

# Presentation of Q3 2020 results

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# FESTI

## CONSOLIDATED HIGHLIGHTS

ISK 2.586 m

EBITDA Q3 2020

24,8%

Sales margin

4,01

NIBD/EBITDA

ISK 4.991 m

Cash and cash equivalents

44,4%

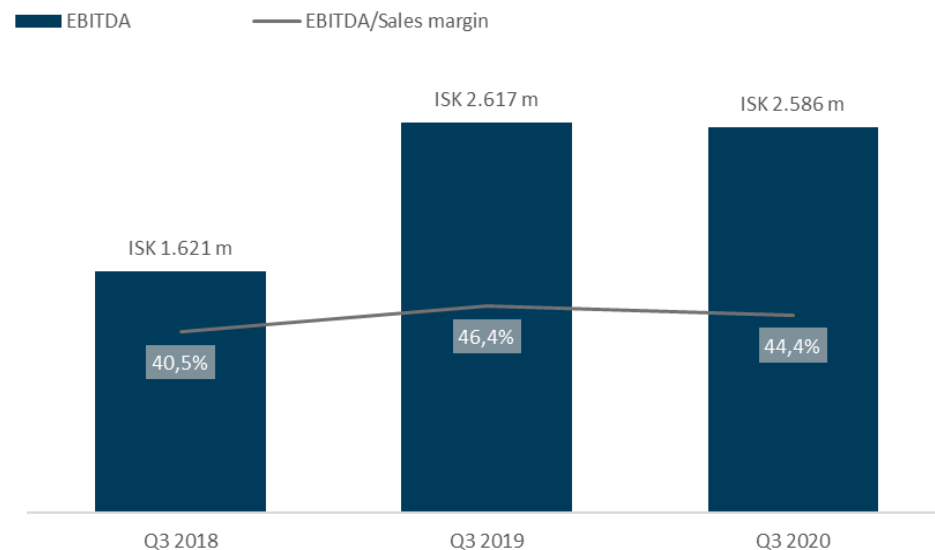
EBITDA/Sales margin Q3 2020

42,5%

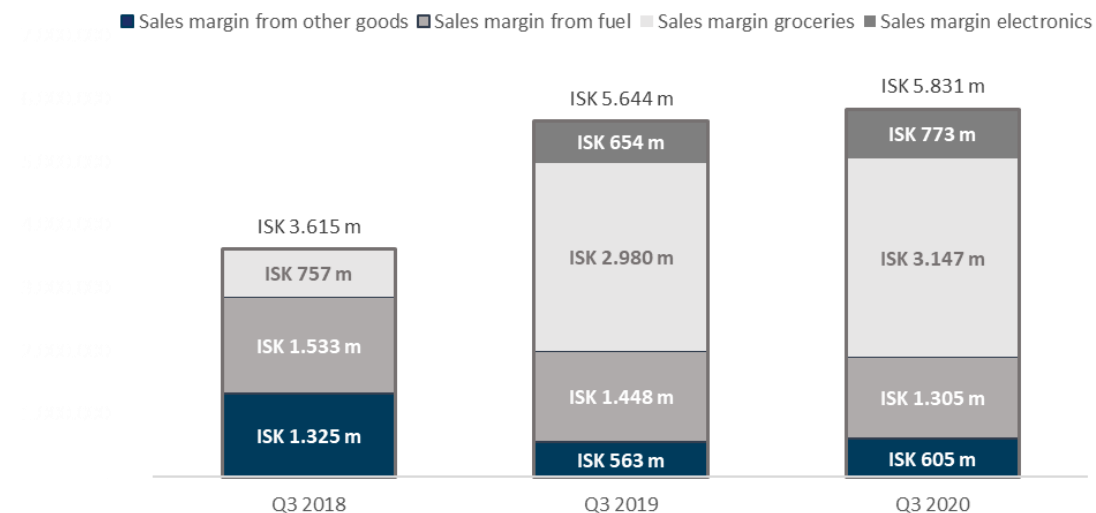
Salaries/Sales margin Q3 2020

# CONSOLIDATED OPERATIONS IN Q3

Amounts are in ISK million	Q3 2020	Q3 2019	Change	% Chg.
Sale of goods and services	23.524	24.092	-567	-2,4%
Margin from sales of goods and services	5.831	5.644	187	3,3%
Lease revenue and operating income	342	412	-69	-16,9%
Salaries and personnel expenses	-2.475	-2.371	-104	4,4%
Other operating expenses	-1.111	-1.067	-44	4,1%
EBITDA	2.586	2.617	-31	-1,2%
<b>Key Figures</b>				
EBITDA/Sales margin	44,4%	46,4%	-2,0%	-4,3%
Salaries/Sales margin	42,5%	42,0%	0,4%	1,0%
Earnings per share	3,55	4,49	-0,9	-20,9%

