

# Euopris

September 2016



Norway's leading  
discount variety retailer

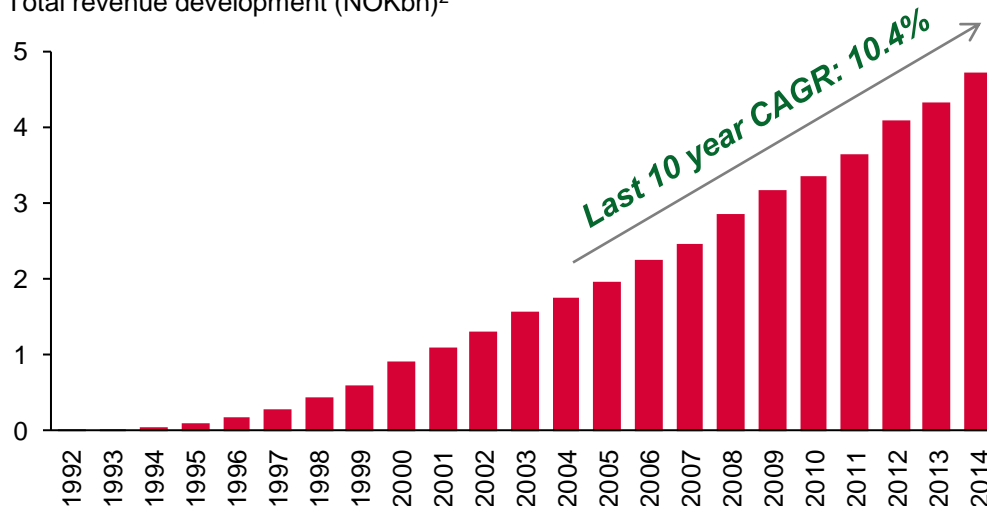
***Euopris***  
**MER TIL OVERS**

# Europris at a glance

## Norway's leading discount variety retailer

- ✓ **Undisputed market leadership** in Norway
- ✓ **Nationwide presence**
- ✓ **Wide assortment at very low prices**
- ✓ **Efficient sourcing** with direct access to end producers
- ✓ **23 years of continuous growth** since start in 1992

Total revenue development (NOKbn)<sup>2</sup>



## Europris in figures<sup>1</sup>

**238**  
stores<sup>4</sup>

**27m**  
customer  
transactions<sup>2</sup>

**90%**  
brand  
awareness<sup>3</sup>

**5.1 / 4.6bn**  
Chain<sup>2</sup>/  
Company sales

**5.4%**  
LFL growth<sup>2</sup>

**14%**  
Adj. EBITDA  
margin

General note: Please refer to page 22 for important terms and definitions that apply on this page. 1. All figures for fiscal year 2015 except where explicitly stated otherwise. 2. Based on chain sales (including franchise stores).

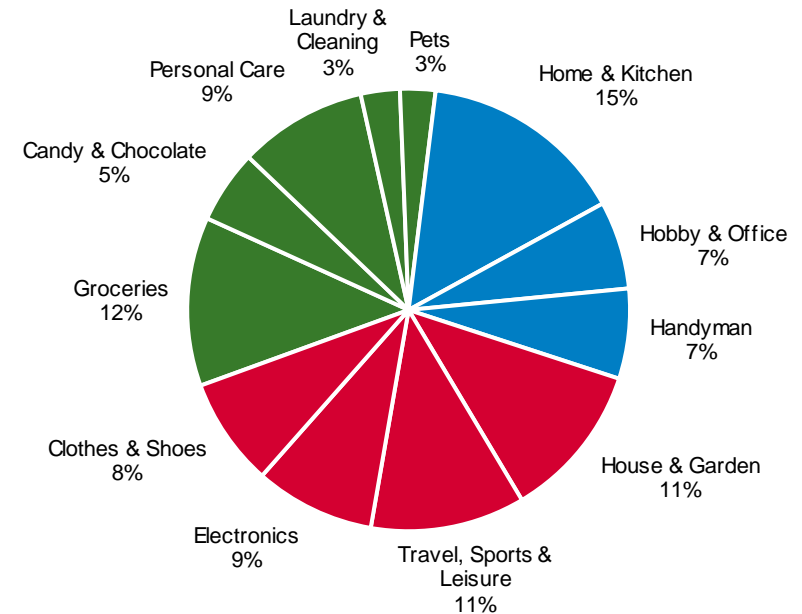
3. According to TNS Gallup; sum of assisted and non-assisted awareness 2014. 4. As of 2<sup>nd</sup> September 2016.

