

Presentation of Q4 2020 results

Eggert Þór Kristófersson, CEO



FESTI

CONSOLIDATED HIGHLIGHTS

ISK 1,746 m

EBITDA Q4 2020

22.8%

Sales margin

4.25

NIBD/EBITDA

ISK 2,563 m

Cash and cash equivalents

33.0%

EBITDA/Sales margin Q4 2020

55.5%

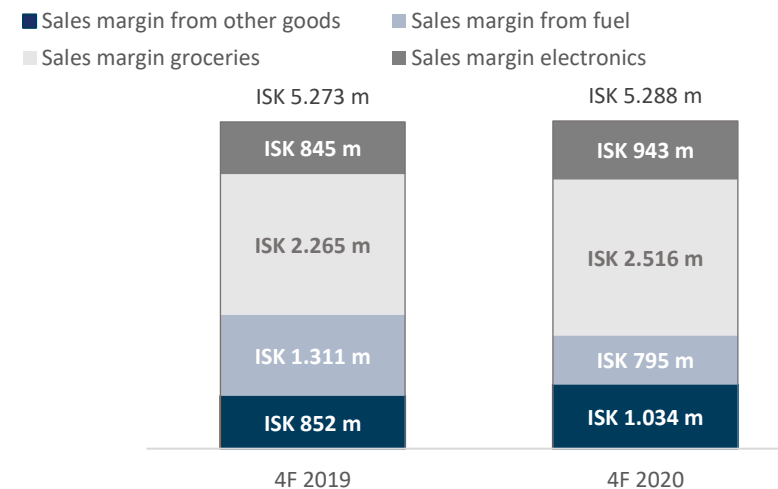
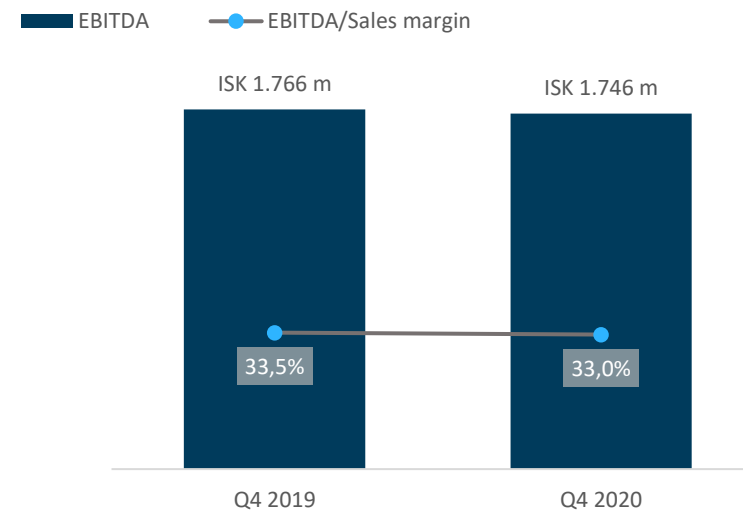
Salaries/Sales margin Q4 2020

CONSOLIDATED OPERATIONS IN Q4

Amounts are in ISK million

	Q4 2020	Q4 2019	Change	% Chg.
Sale of goods and services	23,222	21,279	1,943	9.1%
Margin from sales of goods and services	5,288	5,273	15	0.3%
Lease revenue and operating income	708	428	280	65.5%
Salaries and personnel expenses	-2,933	-2,703	-230	8.5%
Other operating expenses	-1,317	-1,231	-85	6.9%
EBITDA	1,746	1,766	-20	-1.1%
Key Figures				
EBITDA/Sales margin	33.0%	33.5%	-0.5%	-1.4%
Salaries/Sales margin	55.5%	51.3%	4.2%	8.2%
Earnings per share	1.64	2.18	-0.5	-24.6%

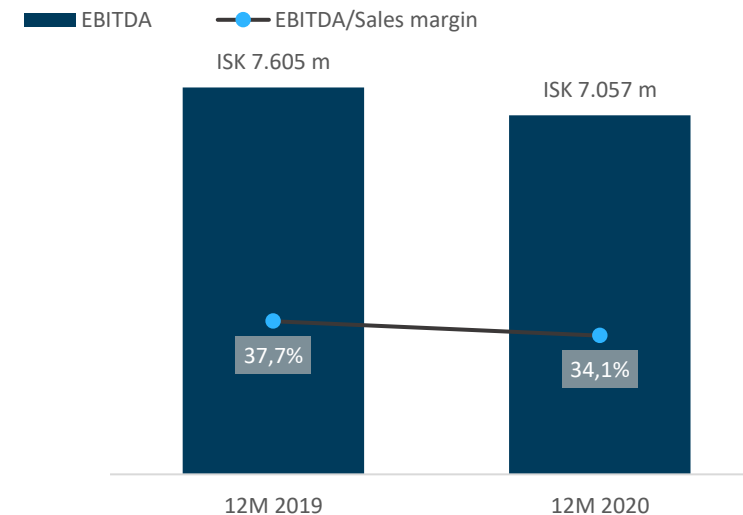
- Sale of goods and services ISK 23,222 m. increase of 9.1% YoY.
- Margin from sales ISK 5,288 m. increase of 0.3% YoY.
- Number of full-time employees 1.180 increased of 8.4% YoY.
- COVID-19 related cost ISK 152 m. in salaries and other operating expenses.
- EBITDA ISK 1,746 m. in Q4 2020, decrease of 1.1% YoY.