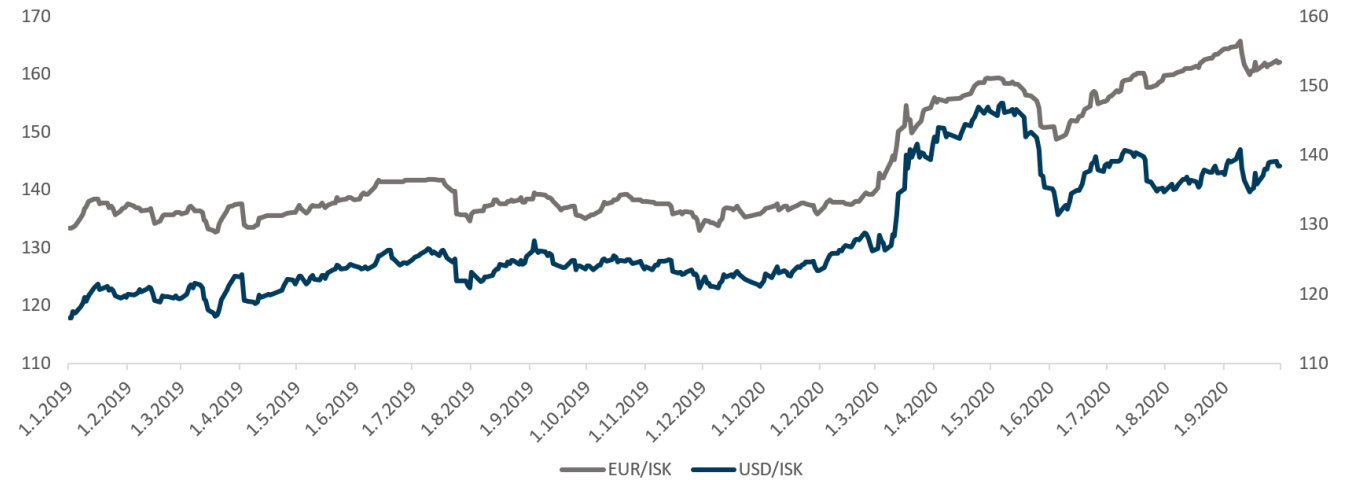


- Number of full-time employees are down by 4% between Q3 2020 and Q3 2019.
- Covid-19 related cost ISK 108 million in salaries and other operating expenses.

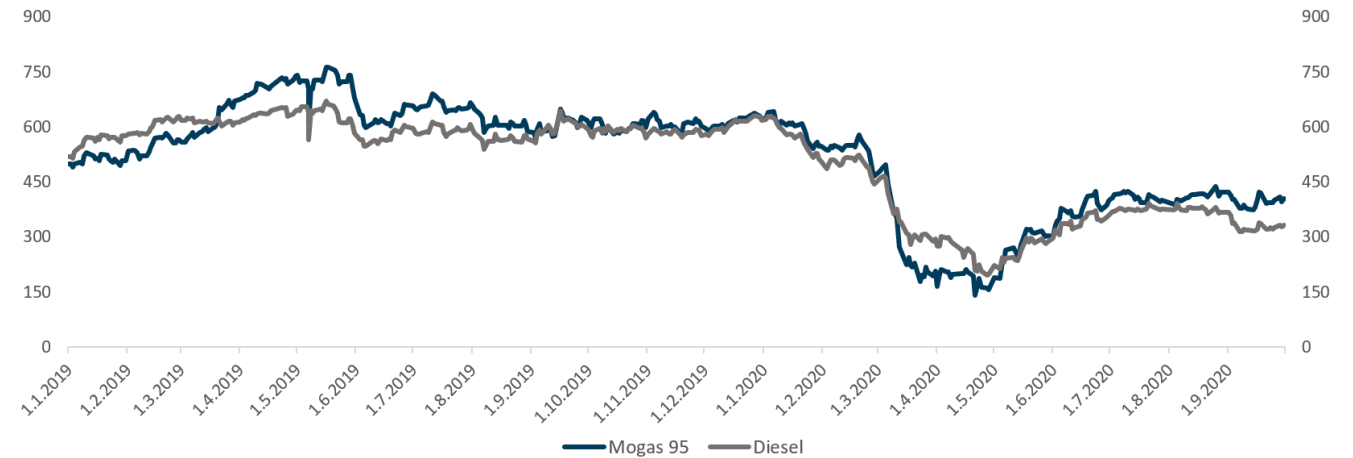


- Volatility in USD/ISK and EUR/ISK
- USD/ISK increased by 1,2% and the difference between highest and lowest exchange rate in Q3 is 4,8%
- EUR/ISK increase by 5,6% and the difference between the highest and lowest exchange rate in Q3 is 6,6%
- The Q3 2020 average price of a diesel fuel was 358,77 USD, compared to an average of 586,04 USD in Q3 2019, a decrease of 38,8%.
- The Q3 2020 average price of USD/ISK was 137,7 compared to 124,5 in W3 2019, an increase of 10,6%