Source: Europris

# Wide assortment that taps into a large addressable market



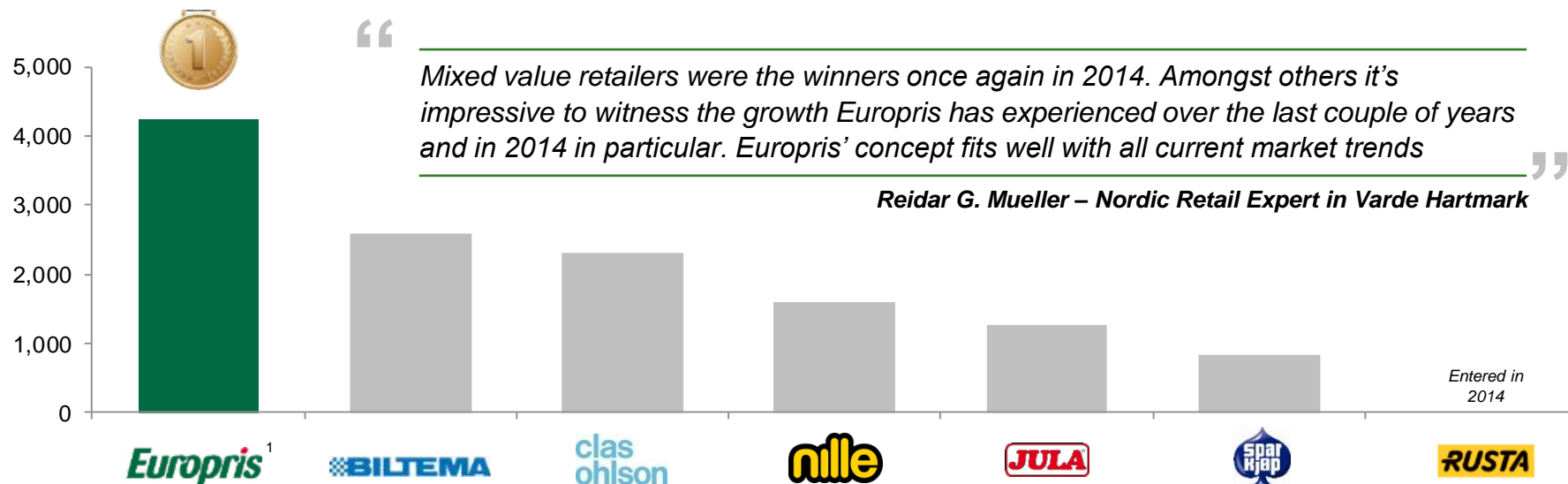
## Europris has a truly mixed assortment<sup>2</sup>



- ✓ Large market
- ✓ Competitive flexibility
- ✓ Resilience

# Euopris is the largest discount variety retailer in Norway

Sales in Norway 2013A (NOKm)



Offering	Discount variety retail	Tools, car supplies, leisure products	Hardware, home, leisure, electrical, multimedia	Discount variety non-food retail	Tools, home, electrical, DIY, garden, leisure, car supplies, clothing	Clothing, textiles, cosmetics, tools, home	Home, DIY, tools, garden, leisure, electrical
# of stores 2014	220	56	71	366	23	21	5
Assortment overlap to Euopris <sup>2</sup>							

