

BONUS

OPIÐ MÁN-LAU 10-19
SUNNUDAGA 11-18



Investor Presentation
May 19, 2020

Consolidated Highlights

- Comprehensive income for the year is ISK 3.054 m, or 2,6% of sales
- Earnings per share is ISK 2,54
- Sales for the year is ISK 116.357 m
- Gross profit for the year is 22,2%
- EBITDA for the year is ISK 8.890 m
- Total assets are ISK 62.708 m at year end
- Cash and cash equivalents are ISK 2.232 m at year end
- Equity is ISK 24.587 m at year end
- Equity ratio is 39,2% at year end
- EBITDA for the year is consistent with EBITDA budget, ISK 8.750 - 9.200 m

Statement of Comprehensive Income

	Q4 2019/20 01.12-29.02	Q4 2018/19 01.12-28.02	2019/20 01.03-29.02	2018/19 01.03-28.02
Sales	28.613	27.924	116.357	84.179
Cost of goods sold	(22.179)	(21.469)	(90.551)	(64.172)
Gross profit	6.434	6.455	25.806	20.007
Gross profit %	22,5%	23,1%	22,2%	23,8%
Other operating income	99	179	484	340
Salaries and related expenses	(3.073)	(3.082)	(12.087)	(9.194)
Other operating expenses	(1.306)	(2.172)	(5.313)	(6.663)
Profit from operating activities before depreciation and amortisation (EBITDA)	2.154	1.380	8.890	4.490
EBITDA %	7,5%	4,9%	7,6%	5,3%
Depreciation and amortisation	(1.045)	(530)	(3.927)	(1.300)
Profit from operating activities (EBIT)	1.109	850	4.963	3.190
Net finance expense	(272)	(175)	(1.327)	(295)
Effect of results of associates	28	(12)	139	(12)
Profit before income tax	865	663	3.775	2.883
Income tax	(160)	(110)	(721)	(566)
Comprehensive income for the period	705	553	3.054	2.317

Operating Segments

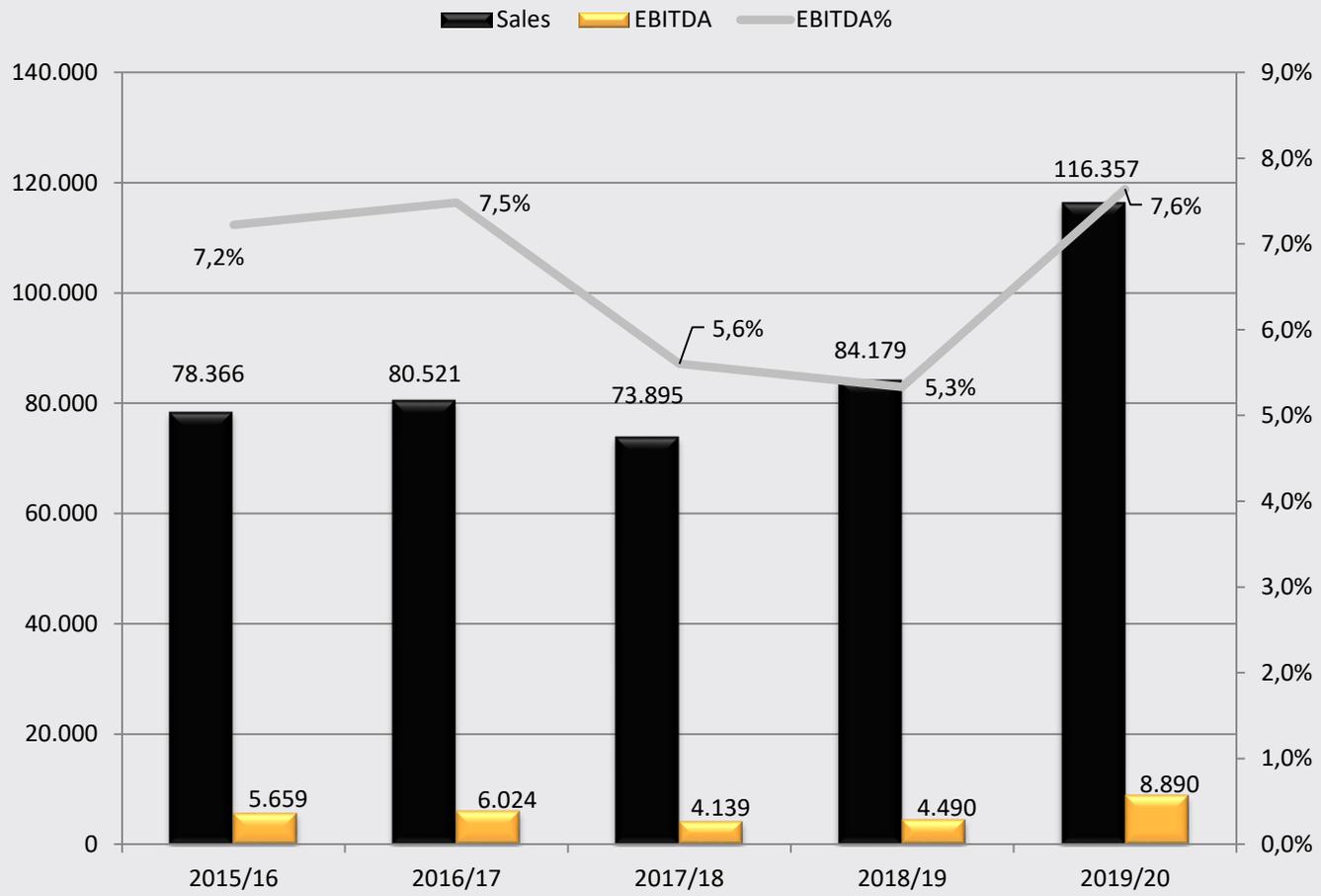
2019/20	Retail chains and warehouses	Olís	Elimination entries	Application of IFRS 16	Total
Sales	80.393	36.847	(883)	--	116.357
Other operating income	442	67	(25)	--	484
Total segment revenue	80.835	36.914	(908)	--	116.841
Total segment operating expenses	(76.015)	(35.082)	908	2.238	(107.951)
Segment EBITDA	4.820	1.832	--	2.238	8.890
Depreciation and amortisation	(1.411)	(796)	--	(1.720)	(3.927)
Effect of results of associates	--	139	--	--	139
Profit from operating activities (EBIT)	3.409	1.175	--	518	5.102
Net finance expense	(513)	(250)	--	(564)	(1.327)
Income tax					(721)
Profit for the period					3.054