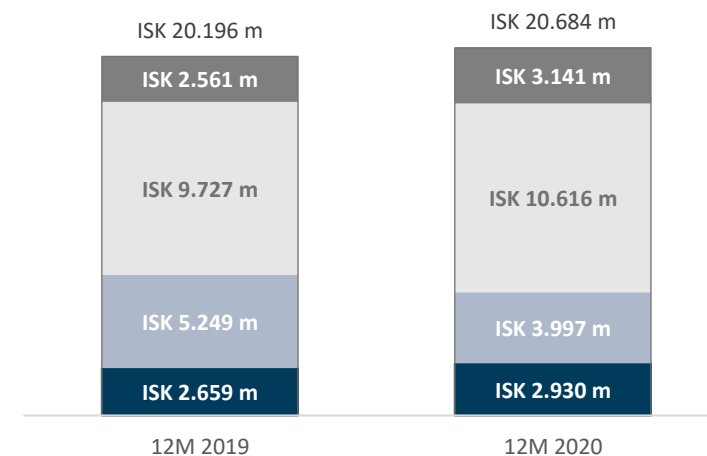
CONSOLIDATED OPERATIONS IN 2020

Amounts are in ISK million	12M 2020	12M 2019	Change	% Chg.
Sale of goods and services	86,260	84,991	1,268	1.5%
Margin from sales of goods and services	20,684	20,196	488	2.4%
Lease revenue and operating income	1,658	1,851	-193	-10.4%
Salaries and personnel expenses	-10,521	-9,953	568	5.7%
Other operating expenses	-4,765	-4,489	276	6.2%
EBITDA	7,057	7,605	-549	-7.2%
Key Figures				
EBITDA/Sales margin	34.1%	37.7%	-3.5%	-9.4%
Salaries/Sales margin	50.9%	49.3%	1.6%	3.2%
Earnings per share	6.95	8.49	-1.53	-18.1%

- Sale of goods and services ISK 86,260 m., increase of 1.5% YoY.
- Margin from sales ISK 20,684 m., increase of 2.4% YoY.
- Number of full-time employees 1.145, decrease of 1.1% YoY.
- COVID-19 related cost ISK 394 m. in salaries and other operating expenses.
- EBITDA ISK 7,057 m. in 2020, decrease of 7.2% YoY.

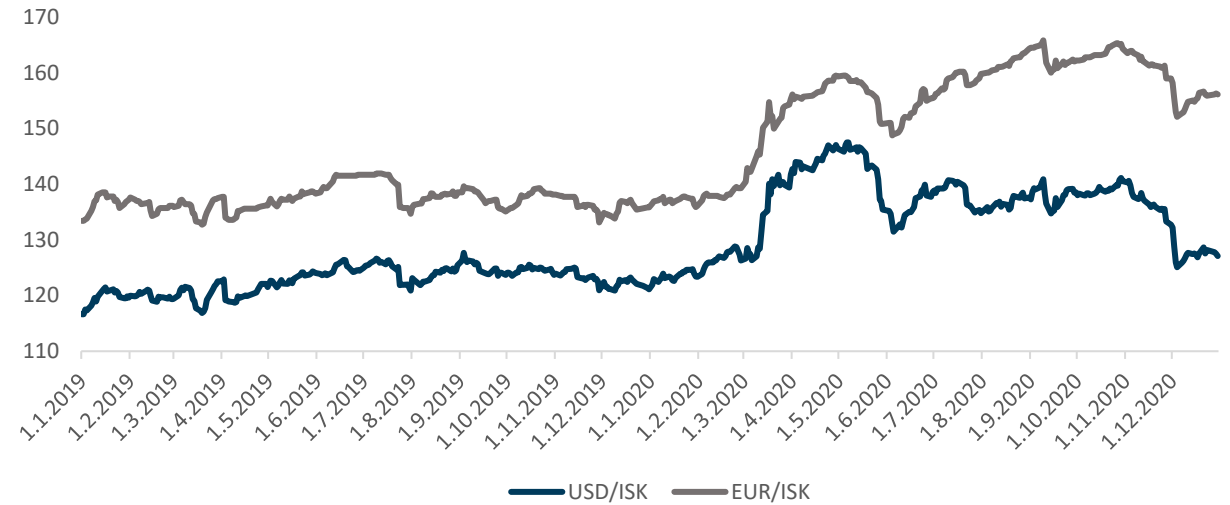


■ Sales margin groceries
 ■ Sales margin from fuel
 ■ Sales margin groceries
 ■ Sales margin electronics