Source: Euromonitor, Ravninfo, Euopris

1. Chain sales – including franchise stores. 2. Management estimates

# Discount variety retail set for continued structural growth

## Clear discount variety retail outperformance

Index: 2000 = 100

CAGR

Discount  
variety retail

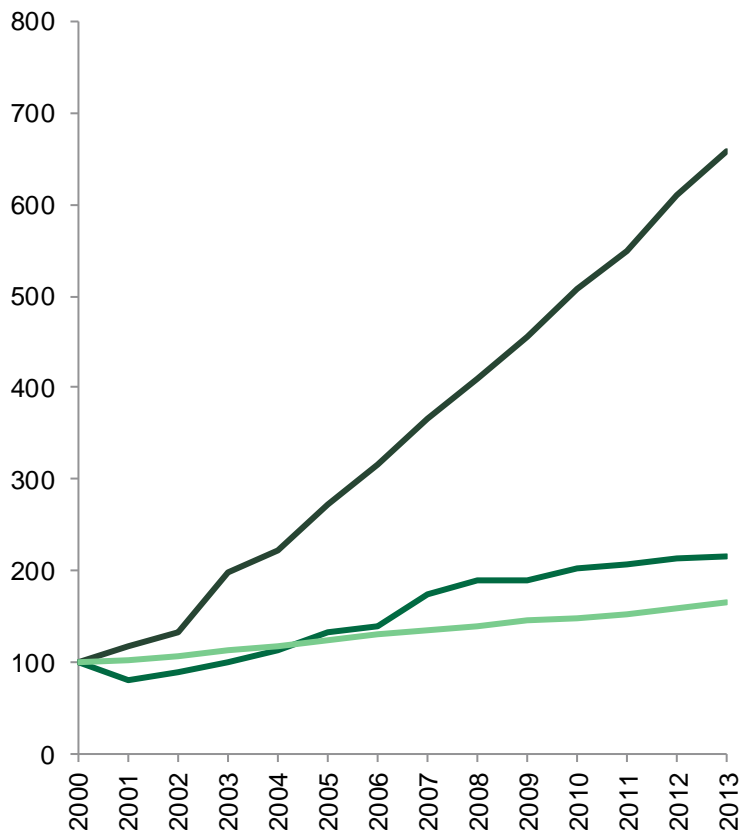
+16%

Specialist  
retail

+6%

+4%

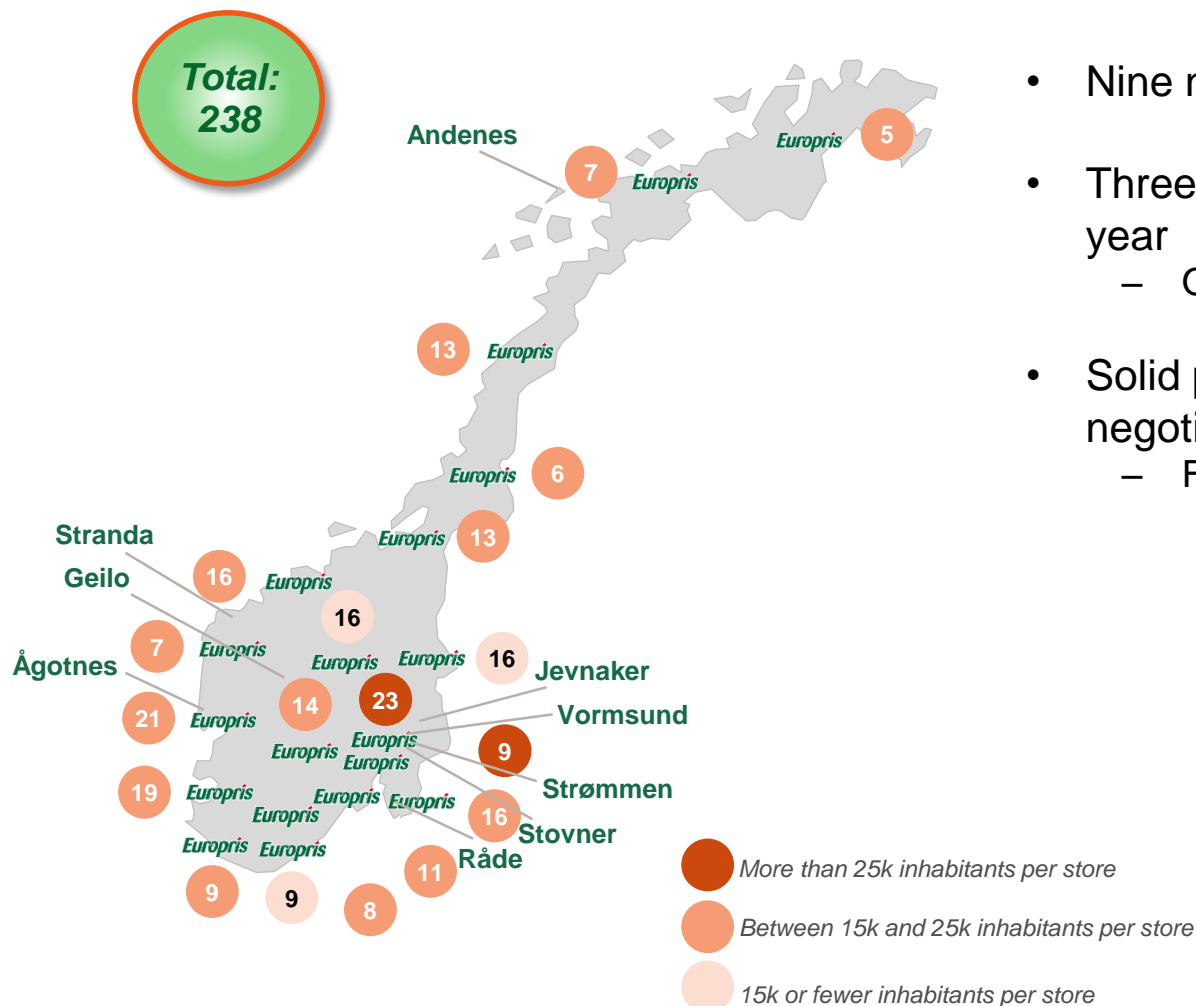
Total retail



## Structural trends underpin continued growth

- Consumer focus on value for money