EBITDA BRIDGE

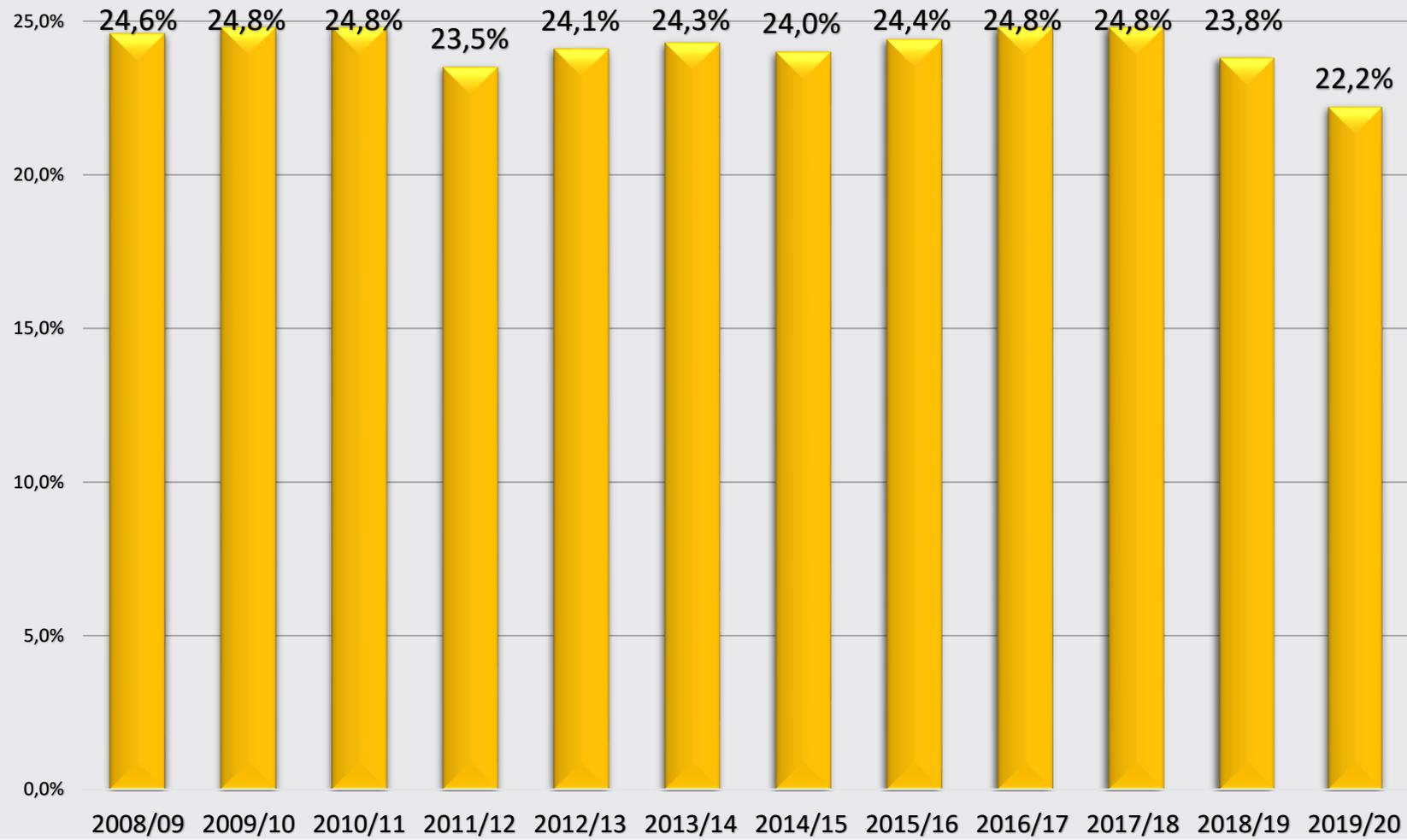
- ISK million -



Sales and EBITDA - ISK million -

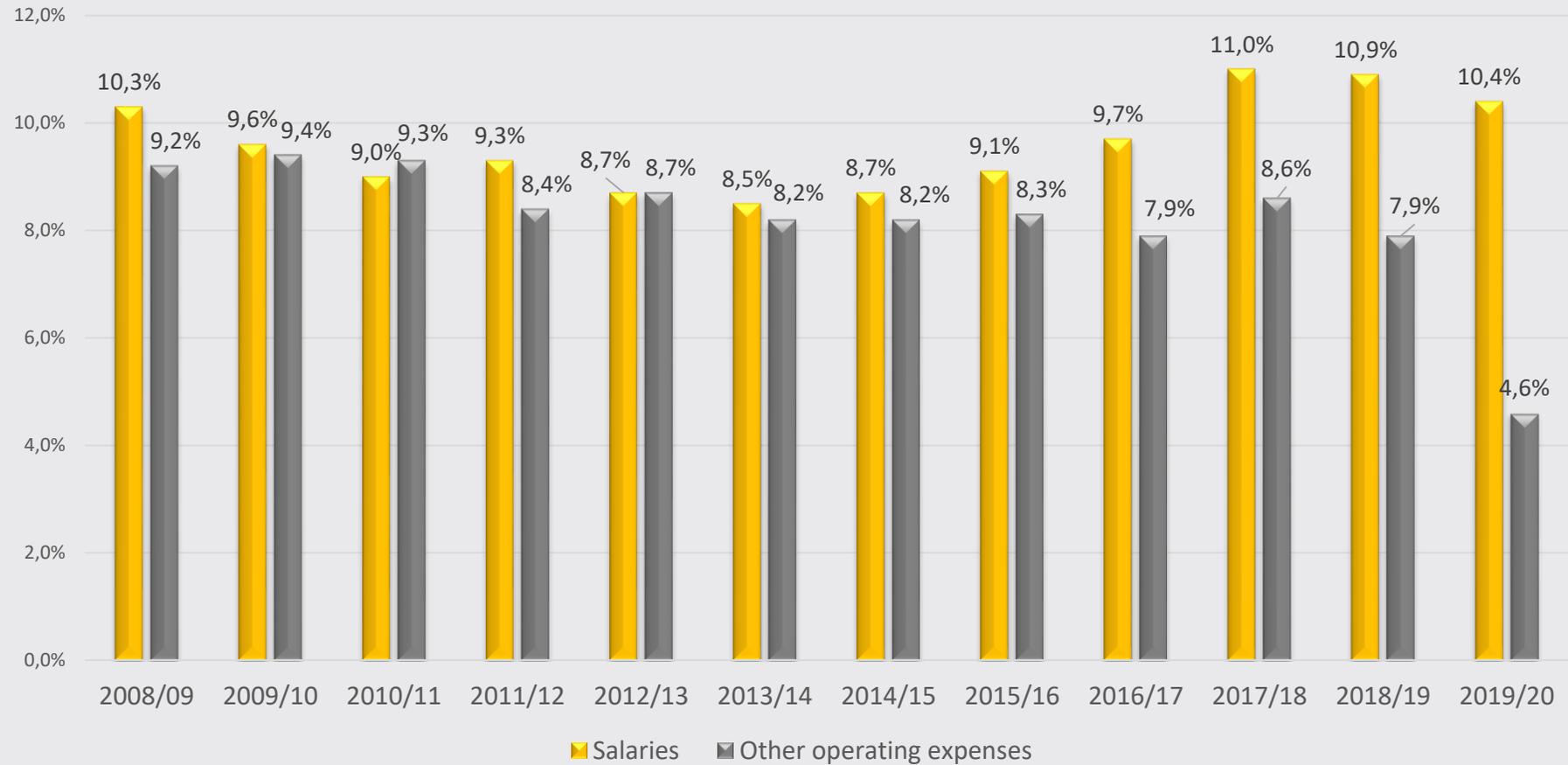


Gross Profit %

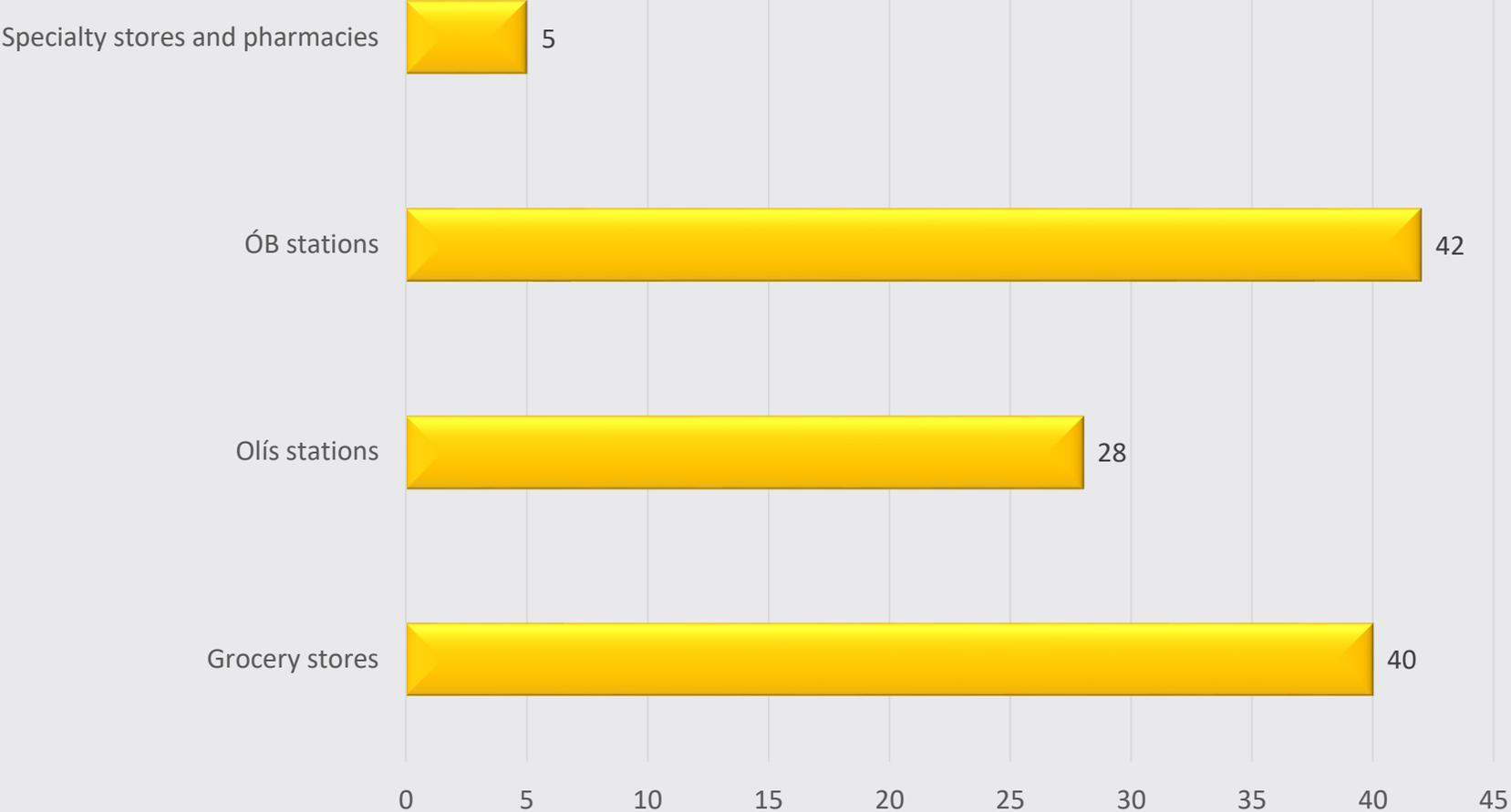


Cost ratios

Salaries & other operating expenses



Number of stores





Balance Sheet

Balance Sheet

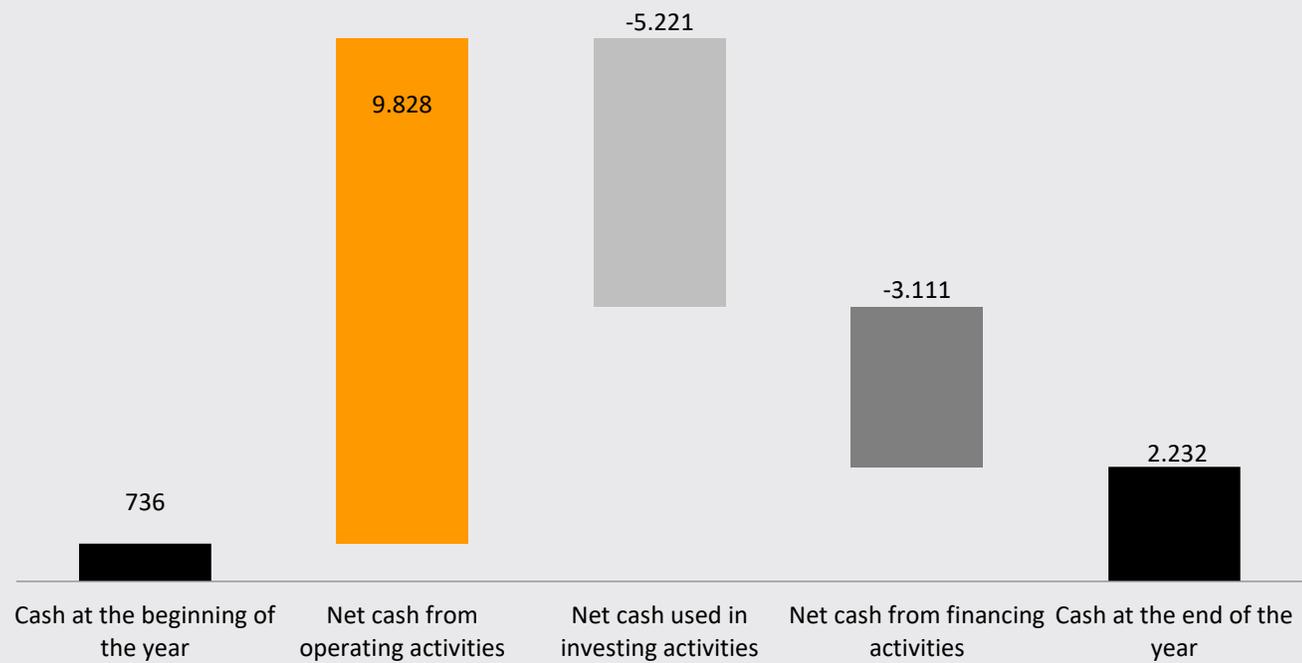
	29.02.2020	28.02.2019
Assets		
Non-current assets	47.554	34.896
Current assets	15.154	15.955
Total assets	62.708	50.851
Equity and liabilities		
Share capital	1.189	1.213
Other equity	23.397	23.066
Capital and reserves attributable to owners of Hagar hf.	24.586	24.279
Non-controlling interest	1	--
Total equity	24.587	24.279
Non-current liabilities	22.362	6.877
Current borrowings	442	7.631
Bank borrowings	1.273	800
Other payables	14.045	11.264
Total liabilities	38.122	26.572
Total equity and liabilities	62.708	50.851

Cash Flows

	Q4 2019/20	Q4 2018/19	2019/20	2018/19
	01.12-29.02	01.12-28.02	01.03-29.02	01.03-28.02
Net cash provided by operating activities	1.153	1.206	9.828	2.882
Net cash used in investing activities	(2.657)	(465)	(5.221)	(6.249)
Net cash (used in) from financing activities	371	(778)	(3.111)	3.881
Net increase (decrease) in cash and cash equivalents	(1.133)	(37)	1.496	514
Cash and cash equivalents at beginning of the period	3.365	773	736	222
Cash and cash equivalents at the end of period	2.232	736	2.232	736