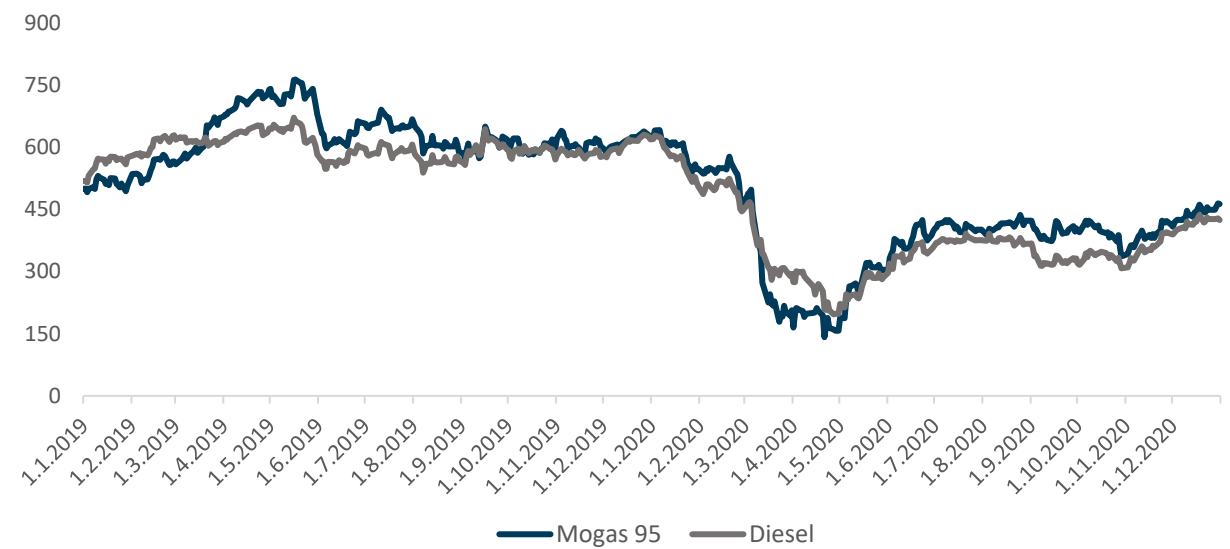


- Volatility in USD/ISK and EUR/ISK
- USD/ISK decreased by 7.9% and the difference between highest and lowest exchange rate in Q4 is 12.8%
- EUR/ISK decreased by 3.8% and the difference between the highest and lowest exchange rate in Q4 is 8.7%
- The Q4 2020 average price of diesel fuel was 369.4 USD, compared to an average of 592.7 USD in Q4 2019, a decrease of 37.7%.
- The Q4 2020 average price of gasoline was 407.4 USD, compared to an average of 606.7 USD in Q4 2019, a decrease of 35.2%.
- The Q4 2020 average price of USD/ISK was 134.6 compared to 123.5 in Q4 2019, an increase of 9.0%

Exchange rate development



Price development of Mogas 95 and Diesel



- Revenue was ISK 7,399 m. a decrease of 17.6% YoY
- Sales of grocery and convenience goods decreased by 4% YoY
- 24% decrease in road fuel quantity compared to Q4 2019
- Sales of other goods increased by 2,6% YoY.
- EBITDA was ISK 567 m., decrease of 32.4% YoY.
- Included is revenue of Íslensk Orkumiðlun from June 1st of ISK 1,012 m. and EBITDA of 58 m.
- Business mix ratio between fuel and electricity in energy units (Mega Joules) was 83/17 for 2020
- As a whole, negative impact was significant with the turmoil in global oil markets and COVID-19 restrictions during the quarter.