- FMCG supportive of channel as source of growth
- Landlords increasingly positive due to strong footfall and online resilience
- Expanding seasons
- Favorable demographics

# Clear long term white space opportunity and a solid near term pipeline



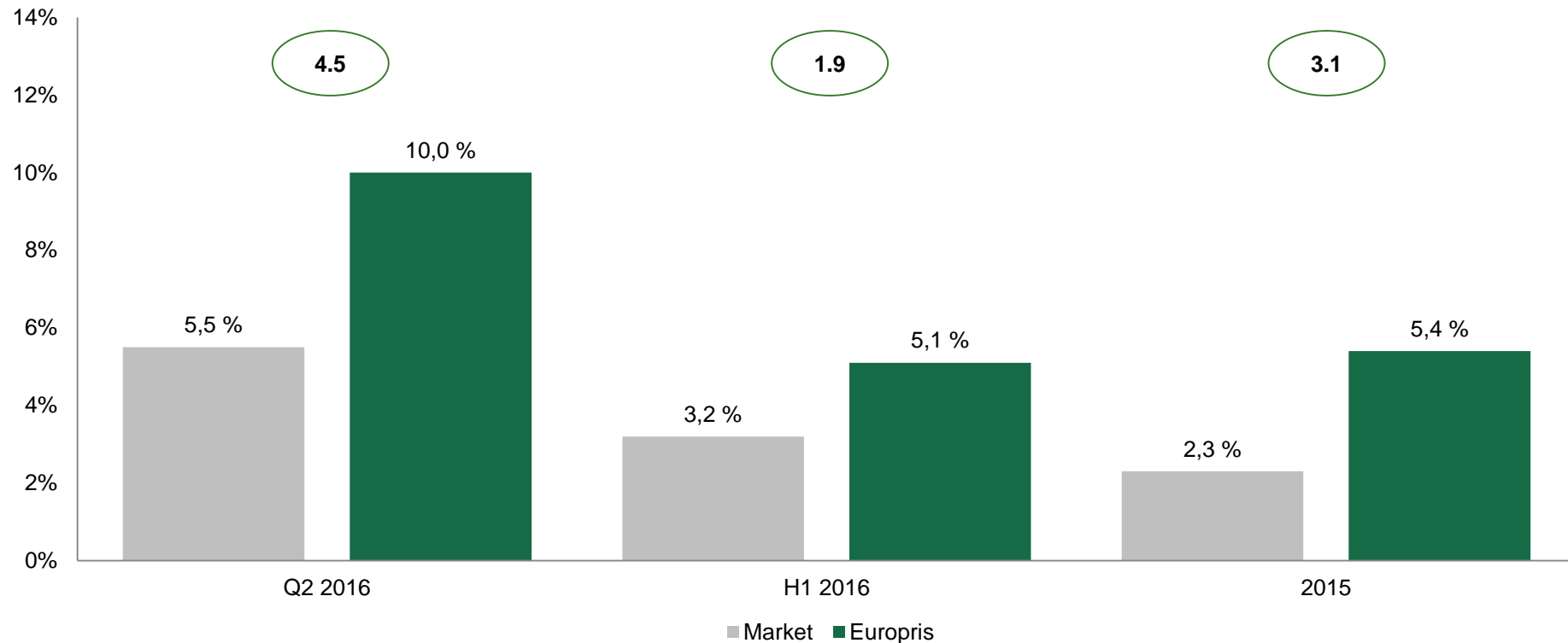
- Nine new stores opened so far in 2016
- Three additional stores planned for the full year
  - One store closure planned in late 2016
- Solid pipeline of new stores and several in negotiation for next year:
  - Five confirmed so far