Cash Flows 2019/20

- ISK million -

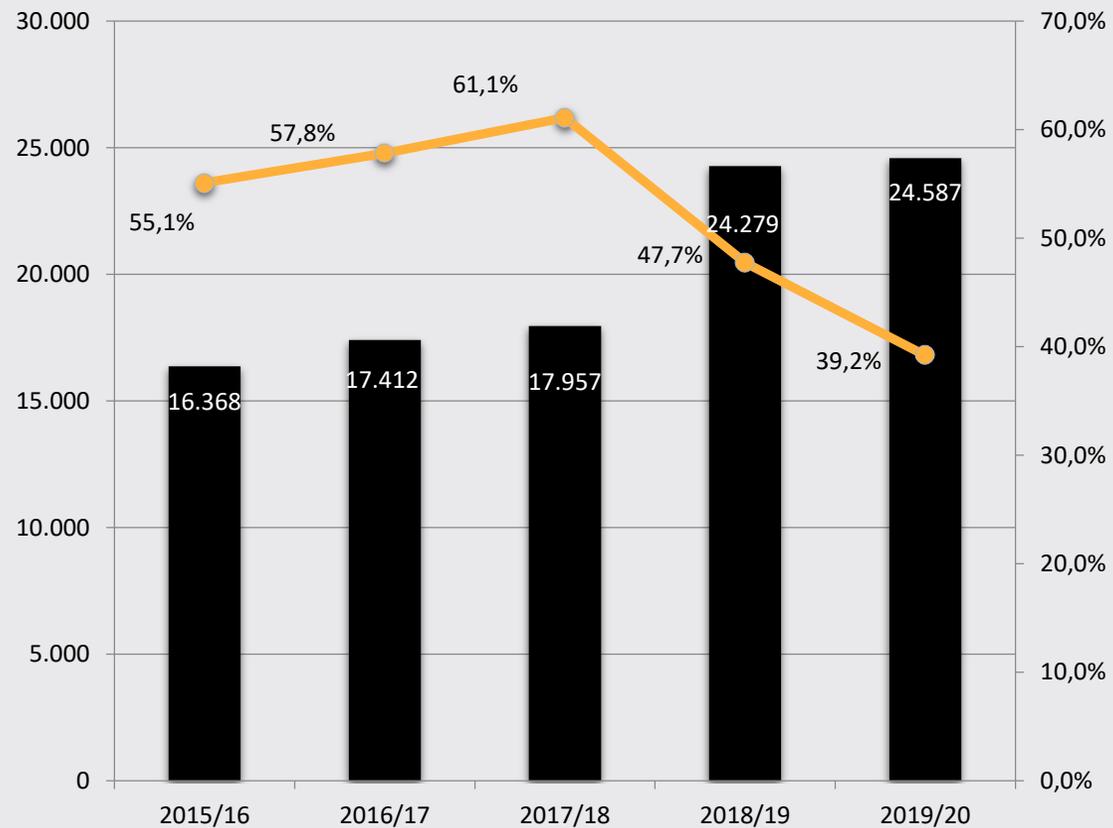


Changes in Equity

	Share capital	Share premium	Legal reserve	Restricted reserve	Retained earnings	Total	Non controlling interests	Total equity
Equity at March 1, 2019	1.213	5.023	303	5.092	12.648	24.279	--	24.279
IFRS 16, effects of implementation					(559)	(559)		(559)
Purchased own share	(24)	(1.006)				(1.030)		(1.030)
Comprehensive income for the period					3.054	3.054	--	3.054
Transferred from legal reserve			(6)		6	--		--
Non-controlling interests on acquisition of subsidiary						--	1	1
Dividends paid, 0,955 ISK per share					(1.159)	(1.159)		(1.159)
Transferred to restricted reserve				855	(855)	--		--
Equity at February 29, 2020	1.189	4.017	297	5.947	13.136	24.586	1	24.587