Amounts are in ISK million	Q4 2020	Q4 2019	Change	%Change
Total segment revenue	7,399	8,981	-1,582	-17.6%
Total operating expenses of segments	-6,832	-8,142	1,310	-16.1%
Segment EBITDA	567	839	-272	-32.4%
Segment depreciation and amortisation	-594	-324	-271	83.7%
Operating result of segments	-27	515	-542	-105.2%
Financial expenses	-287	-262	-25	9.6%
Income tax expense	65	-53	118	-221.6%
Profit	-250	200	-450	-224.6%
Segment assets	28,890	15,816	13,074	82.7%
Segment capital expenditure	910	522	387	74.1%
Segment liabilities	15,371	5,494	9,877	179.8%

- Revenue was ISK 12,134 m., increase of 32.4% YoY
- Sales exceeded expectations
- Margins were in line with expectations
- Increased cost relating to COVID-19 with extra staff and increased in-store activity
- EBITDA ISK 890 m., increase of 41.3% YoY
- New stores in Norðurlandshella and Austurver opened in October
- Smart online store receiving great feedback from customers

Amounts are in ISK million	Q4 2020	Q4 2019	Change	%Change
Total segment revenue	12,134	9,165	2,969	32.4%
Total operating expenses of segments	-11,244	-8,536	-2,709	31.7%
Segment EBITDA	890	630	260	41.3%
Segment depreciation and amortisation	-377	-333	-44	13.2%
Operating result of segments	513	297	216	72.8%
Financial expenses	-116	-90	-25	28.1%
Income tax expense	-79	-19	-60	322.0%
Profit	318	188	130	69.4%
Segment assets	15,664	17,593	-1,930	-11.0%
Segment capital expenditure	1,418	634	784	123.7%
Segment liabilities	13,760	7,706	6,054	78.6%

- Revenue was ISK 4,240 m., increase of 20.7% YoY
- Sales and margins exceeded expectations
- Congregation ban had a positive impact on sales, more people working from home.
- Cost of operations increased as the result of increased home delivery, personnel cost and COVID-19 restrictions in stores.
- EBITDA was ISK 406 m., increase of 24.1% YoY.
- New store in Akureyri opened end of November.

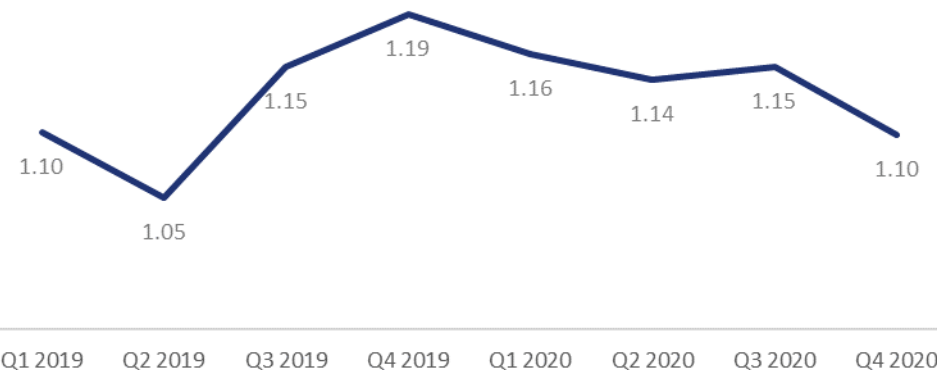
Amounts are in ISK million	Q4 2020	Q4 2019	Change	%Change
Total segment revenue	4,240	3,514	726	20.7%
Total operating expenses of segments	-3,834	-3,187	-647	20.3%
Segment EBITDA	406	327	79	24.1%
Segment depreciation and amortisation	-119	-69	-49	71.6%
Operating result of segments	287	258	29	11.3%
Financial expenses	-43	-24	-19	79.4%
Income tax expense	-49	-36	-13	36.7%
Profit	195	198	-3	-1.6%
Segment assets	4,971	6,165	-1,194	-19.4%
Segment capital expenditure	314	126	188	149.6%
Segment liabilities	3,753	4,356	-603	-13.8%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts are in ISK million	31.12.2020	31.12.2019	Change	% Chg.
Goodwill	14,668	14,070	598	4.2%
Other Intangible assets	4,971	4,650	321	6.9%
Property and equipment	32,297	31,434	864	2.7%
Leased assets	5,420	3,862	1,557	40.3%
Investment properties	7,467	7,354	113	1.5%
Shares in associates	2,150	1,952	197	10.1%
Securities	13	109	-96	-88.3%
Long-term receivables	272	272	0	-0.1%
Non-current assets	67,258	63,704	3,554	5.6%
Inventories	7,668	7,678	-10	-0.1%
Trade receivables	4,924	3,756	1,167	31.1%
Other short-term receivables	952	737	215	29.2%
Cash and cash equivalents	2,563	5,369	-2,806	-52.3%
Current assets	16,107	17,540	-1,433	-8.2%
Total assets	83,365	81,244	2,120	2.6%

- Strong balance sheet
- Increase in goodwill and other intangible assets because of purchase of shares in Íslensk orkumiðlun and purchase of Krónan Hallveigarstígur
- Increase in leased assets because of new and renewed leases
- Increase in trade receivables because of new contract with credit card acquirer
- Decrease in cash because of repayment of long-term loans, investments, dividend payment and buy-back of own shares.