Exchange rate development



Price development of Mogas 95 and Diesel



- Sales of grocery and convenience goods is increased by 4,9% between years.
- 19% reductions in road fuel quantity compared to Q3 2019
- Lower property rent from mothercompany due to COVID-19, 140 M ISK in other revenues
- Sales of other goods decreased by 0,8% between years.
- As a whole, negative impact was significant with the turmoil in global oil markets and COVID-19 restrictions during the quarter.
- New BTB store in Akureyri
- New self service station in Norðurhella

	Q3 2020	Q3 2019	Change	% Change
Operating revenue outside of group	9.340	11.622	-2.282	-19,6%
Other revenue within group	166	36	130	355,8%
Total segment revenue	9.506	11.658	-2.153	-18,5%
Total operating expenses of segments	-7.997	-10.276	2.279	-22,2%
Segment EBITDA	1.509	1.383	127	9,2%
Segment depreciation and amortisation	-596	-495	-100	20,2%
Operating result of segments	914	887	26	3,0%
Financial expenses	-244	-231	-13	5,6%
Income tax expense	-139	-131	-8	5,9%
Profit	531	526	6	1,1%
Segment assets	30.789	32.021	-1.232	-3,8%
Segment capital expenditure	556	257	299	116,0%
Segment liabilities	17.352	18.338	-986	-5,4%

- Sales exceeded expectations in Q3 2020
- Smart online store is receiving great feedback from customers
- Margins were below expectations with higher cost of goods sold
- Volatility in EUR/ISK also had negative impact on margins
- Increased cost relating to COVID-19 with extra staff and increased in-store activity
- New Krónan MD - Ásta S Fjeldsted
- First store in downtown Reykjavík opened. Krónan Hallveigarstígur.
- Preparation of a new store in Norðurehella, which opened in October.
- Preparation of a new store in Austurvei, which will open later this month.

	Q3 2020	Q3 2019	Change	% Change
Operating revenue outside of group	10.907	9.735	1.172	12,0%
Other revenue within group	7	28	-21	-74,9%
Total segment revenue	10.914	9.763	1.151	11,8%
Total operating expenses of segments	-10.098	-8.920	-1.178	13,2%
Segment EBITDA	816	843	-26	-3,1%
Segment depreciation and amortisation	-428	-315	-113	35,8%
Operating result of segments	389	528	-139	-26,4%
Financial expenses	-118	-112	-7	6,1%
Income tax expense	-65	-83	18	-22,0%
Profit	205	333	-128	-38,4%
Segment assets	15.061	12.833	2.228	17,4%
Segment capital expenditure	860	522	338	64,7%
Segment liabilities	13.523	11.255	2.268	20,2%

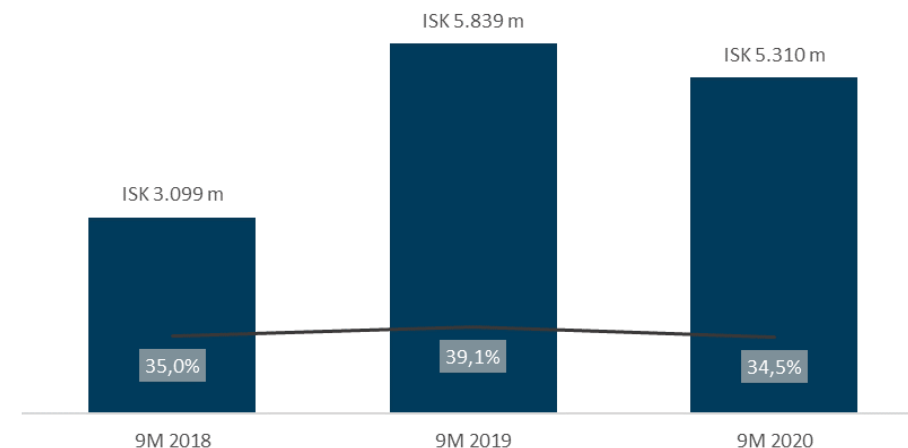
- Sales and margins exceeded expectations in Q3 2020
- Congregation ban had a positive impact on sales, more people working from home.
- ELKO store in Keflavik airport showed big drop while all other stores experienced large increase, especially online store.
- Cost of operations increased as the result of increased home delivery, personnel cost and COVID-19 restrictions in stores.
- Preparations for a new store in Akureyri that opens at the end of November.