**~90 potential  
new locations  
longer term**

# Euopris continues to outperform the market

## Overall growth performance

Y-o-Y LFL growth (%)



**% points**

Euopris growth rate in excess of market growth rate in the period

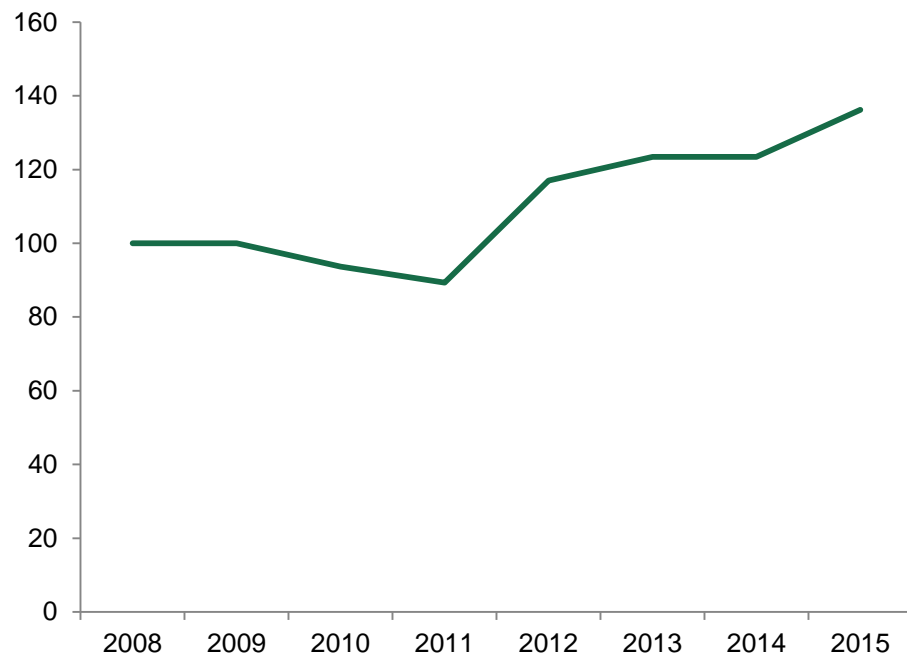


# Clear and resilient business model

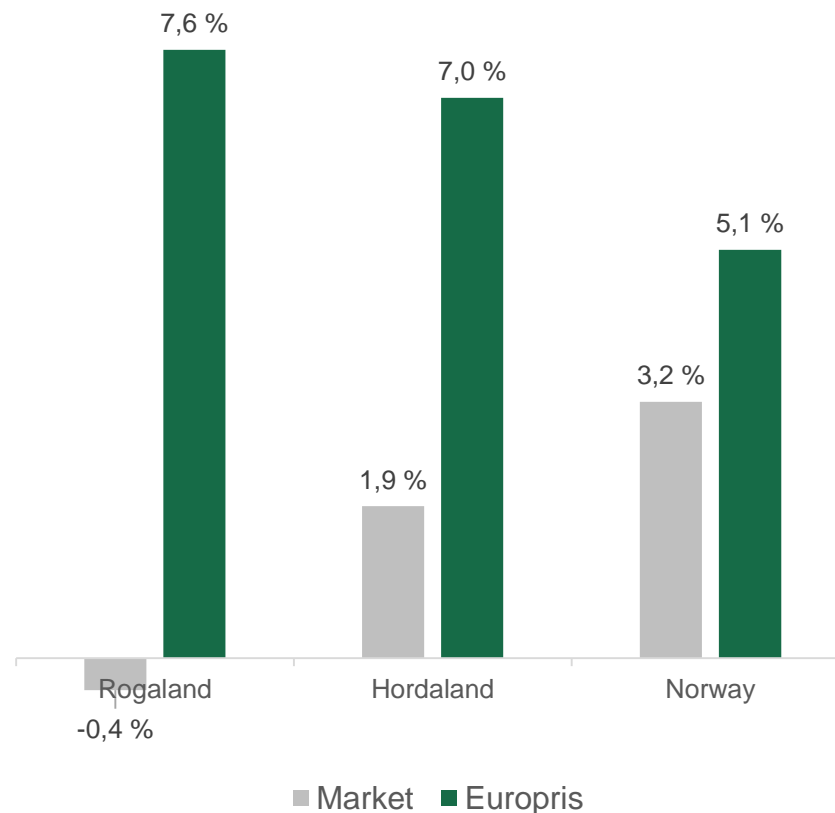
## Strong price perception

Respondents agreeing with statement: “offers generally low prices”