Current ratio



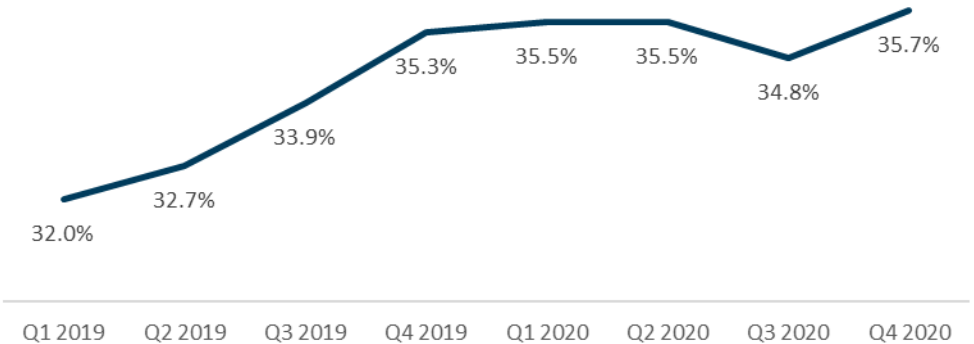
Inventory turnover



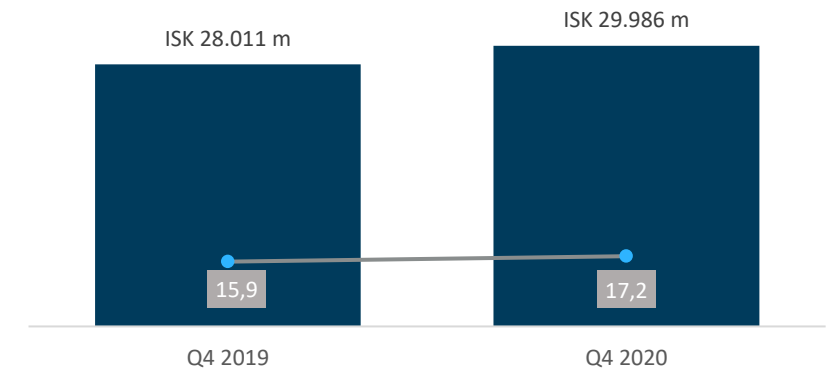
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Equity ratio

Amounts are in ISK million	31.12.2020	31.12.2019	Change	% Chg.
Equity	29,784	28,688	1,095	3.8%
Payable to credit institutions	29,075	29,942	-868	-2.9%
Lease liabilities	5,181	3,586	1,595	44.5%
Deferred tax liabilities	4,664	4,271	393	9.2%
Non-current liabilities	38,919	37,799	1,120	3.0%
Payable to credit institutions	3,474	3,438	36	1.0%
Lease liabilities	430	378	52	13.9%
Trade payables	7,019	6,803	216	3.2%
Other short-term liabilities	3,739	4,138	-399	-9.6%
Current liabilities	14,662	14,757	-95	-0.6%
Total equity and liabilities	83,365	81,244	2,120	2.6%



■ Net interest bearing liabilities without lease liabilities
● Net interest bearing liabilities without lease liabilities / EBITDA

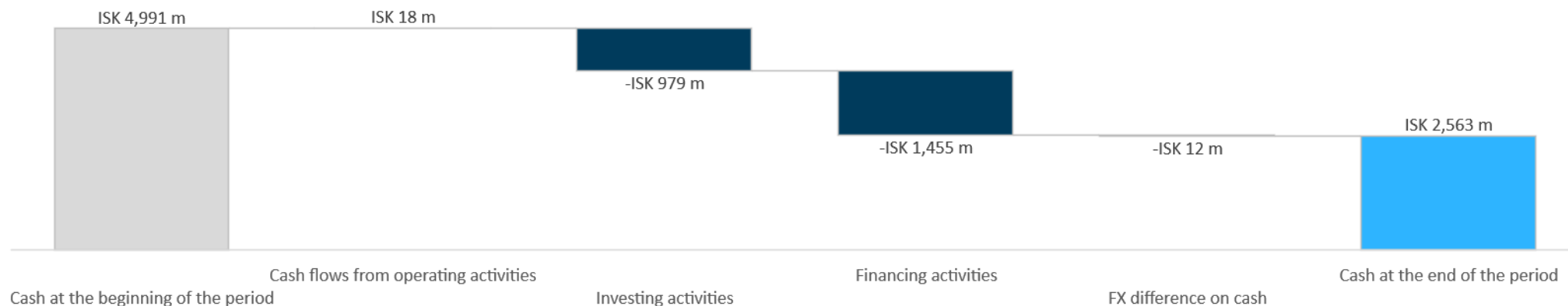


- Equity ratio of 35.7%
- Net interest bearing liabilities without lease liabilities is ISK 29,986 m., increase of 7% YoY.
- Current capital structure is in line with company strategy and well within the covenant agreements with credit institutions.