	Q3 2020	Q3 2019	Change	% Change
Operating revenue outside of group	3.371	2.807	564	20,1%
Other revenue within group	3	0	3	
Total segment revenue	3.374	2.807	567	20,2%
Total operating expenses of segments	-3.080	-2.600	-480	18,4%
Segment EBITDA	294	207	87	42,3%
Segment depreciation and amortisation	-92	-82	-10	11,7%
Operating result of segments	203	125	78	62,4%
Financial expenses	-34	-19	-15	77,4%
Income tax expense	-35	-21	-14	68,4%
Profit	133	84	48	57,4%
Segment assets	4.319	3.534	785	22,2%
Segment capital expenditure	179	72	107	148,0%
Segment liabilities	3.305	2.615	690	26,4%

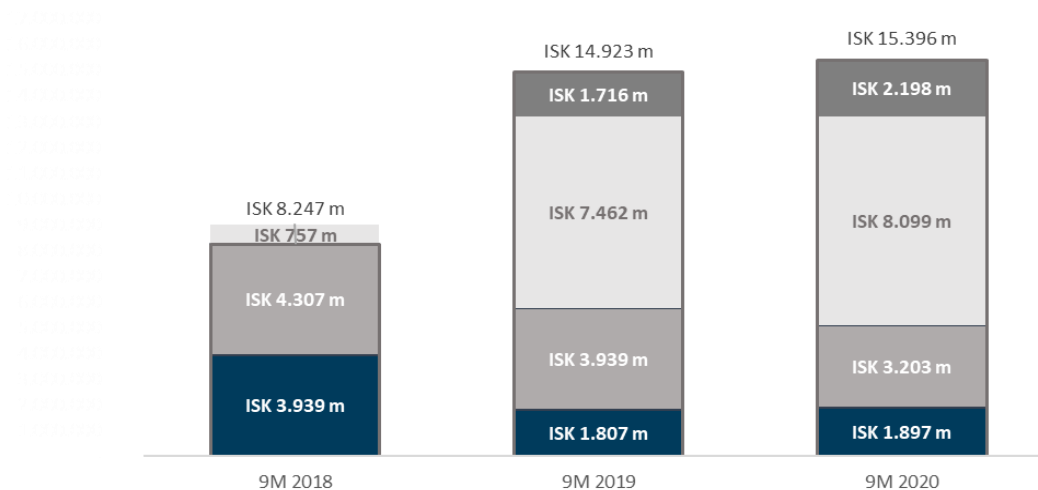
# CONSOLIDATED OPERATIONS IN 9M 2020

Amounts are in ISK million	9M 2020	9M 2019	Change	% Chg.
Sale of goods and services	63.038	63.712	-674	-1,1%
Margin from sales of goods and services	15.396	14.923	473	3,2%
Lease revenue and operating income	951	1.423	-473	-33,2%
Salaries and personnel expenses	-7.588	-7.250	338	4,7%
Other operating expenses	-3.448	-3.258	191	5,9%
EBITDA	5.310	5.839	-529	-9,1%
<b>Key Figures</b>				
EBITDA/Sales margin	34,5%	39,1%	-4,6%	-11,8%
Salaries/Sales margin	49,3%	48,6%	0,7%	1,5%
Earnings per share	5,31	6,31	-1,00	-15,8%

EBITDA EBITDA/Sales margin



Sales margin groceries Sales margin from fuel Sales margin groceries Sales margin electronics



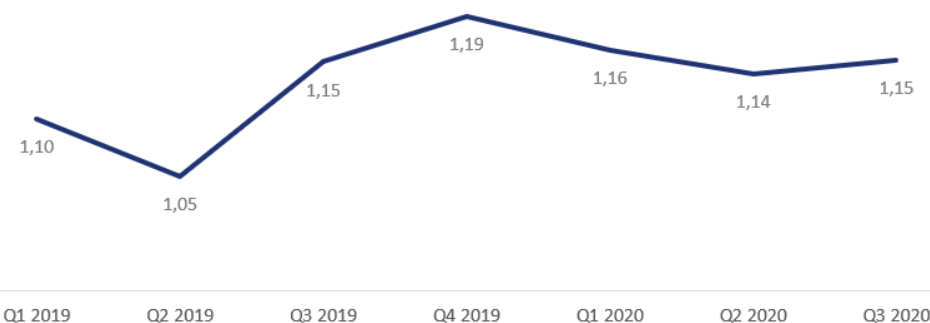


# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts are in ISK million	30.9.2020	31.12.2019	Change	% Chg.
Goodwill	14.668	14.070	598	4,2%
Other Intangible assets	4.988	4.650	338	7,3%
Property and equipment	31.908	31.434	475	1,5%
Leased assets	5.270	3.862	1.408	36,4%
Investment properties	7.237	7.354	-117	-1,6%
Shares in associates	2.274	1.952	322	16,5%
Securities	12	109	-98	-89,4%
Long-term receivables	269	272	-3	-1,1%
<b>Non-current assets</b>	<b>66.626</b>	<b>63.704</b>	<b>2.925</b>	<b>4,6%</b>
Inventories	8.672	7.678	993	12,9%
Trade receivables	4.217	3.756	461	12,3%
Other short-term receivables	789	737	52	7,1%
Cash and cash equivalents	4.991	5.369	-378	-7,0%
<b>Current assets</b>	<b>18.668</b>	<b>17.540</b>	<b>1.128</b>	<b>6,4%</b>
<b>Total assets</b>	<b>85.294</b>	<b>81.244</b>	<b>4.050</b>	<b>5,0%</b>

- Strong balance sheet
- Increase in goodwill and other intangible assets because of purchase of shares in Íslensk orkumiðlun and store in Hallveigarstígur.
- Increase in leased assets because of new and renewed leases
- Increase in inventories due to 3 new for Krónan and ELKO
- Decrease in cash because of repayment of long-term loans, investments and dividend payment.