2008 level indexed to 100



## H1 2016 LFL growth, select regions



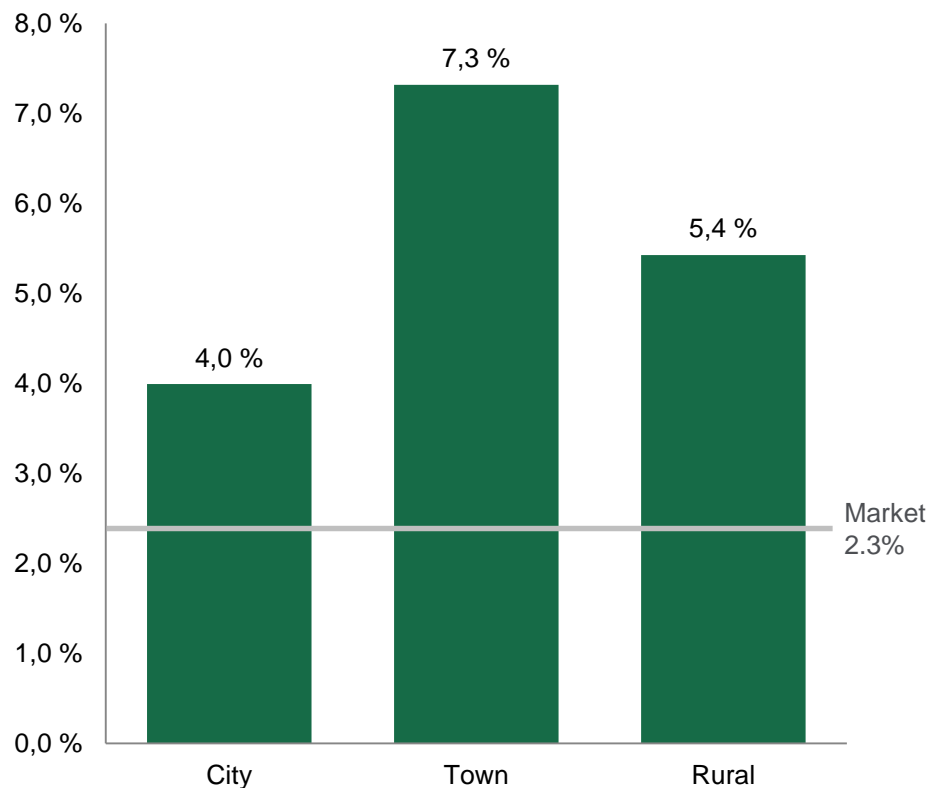
Source: MediaCom survey with 1,303 respondents over 15 years of age that have heard of Europris and have a store in proximity to where they live, updated autumn 2015; Europris analysis