CONSOLIDATED STATEMENT OF CASH FLOWS Q4

Amounts are in ISK million	Q4 2020	Q4 2019	Change	% Chg.
Cash at the beginning of the period	4,991	6,839	-1,848	-27.0%
Cash flows from operating activities	18	1,279	-1,261	-98.6%
Investing activities	-979	-865	-113	13.1%
Financing activities	-1,455	-1,888	433	-22.9%
FX difference on cash	-12	4	-17	-378.9%
Cash at the end of the period	2,563	5,369	-2,806	-52.3%

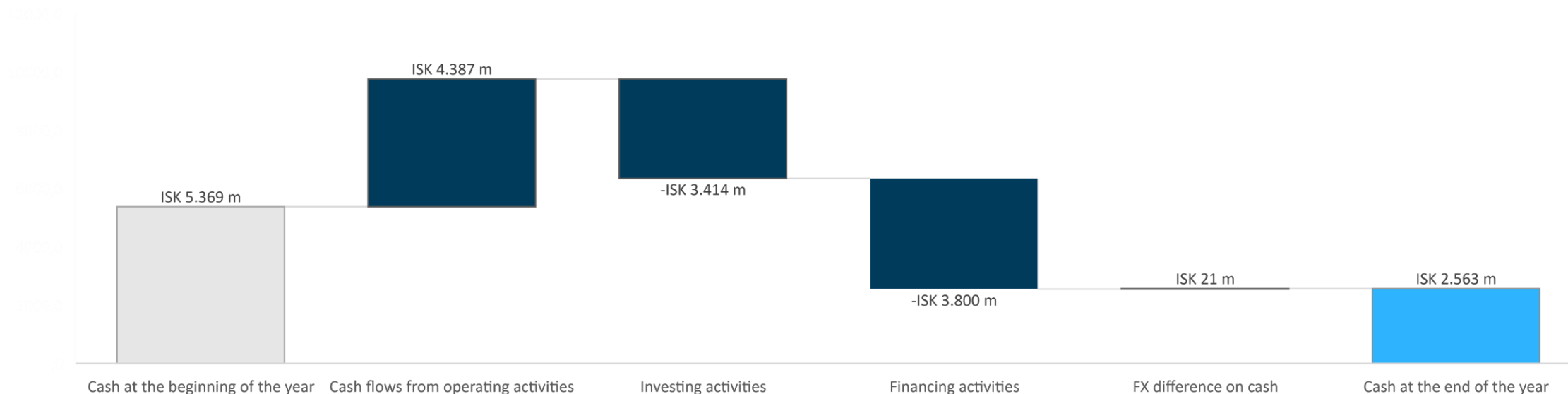
- Decrease in cash from operating activities YoY, ISK 1,261 m.
- Effect from increased trade receivables at end of 2020 has onetime negative impact of ISK 1,100 m. on cash from operating activities.
- Capex was ISK 1,258 m., increase of ISK 497 m. YoY with two new stores opened for Krónan and one for ELKO.
- Buy back of own shares ISK 600 m.
- Repayment of loans from credit institutions ISK 748 m.
- Decrease in cash in Q4 2020 was ISK 2,428 m



CONSOLIDATED STATEMENT OF CASH FLOWS 12M

Amounts are in ISK million	12M 2020	12M 2019	Change	% Chg.
Cash at the beginning of the year	5,369	4,267	1,102	25.8%
Cash flows from operating activities	4,387	5,556	-1,170	-21.1%
Investing activities	-3,414	478	-3,891	-814.6%
Financing activities	-3,800	-4,961	1,161	-23.4%
FX difference on cash	21	29	-8	-26.3%
Cash at the end of the year	2,563	5,369	-2,806	-52.3%