Equity - ISK million -

■ Equity ● Equity ratio



Refinancing



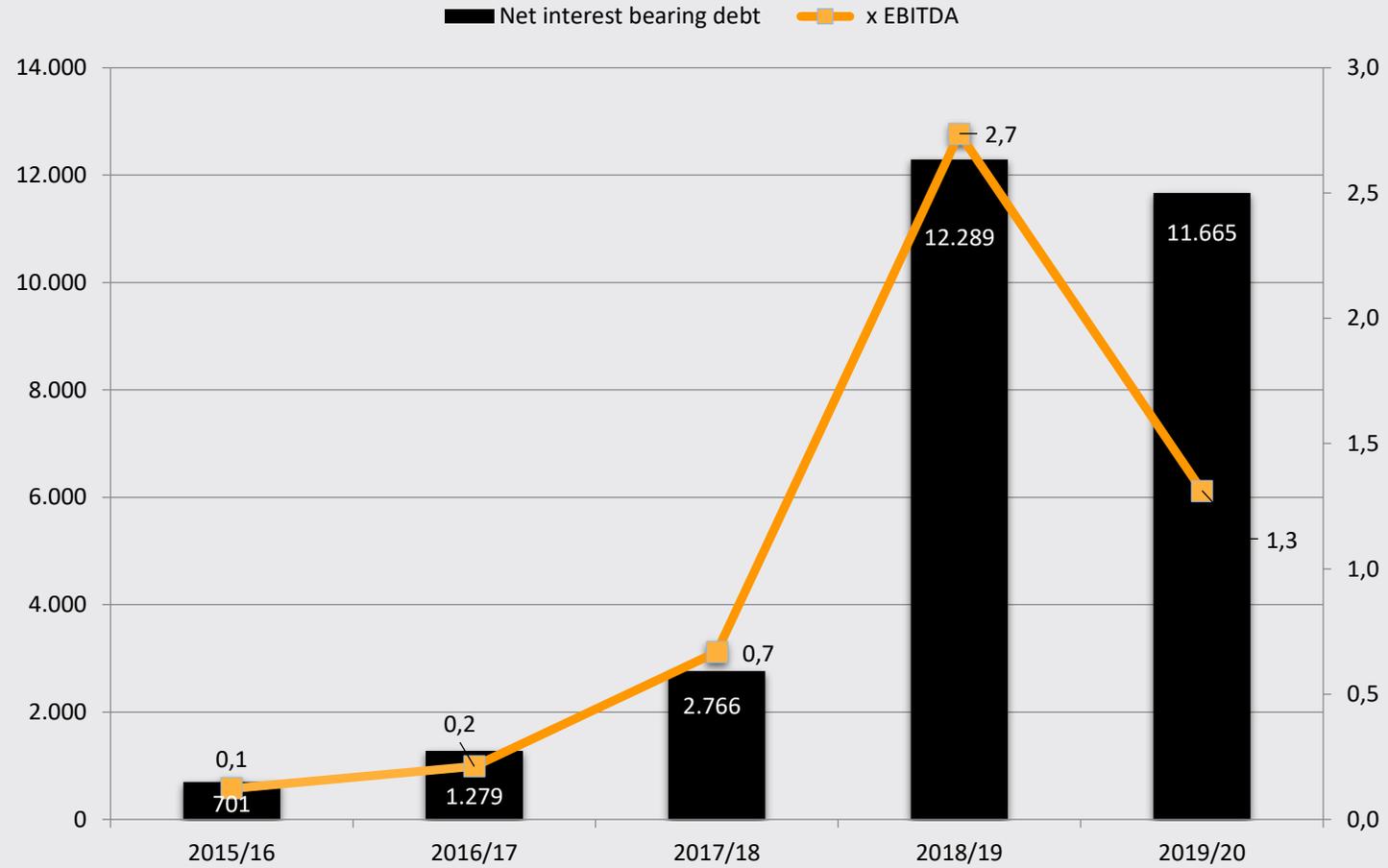
Bond Issue

- Successful bond issue that ensured the company's refinancing
- Excess demand for Hagar's bonds
- Two bond series were issued, indexed and non-indexed.
- ISK 8.000 m in total
 - ISK 5.500 m indexed with fixed nominal rate of 2,8%
 - ISK 2.500 m non-indexed with fixed nominal rate of 4,65%
- Credit line agreements signed to the amount of ISK 6.000 m
 - Approx. ISK 4.500 m and USD 12,5 m (ISK 1.600 m) at year end

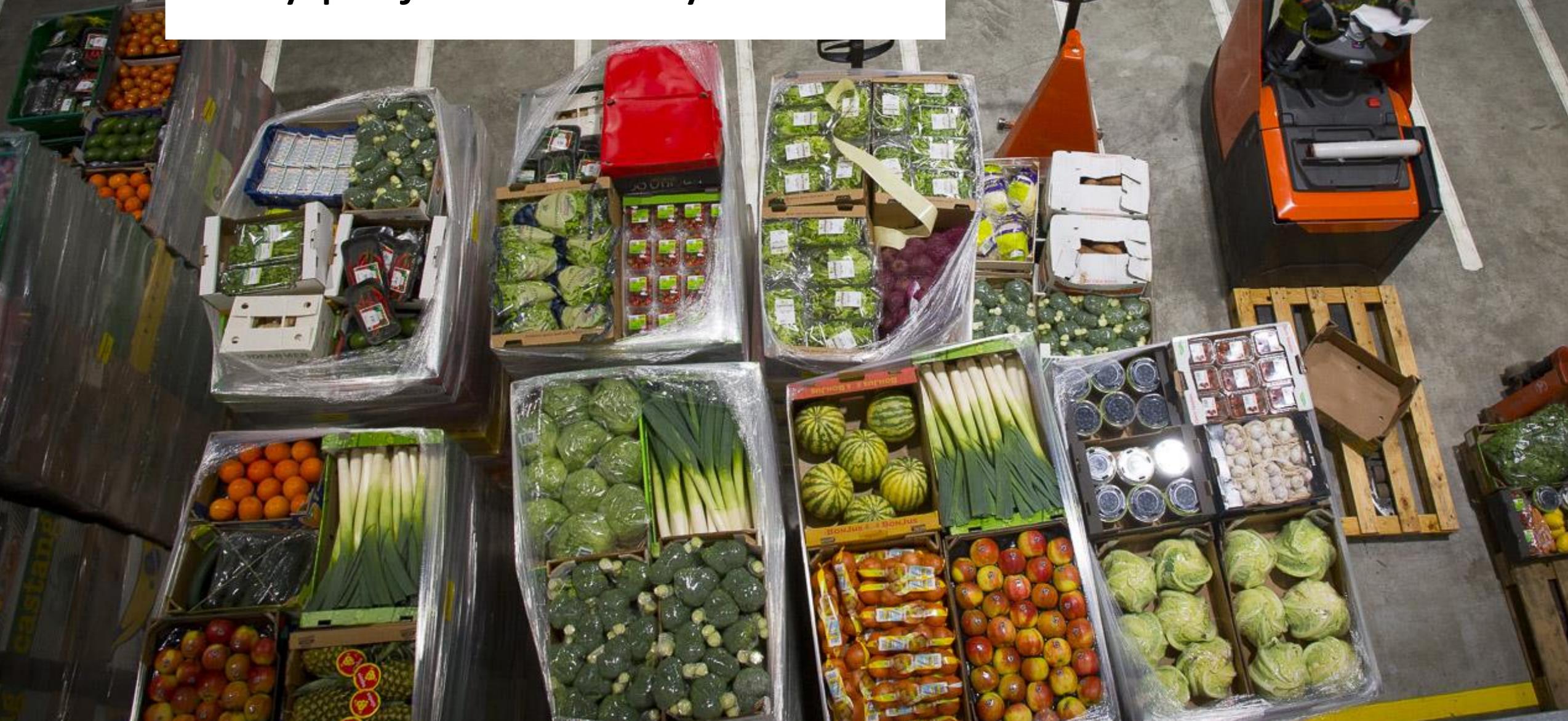
Loans and Borrowings at Year End

Amounts are in ISK million	Non-current liabilities	Current liabilities	Total
CPI-linked bond issue	5.270	183	5.453
Non-indexed bond issue	2.500	-	2.500
Non-indexed non-current loans	4.412	259	4.671
Credit line – USD	-	1.273	1.273
Total loans and borrowings	12.182	1.715	13.897
Unused credit lines			
Credit line – ISK	-	4.500	4.500
Credit line - USD	-	309	309
Total unused credit lines	0	4.809	4.809
Total loans and credit lines	12.182	6.524	18.706

Borrowings - ISK million -



Key projects of the year



Merger of Hagar and Olís

- The biggest integration projects are associated with organisational changes and housing
- Warehouse operations were the biggest single project
- Purchases for products and services
- Moving and coordination of Olís and Hagkaup offices
- Early savings for housing will be ISK 140-150 m on a early basis
- Integration goals achieved





New Warehouse

- Warehouse for refrigerated and frozen goods in Korngarðar – 4.440 m²
- Will be put into operation in November 2020
- Increased efficiency in warehouse operations and distribution
- Lease payments decrease by approx. ISK 50 m on a early basis, with effect from next operating year



Warehouse operations have been simplified. Aðföng has taken over warehouse operations for Olís, as well as operations for Hýsing and Ferskar kjötvörur.



