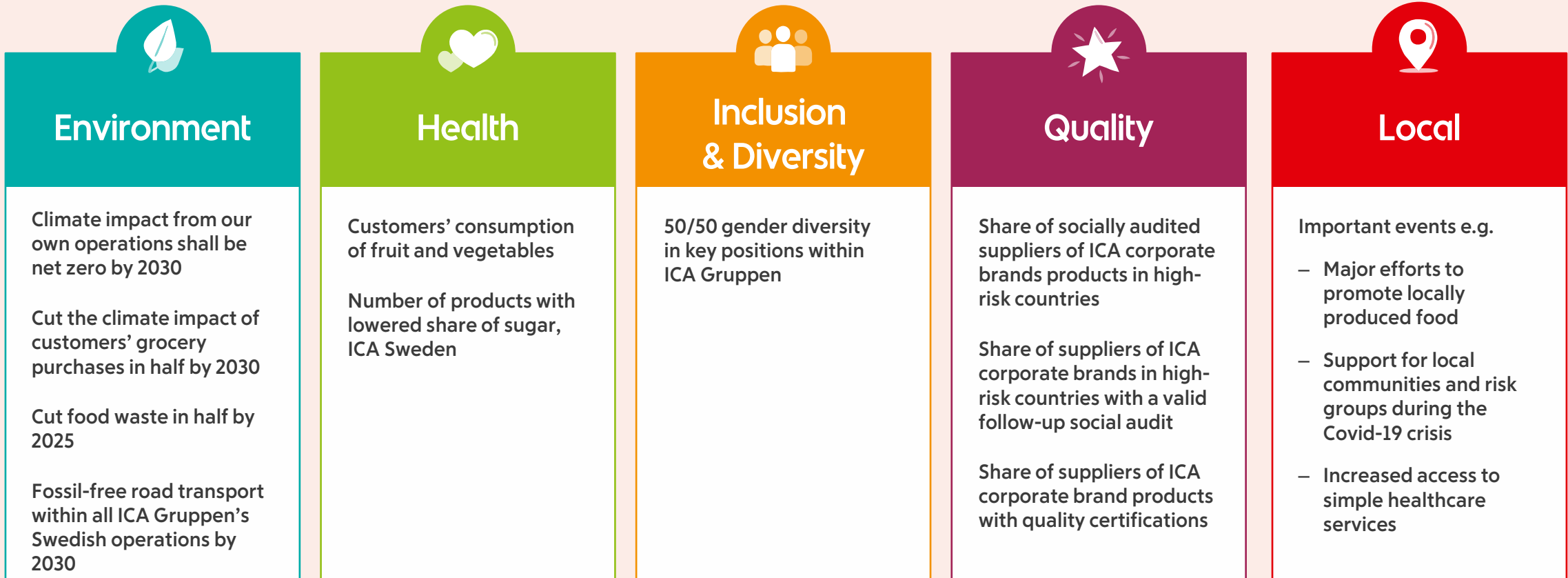
Automated warehouse in Brunna according to plan



- 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 in ambitious sustainability agenda



In line with 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

In summary

- Solid financial development and position..
- ..securing funds for pushing through digital transformation to...
- ...become the leading omni retailer in Sweden/Baltics



Appendix

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	36%
Stores	Market share
91,684	4,240
Net sales	EBIT

rimi

Grocery retail with leading positions in Estonia, Latvia & Lithuania

283	15%
Stores	Market share
16,373	703
Net sales	EBIT

APOTEK 

2 pharmacy chain in Sweden

391	31%
Stores	Market share
15,178	383
Net sales	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	603
Net sales	EBIT