Current ratio



Inventory turnover



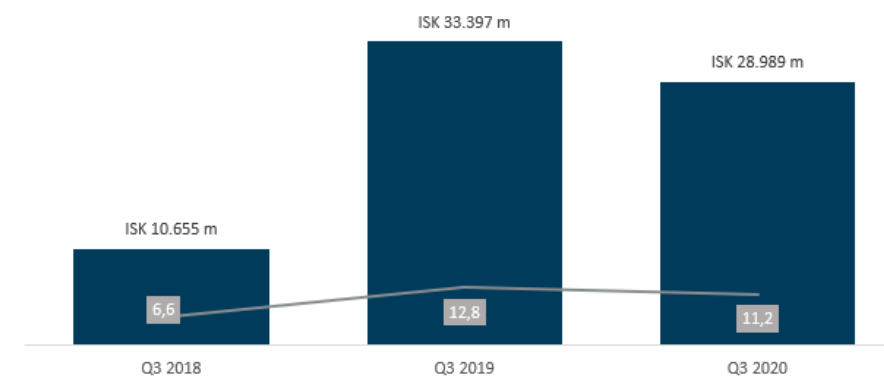
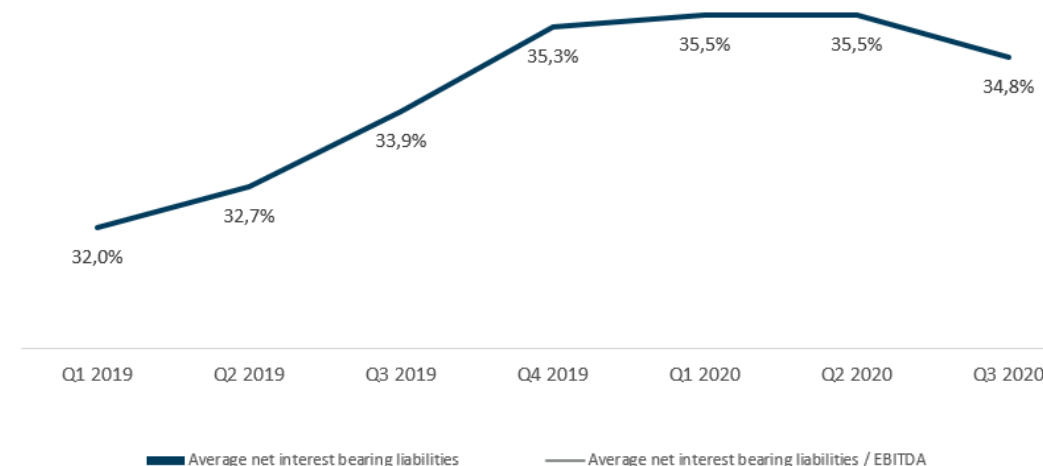
# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## Statement of Financial position (equity and liabilities)

Amounts are in ISK million	30.9.2020	31.12.2019	Change	% Chg.
<b>Equity</b>	29.682	28.688	994	3,5%
Payable to credit institutions	29.635	29.942	-307	-1,0%
Lease liabilities	5.042	3.586	1.456	40,6%
Deferred tax liabilities	4.730	4.271	459	10,8%
<b>Non-current liabilities</b>	39.407	37.799	1.608	4,3%
Payable to credit institutions	3.464	3.438	26	0,8%
Lease liabilities	406	378	28	7,5%
Trade payables	7.342	6.803	539	7,9%
Other short-term liabilities	4.993	4.138	855	20,7%
<b>Current liabilities</b>	16.205	14.757	1.448	9,8%
<b>Total equity and liabilities</b>	85.294	81.244	4.050	5,0%

- The current capital structure is in line with the company strategy and well within the covenant agreements with credit institutions.