Bónus leads the convenience market

- About a year ago, three Bónus stores were sold in accordance with an agreement with the Icelandic Competition Authority.
- Since then, Bónus has opened two new stores
- Increase in sales in Bónus is 12% from January 2020 to March 2020, in spite of fewer stores
- Increase in customers
- The cheapest option for consumers
- The same price all around Iceland
- Received Terra's environmental award in 2020

GLÖGGT ER GESTS AUGAÐ

Facebook



4.3/5
500+

Tripadvisor

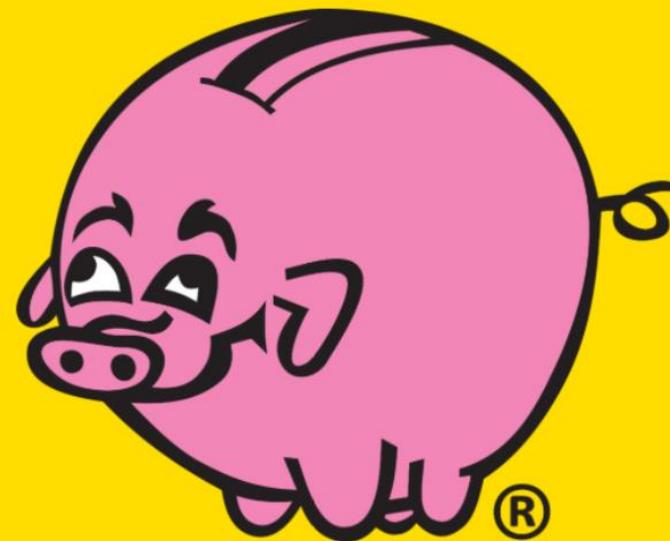


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140+

Google



★★★★★
190+

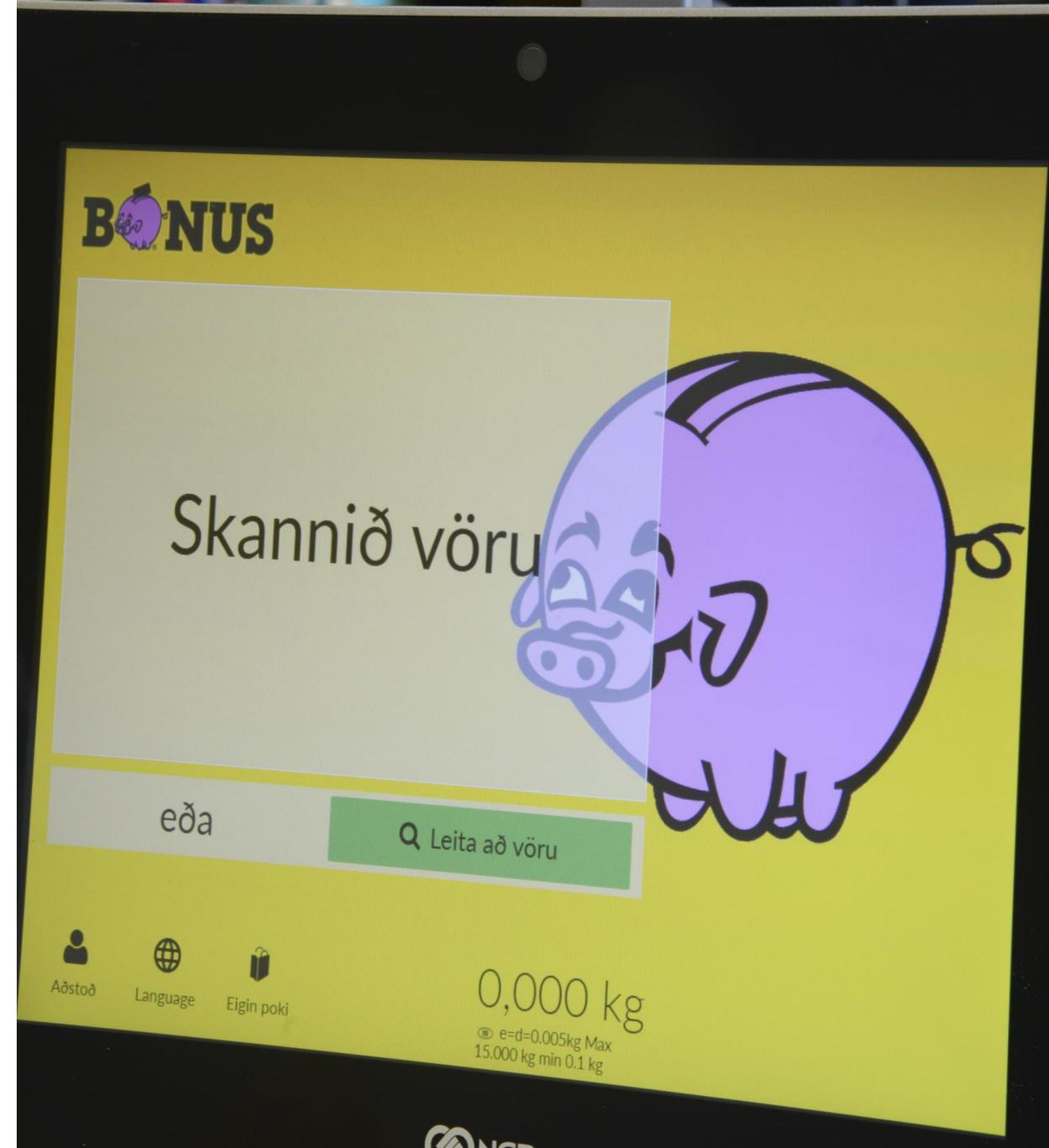


New Olís station opened in Varmahlíð and service center renewed
New ÓB station opened in Vík í Mýrdal in September 2019
New ÓB station opened at Sjafnargata in Akureyri in February 2020