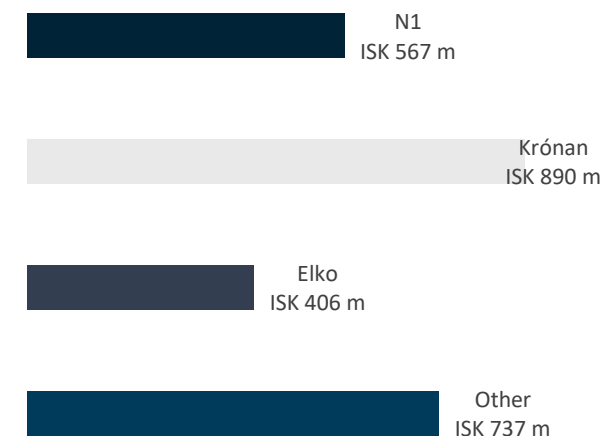
- Cash from operating activities was ISK 4,387 m., a decrease of ISK 1,170 m. YoY.
- Effect from increased trade receivables at end of 2020 has onetime negative impact of ISK 1,100 m. on cash from operating activities.
- Capex in 12M 2020 was ISK 3,842 m. an increase of ISK 1,585 m YoY.
- Three new stores for Krónan, 1 for ELKO and 1 for N1 opened.
- Dividend payment ISK 648 m, purchase of own shares ISK 1,144 m and repayment of loans from credit institutions ISK 1,615 m.
- Decrease of cash in 2020 was ISK 2,806 m.



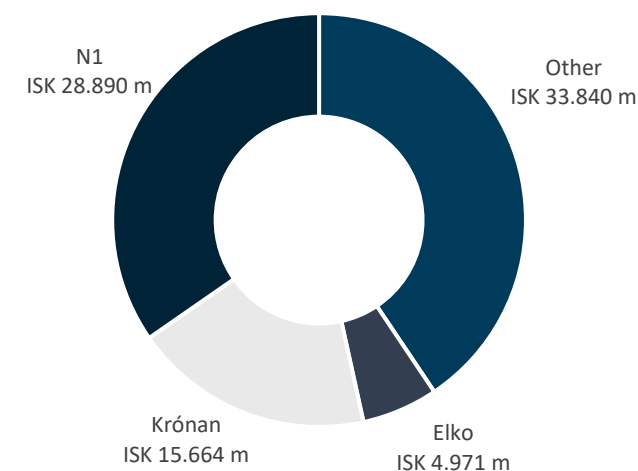
OPERATING SEGMENTS OF THE GROUP – Q4 2020

Amounts are in ISK million	N1	Krónan	Elko	Other	Total
Total segment revenue	7.399	12.134	4.240	1.704	25.477
Total operating expenses of segments	-6.832	-11.244	-3.834	-967	-22.878
Segment EBITDA	567	890	406	737	2.599
Segment depreciation and amortisation	-594	-377	-119	64	-1.026
Fair value changes of investment properties	0	0	0	181	181
Operating result of segments	-27	513	287	981	1.754
Financial expenses	-287	-116	-43	-472	-918
Share of profit from associates	0	0	0	30	30
Income tax expense	65	-79	-49	-97	-161
Profit	-250	318	195	442	705
Segment assets	28.890	15.664	4.971	33.840	83.365
Segment capital expenditure	910	1.418	314	1.201	3.842
Segment liabilities	15.371	13.760	3.753	20.697	53.581

Segment EBITDA



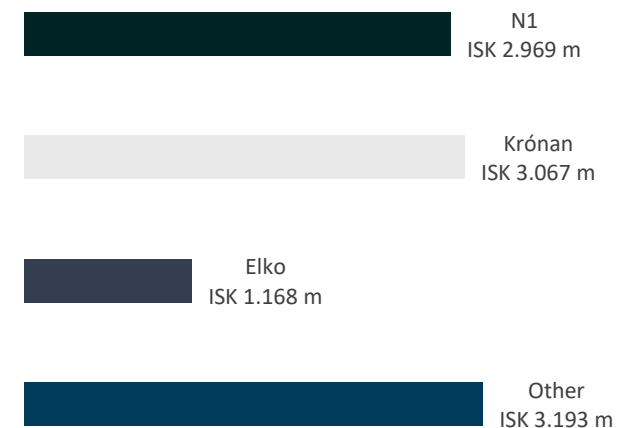
Segment Assets



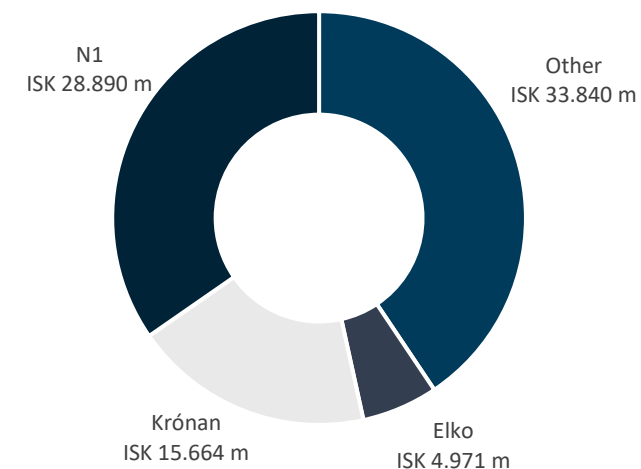
OPERATING SEGMENTS OF THE GROUP – 12M 2020