Note: Rogaland includes 19 stores; Hordaland includes 20 stores

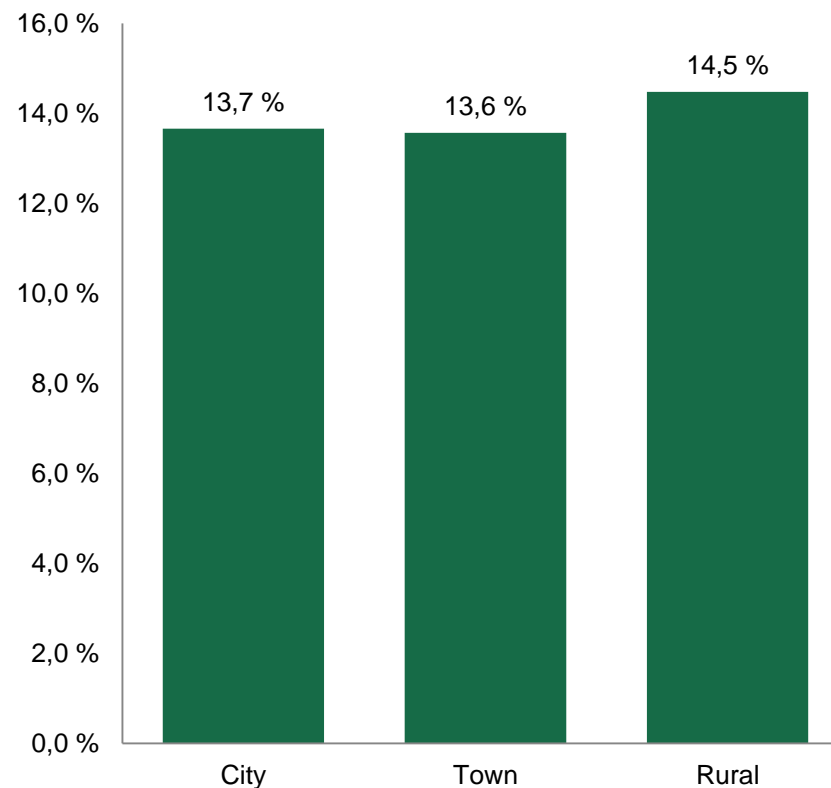


# Performance is consistent across areas...

## LfL growth: area



## Adj. EBITDA margin: area

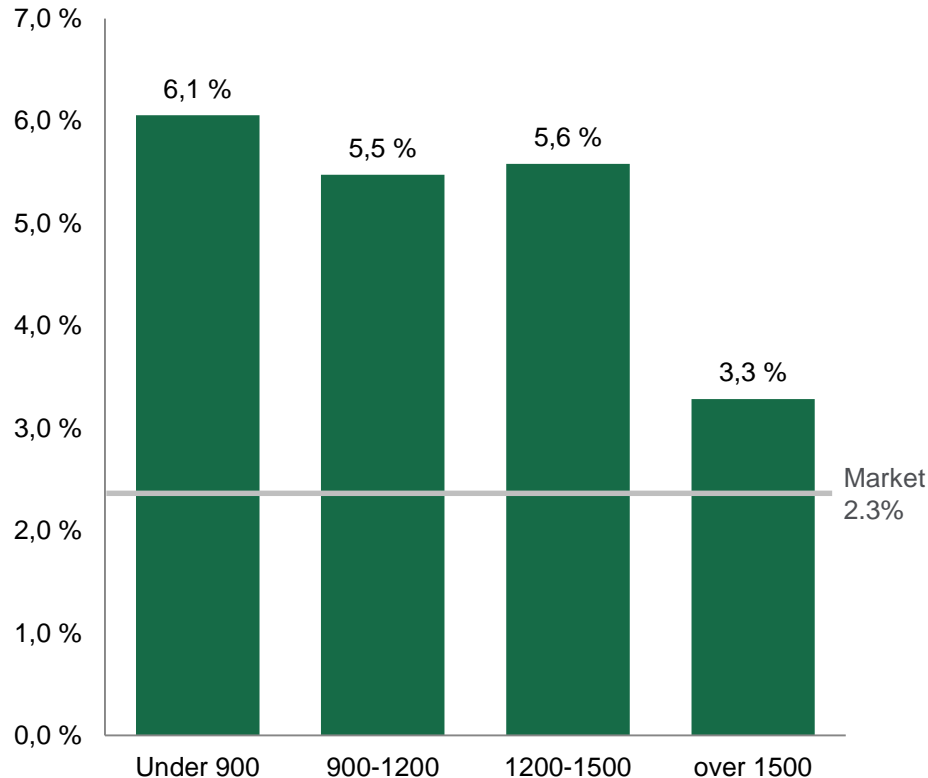


Source: Euopris analysis; based on 2015 financials

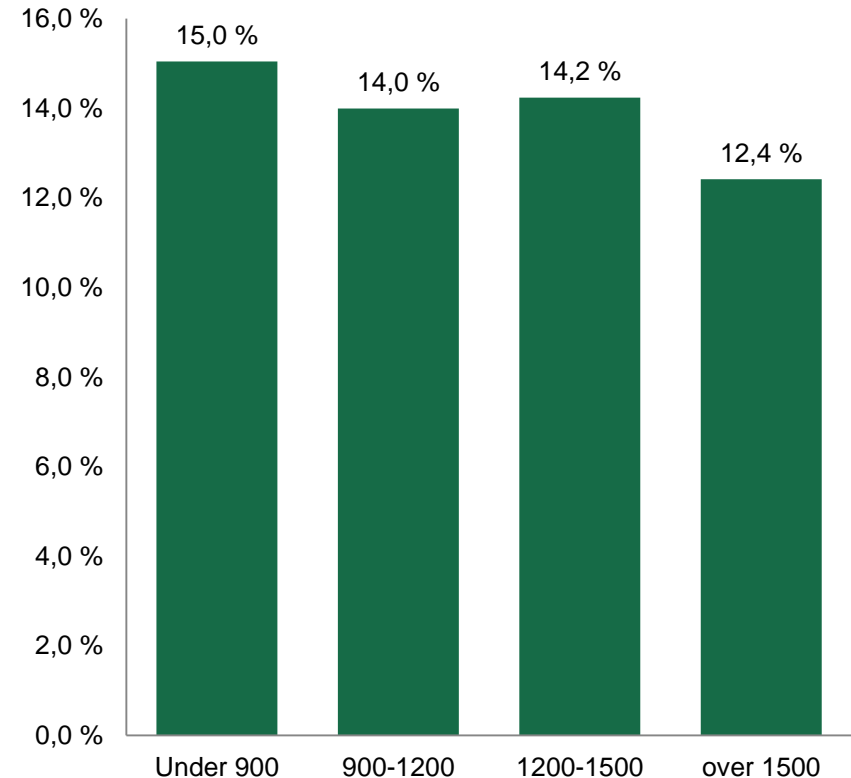