ICA banken

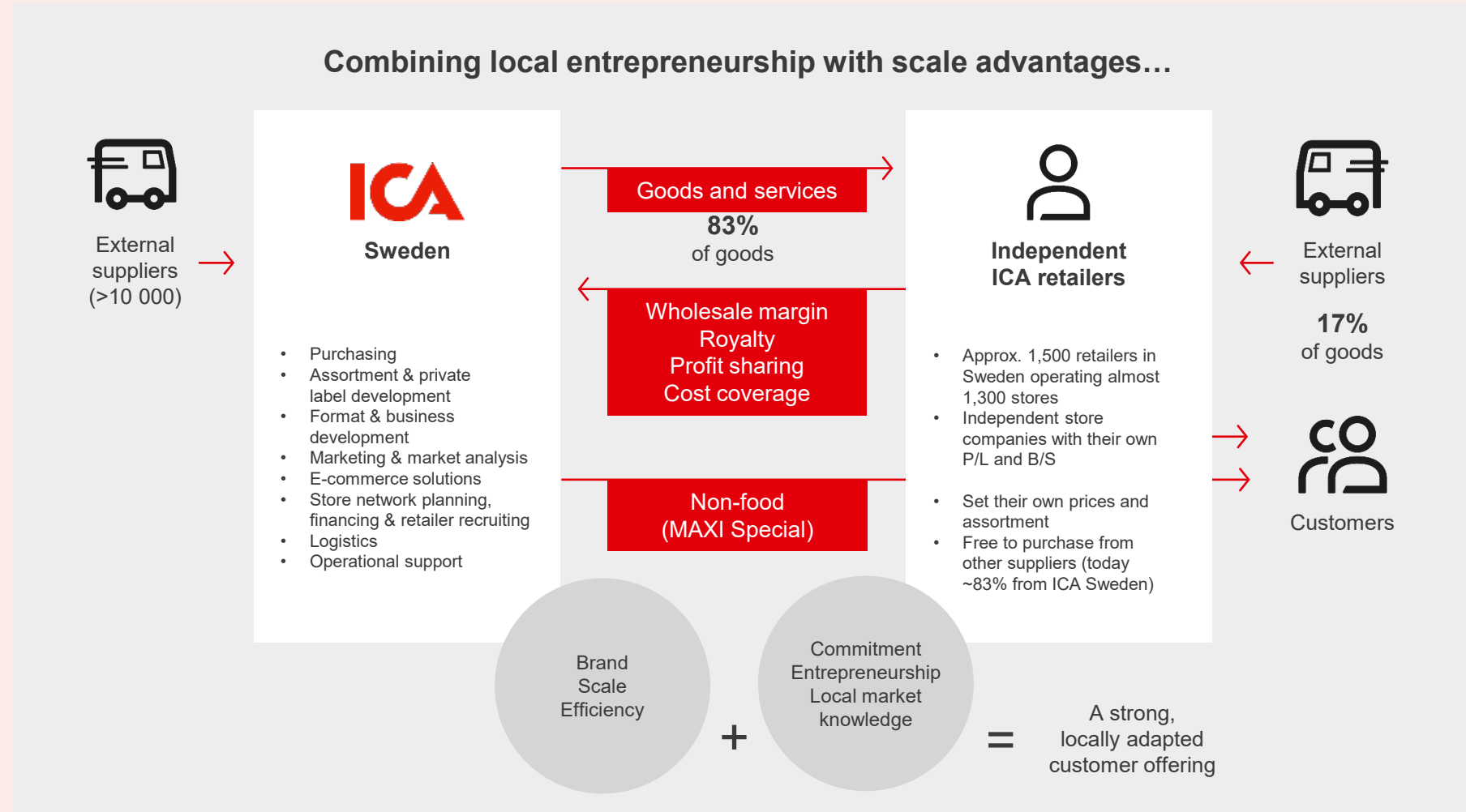
ICA Bank - full-service bank and insurance offering

>840,000	~200,000
Bank customers	Insurance customers
1,699	174
Net sales	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



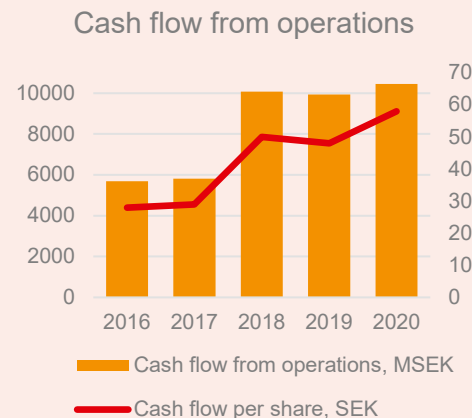
Strong financial position and stable returns with capacity to invest and capture new opportunities