Amounts are in ISK million	N1	Krónan	Elko	Other	Total
Total segment revenue	31,099	43,115	13,112	6,693	94,020
Total operating expenses of segments	-28,131	-40,048	-11,945	-3,500	-83,624
Segment EBITDA	2,969	3,067	1,168	3,193	10,396
Segment depreciation and amortisation	-2,317	-1,464	-383	-1,029	-5,192
Fair value changes of investment properties	0	0	0	240	240
Operating result of segments	652	1,603	785	2,404	5,444
Financial expenses	-926	-462	-103	-2,029	-3,520
Share of profit from associates	0	0	0	268	268
Income tax expense	54	-239	-138	-72	-394
Profit	-220	903	543	572	1,797
Segment assets	28,890	15,664	4,971	33,840	83,365
Segment capital expenditure	910	1,418	314	1,201	3,842
Segment liabilities	15,371	13,760	3,753	20,697	53,581

Segment EBITDA

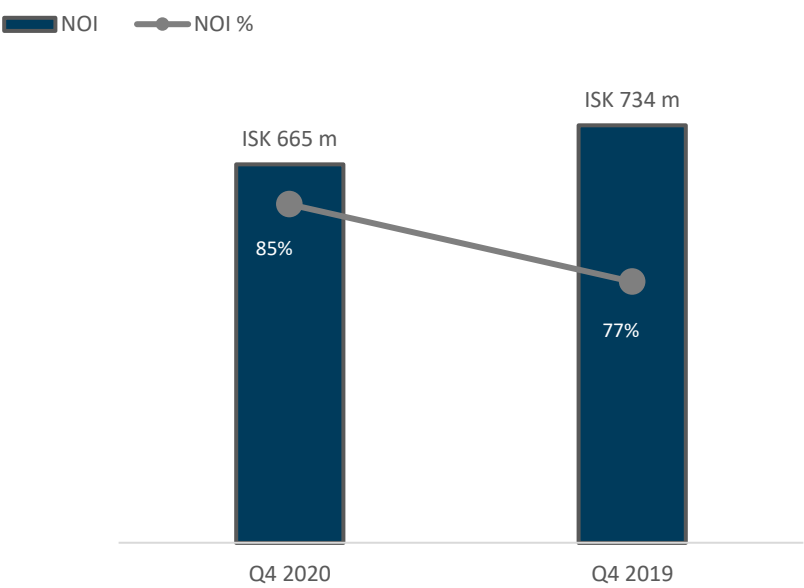


Segment Assets



REAL ESTATE OPERATIONS OF THE GROUP

Properties, key figures	Q4 2020	Q4 2019
NOI*	ISK 665 m	ISK 734 m
NOI ratio	85%	77%
Utization ratio	97%	97%
LTV**	61%	64%
Number of Festi's properties	93	90
Total square meters	106 thousand m ²	112 thousand m ²
Own use	85%	83%
Leased to third parties	15%	17%



* Net operating income

** Loan-to-value ratio

SHARE PRICE DEVELOPMENT



Shareholders (10 largest)

	%
Lífeyrissjóður verslunarmanna	11,5
Lífeyrissjóður starfsmanna ríkisins A-, B- og S-deild	10,5
Gildi - lífeyrissjóður	10,1
Stefnir - ÍS 5, ÍS 15	6,8
Stapi lífeyrissjóður	6,7
Birta lífeyrissjóður	5,9
Almenni lífeyrissjóðurinn	4,9
Frjálsi lífeyrissjóðurinn	3,6
Festa - lífeyrissjóður	3,5
Brú Lífeyrissjóður starfsmanna sveitafélaga	3,2

Market information

Issued shares	323 m.
Market cap at the end of dec 2020	ISK 57.391 M
Market cap at the end of dec 2019	ISK 42.680 M
Number of shareholders	880



POSITION AND OUTLOOK



POSITION AND OUTLOOK FOR 2021

Financial forecast

- EBITDA guidance is updated, in range of ISK 7,500 – 7,900 m. for 2021.

Assumptions:

- Uncertainties related to COVID-19, the ongoing congregation ban and further social restrictions.
- Increased activity in seafood sector due to capelin quotas.
- Tourism expected to start again from mid year and gradually increase.
- Turmoil in the oil market and ISK exchange rate can lead to fluctuations of gross margin and working capital.
- Devaluation of ISK will have negative effect on margins

Highlights:

- Krónan sales up 32,4% YoY.
- ELKO sales up 20,7% YoY.
- Cost from COVID-19 restrictions was ISK 394 m.
- Ongoing work on decreasing operating expenses.

Investments:

- Investments are expected ISK 2,800 m. in 2021
- Thereof ISK 2,000 in maintenance CAPEX

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