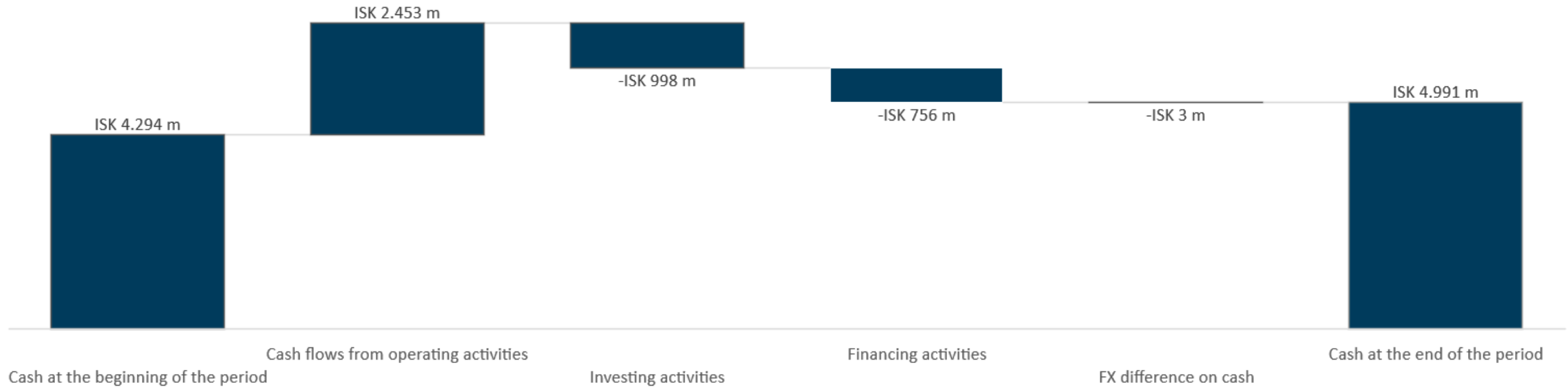
Equity ratio



# CONSOLIDATED STATEMENT OF CASH FLOWS Q3

Amounts are in ISK million	Q3 2020	Q3 2019	Change	% Chg.
Cash at the beginning of the period	4.294	4.950	-656	-13,3%
Cash flows from operating activities	2.453	2.280	173	7,6%
Investing activities	-998	-318	-680	213,5%
Financing activities	-756	-79	-677	854,1%
FX difference on cash	-3	6	-9	-143,6%
Cash at the end of the period	4.991	6.839	-1.848	-27,0%

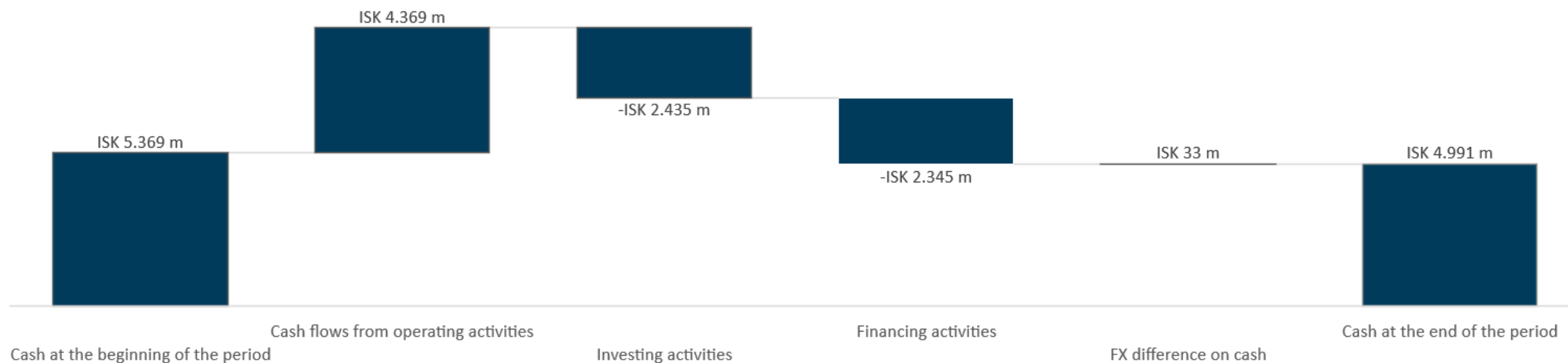
- Increase in cash from operating activities YoY, ISK 173 m.kr.
- Increase in Capex YoY ISK 782 m.kr., three new stores for Kronan, one for ELKO and one for N1
- Dividend payment in Q3 20, ISK 648 m. kr.
- Increase in cash in Q3 20, ISK 697 m. kr.



# CONSOLIDATED STATEMENT OF CASH FLOWS 9M

Amounts are in ISK million	9M 2020	9M 2019	Change	% Chg.
Cash at the beginning of the period	5.369	4.267	1.102	25,8%
Cash flows from operating activities	4.369	4.278	91	2,1%
Investing activities	-2.435	1.343	-3.778	-281,3%
Financing activities	-2.345	-3.073	728	-23,7%
FX difference on cash	33	24	9	36,6%
Cash at the end of the period	4.991	6.839	-1.848	-27,0%

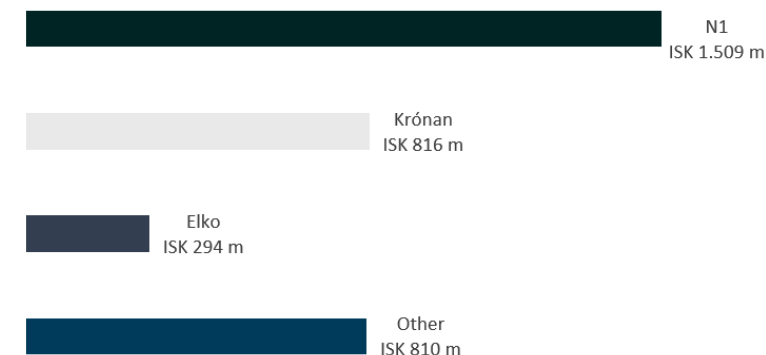
- Increase in cash from operating activities YoY, ISK 91 m.kr.
- Capex in 9M 2020 was ISK 2.584 m.kr.
- Dividend payment ISK 648 m. kr., purchase of own shares ISK 543 m. kr. and repayment of loans ISK 868 m. kr.
- Decrease of cash in first 9M 2020 was ISK 378 m. kr.