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 25 bn
- ICA Bank – >1,000,000 customers and a vital part of the ICA system

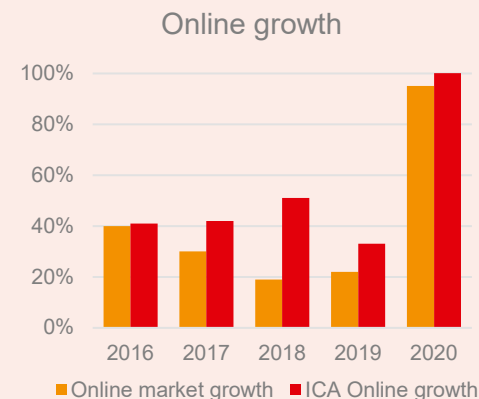
...generating a solid cash flow and a stable financial performance...

- 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:	Online share of total sales	Online share active stores:	Growth in sales online 2020
SEK ~5.0 bn	3.8%	6.3%	+117%

Apotek Hjärtat online 2020



Online share of sales:	Online market growth	Apotek Hjärtat online growth
8%	+59%	+92%

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

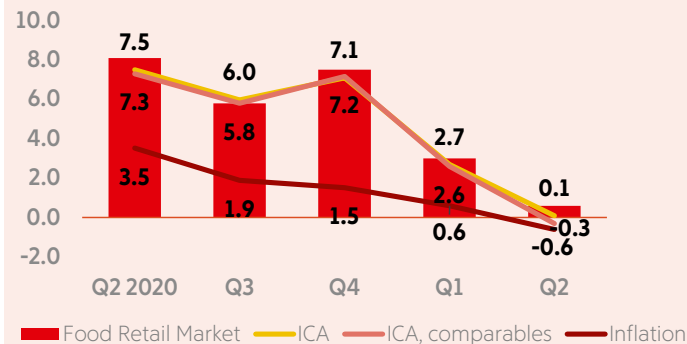
- New board member Charlotte Svensson elected, and dividend decided of SEK 13.00/share at AGM in April
- ICA Bank completes the Forex transaction
- Apotek Hjärtat will move its e-commerce warehouse to larger premises to enable a continued expansion of an omnichannel offering

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

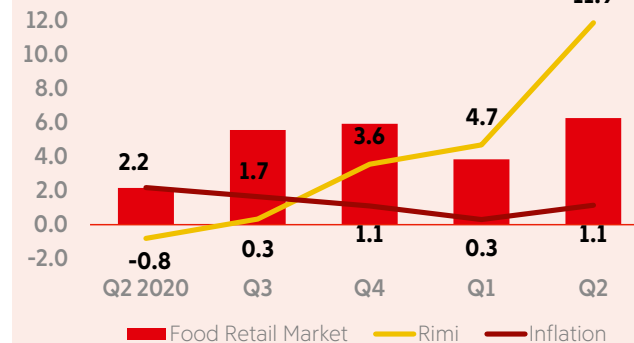
ICA Stores sales development (excl. VAT), %



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

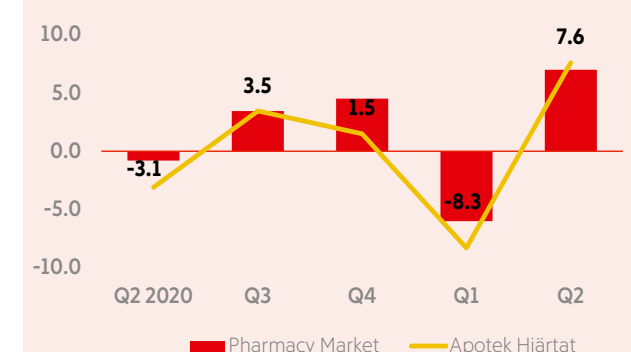
Rimi Baltic sales development, %



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