Deployment of self-service solutions has been extremely successful

- Deployment finished in 14 Bónus stores and 7 Hagkaup stores, total of 21 stores
- Deployment planned in 7 Bónus stores and 1 Hagkaup store during this operating year
- Increased performance during peak hours
- Increased operational efficiency
- Less lines and instant service
- Pleased customers
- High ratio of handlings goes through self-service machines
- Different between stores and ranges from 35-60%



New real estates owned by Hagar

- Eiðistorg in Seltjarnarnes where Hagkaup is located, total 4.211 m² (Q4 2019-2020)
- Bjarkarholt in Mosfellsbær. Bónus store that is total 1.660 m² (Q4 2019-2020)
- Hagkaup store in Akureyri, total 2.173 m² (Q2 2020-2021)
- In addition, construction of a new warehouse for refrigerated and frozen goods will finish in November 2020, total 4.440 m²
- The properties are not pledged



Reykjavíkur Apótek became a part of the group in September 2019
New pharmacy opened in Skeifan in February 2020
Further development ahead





an

Húð & heilsa

Vitamin Vitamin Heilsa Hárbrúg Húð og heilsa Húð og heilsa Húð og heilsa Húð og heilsa

DERMA-CENTRE

VICHY

VICHY

Oroblu

Reykjavíkur Apótek in Skeifan

Mjöll Frigg became a part of the group in January 2020
An important part of the restructuring of warehouses,
mainly due to bottling and mixing



Great increase in sales for Mjöll Frigg products due to COVID-19



Hagkaup.is

heim að dyrum

Hagkaup.is back to business
Online store with groceries the first step
Hagkaup celebrated its 60th anniversary in 2019



Útilíf online store was opened for business
in the operating year

20% AFSLÁTTUR AF ÚTIVISTARVÖRUM*

* AFSLÁTTUR KEMUR FRAM Í KÖRFU



VÍN FÖNG

- Alcohol sales have been successful
- Aðföng operates the project through Vínföng
- Predicted sales during this operating year is approx. ISK 750 m
- Now, approx. 113 brands
- Good products for a good price
- Fifth largest in beer of 44 sales agents
- Fourth largest in red wine of 44 sales agents



Kolefnisjafnaðu eldsneytisviðskiptin

VIÐ GREIÐUM HELMING Á MÓTI ÞÉR

hagar

Environmental and Social Projects

Skráðu þig á olis.is

olis

Carbon offset and a contract with Klappir Grænar lausnir

- The goal is to achieve measurable results in environmental affairs and sustainability
- Bónus was the first chain store to offset its carbon footprint
- Olís in good cooperation with The Soil Conservation Service in Iceland
- This operating year, all companies within Hagar will offset its carbon footprint
- For the first time, Hagar will publish its CSR report according to Nasdaq's ESG reporting guide, concurrently with Hagar's annual report before the AGM 2020



Bónus heldur áfram að flokka betur

MINNI ÚRGANGUR
MEIRI
ENDURVINNSLA!

SAMANBURÐUR
MILLI
2018-2019

14% minni úrgangur





1.913 tonn af bylgjupappa endurunninn

4% meiri endurvinnsla



SPORNA VIÐ LOSUN GRÓÐURHÚSALOFTTEGUNDA 2019

Með staðfastri flokkun á bylgjupappa kom Bónus í veg fyrir losun á 1.923 tonnum af CO₂ ígildum



Þessi losun væri á við sirka 935 bíla sem keyra 10.000 km á ári með eyðslu upp á 9 L/100 km



Bónus kolefnisjafnar 2019

BÓNUS
KOLEFNISJAFNAR
2019

KOLVIÐUR
MUN PLANTA
7.461
TRJÁM

BÓNUS VAR FYRSTA
MATVÖRUVERSLUNIN Á ÍSLANDI AÐ
KOLEFNISJAFNA REKSTURINN





Companies within the group are very active in supporting various community projects





Development Projects

- Full-blown proposals were handed to the negotiation committee of Reykjavík in June 2019.
- The proposals are in full accordance with the city's policy of decreasing the number of gas stations, the compact neighbourhood development and „the merchant on the corner“
- The proposals take into account commercial, residential and energy sales / gas pumps on the sites that the company has prioritized.
- Prioritized projects are:
 - Stekkjarbakki
 - Fjallkonuvegur
 - Ánanaust
 - Skúlagata
 - Egilsgata
 - In addition Lundur in Kópavogur



COVID-19



ÚTILÍF

COVID-19

- No infections within grocery stores
- Frontline workers are heroes
- Good collaboration with authorities
- Product supply ensured
- Great work within stores and warehouses
- Great increase in sales with groceries but cost addition
- Great sales decrease at Olís
- Considerable decrease in clothing stores



Q1 2020/21 – The effect of COVID-19 and more

- Hagar has not issued an EBITDA budget for the operating year of 2020-21
- There is still great uncertainty about the effect COVID-19 will have on operations during a new operating year
- In total, the financial impact is negative for the first quarter of 2020-21
- In spite of great uncertainty, projected EBITDA in Q1 is between ISK 800-1.100 m
- Deviation in operating results are mostly due to Olís
- Primary factors of influence in Q1 are:
 - COVID-19
 - Drop in oil prices
 - Devaluation of the Icelandic krona
 - Increase in cost price from domestic and foreign suppliers
 - One-time cost
- It is the evaluation of management that the effect of COVID-19 will mostly be visible during Q1 and have emerged largely as of May
- Gross profit is lower now compared to the previous year and historically low due to above-mentioned factors

Thank you