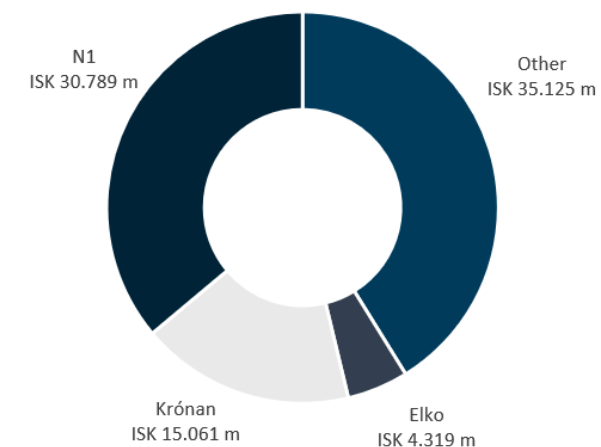
# OPERATING SEGMENTS OF THE GROUP – Q3 2020

Amounts are in ISK million	N1	Krónan	Elko	Other	Total
Operating revenue outside of group	9.340	10.907	3.371	249	23.867
Other revenue within group	166	7	3	1.354	1.530
Total segment revenue	9.506	10.914	3.374	1.603	25.396
Total operating expenses of segments	-7.997	-10.098	-3.080	-792	-21.969
Segment EBITDA	1.509	816	294	810	3.428
Segment depreciation and amortisation	-596	-428	-92	-395	-1.510
Fair value changes of investment properties	0	0	0	-1	-1
Operating result of segments	914	389	203	414	1.917
Financial expenses	-244	-118	-34	-518	-914
Share of profit from associates	0	0	0	169	169
Income tax expense	-139	-65	-35	20	-219
Profit	531	205	133	86	952
Segment assets	30.789	15.061	4.319	35.125	85.294
Segment capital expenditure	556	860	179	989	2.584
Segment liabilities	17.352	13.523	3.305	21.432	55.612

Segment EBITDA



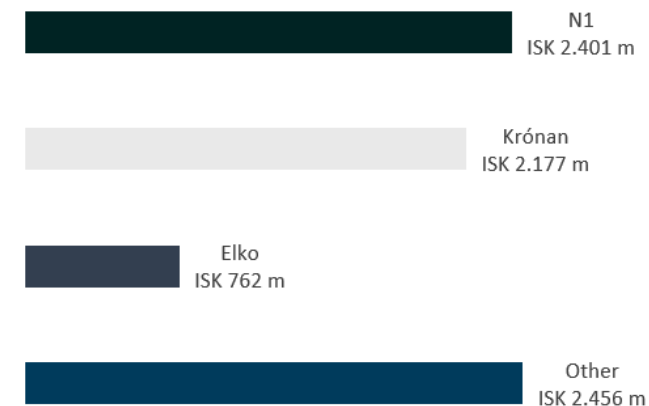
Segment Assets



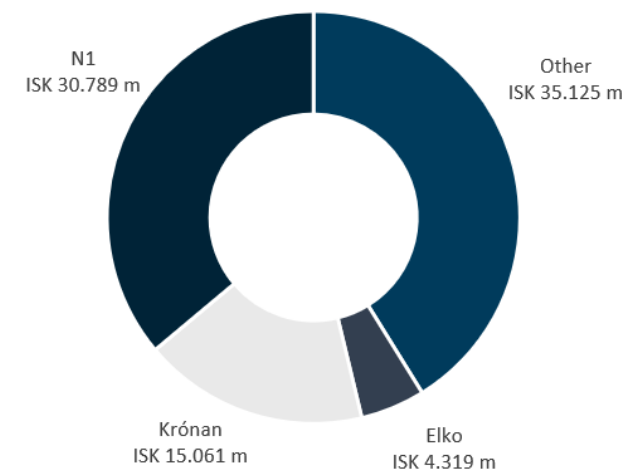
# OPERATING SEGMENTS OF THE GROUP – 9M 2020

Amounts are in ISK million	N1	Krónan	Elko	Other	Total
Operating revenue outside of group	23.501	30.894	8.862	732	63.989
Other revenue within group	200	87	11	4.257	4.555
Total segment revenue	23.700	30.981	8.873	4.989	68.543
Total operating expenses of segments	-21.299	-28.804	-8.111	-2.533	-60.746
Segment EBITDA	2.401	2.177	762	2.456	7.797
Segment depreciation and amortisation	-1.723	-1.087	-264	-1.093	-4.167
Fair value changes of investment properties	0	0	0	59	59
Operating result of segments	679	1.090	498	1.423	3.690
Financial expenses	-639	-346	-60	-1.556	-2.602
Share of profit from associates	0	0	0	238	238
Income tax expense	-10	-160	-89	26	-233
Profit	29	584	348	130	1.092
Segment assets	30.789	15.061	4.319	35.125	85.294
Segment capital expenditure	556	860	179	989	2.584
Segment liabilities	17.352	13.523	3.305	21.432	55.612

Segment EBITDA

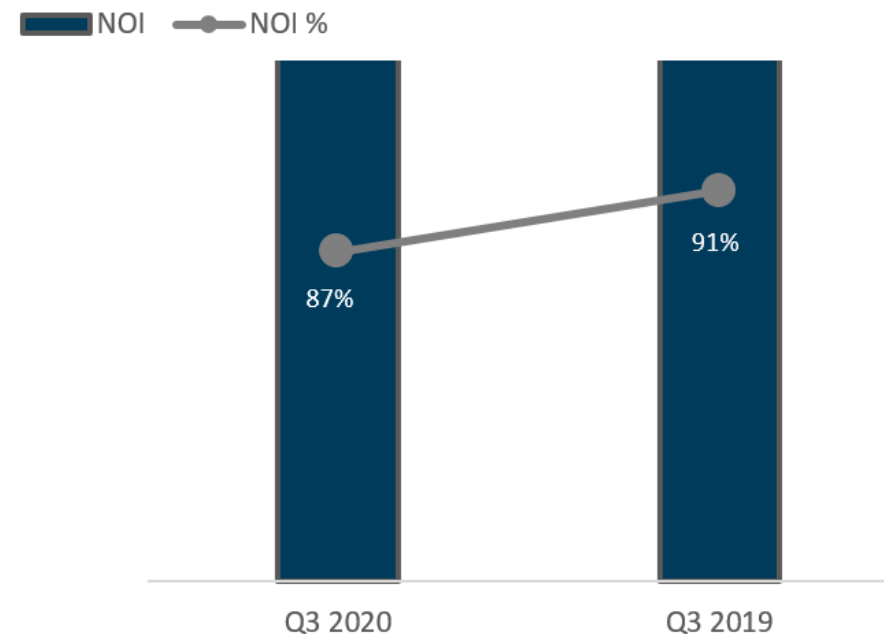


Segment Assets



# REAL ESTATE OPERATIONS OF THE GROUP

Properties, key figures	Q3 2020	Q3 2019
NOI*	856 m.kr.	863 m.kr.
NOI ratio	87%	91%
Utilization ratio	97%	97%
LTV**	63%	66%
Number of Festi's properties	87	90
Total square meters	106 thousand m <sup>2</sup>	112 thousand m <sup>2</sup>
Own use	85%	80%
Leased to third parties	15%	20%



\* Net operating income

\*\* Loan-to-value ratio

# SHARE PRICE DEVELOPMENT



## Shareholders (10 largest)

Lífeyrissjóður verslunarmanna	11,2%
Lífeyrissjóður starfsmanna ríkisins A-, B- og S-deild	10,0%
Gildi - lífeyrissjóður	9,7%
Stapi lífeyrissjóður	6,6%
Birta lífeyrissjóður	5,6%
Almennir lífeyrissjóðurinn	4,8%
Stefnir - ÍS 15	4,0%
Frjálsi lífeyrissjóðurinn	3,5%
Festa - lífeyrissjóður	3,3%
Sjóvá-Almennar tryggingar hf.	3,3%

## Market information

Issued shares	327 m.
Market cap at the end of June 2020	ISK 48.241 M
Market cap at the end of June 2019	ISK 39,055 M
Number of shareholders	965





## POSITION AND OUTLOOK



# POSITION AND OUTLOOK FOR 2020

## Financial forecast

- EBITDA guidance is updated, in range of 7.200 – 7.500 m.kr. 2020

## Assumptions:

- Uncertainties related to COVID-19, the ongoing congregation ban and further social restrictions.
- Less activity in seafood sector due to market disruptions.
- 90-100% drop in tourism to Iceland.
- Turmoil in the oil market and ISK exchange rate can lead to fluctuations of gross margin and working capital.
- ISK Exchange rate can cause fluctuations in operations

## Highlights:

- ELKO sales up 20% YoY.
- Krónan sales up 12% YoY.
- N1 suffering with increased restrictions from COVID-19
- Devaluation of ISK will have negative effect on margins
- Ongoing work on decreasing operating expenses.

## Investments:

- Krónan 1 new stores opened this quarter and 2 forthcoming
- ELKO 1 new store forthcoming
- N1 1 new BTB store and 1 new selfservice station opened
- Investments for 2020 will range between ISK 3.000 – ISK 3.200 m.kr.

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