Definitions: City: Above 25.000 inhabitants in catchment area. 53 stores in 2015; Town: Between 10.000 and 25.000 inhabitants in catchment area. 108 stores in 2015; Rural: Less than 10.000 inhabitants in catchment area. 50 stores in 2015.

# ...across store sizes...

## LfL growth: store size (m<sup>2</sup>)



## Adj. EBITDA margin: store size (m<sup>2</sup>)

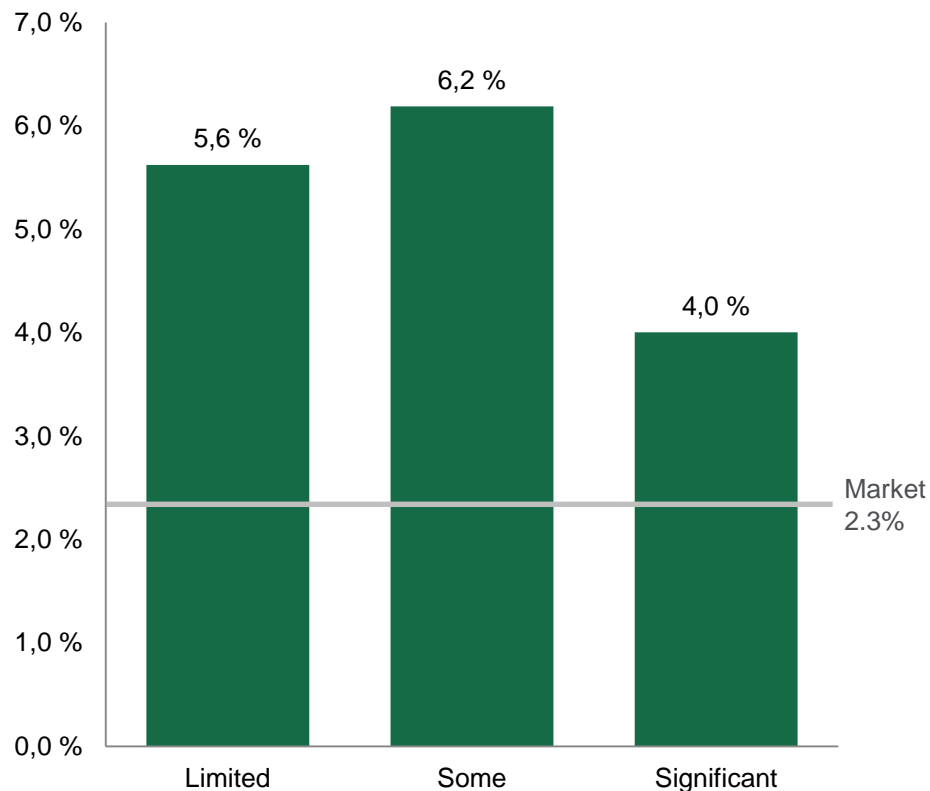


Source: Euopris analysis; based on 2015 financials

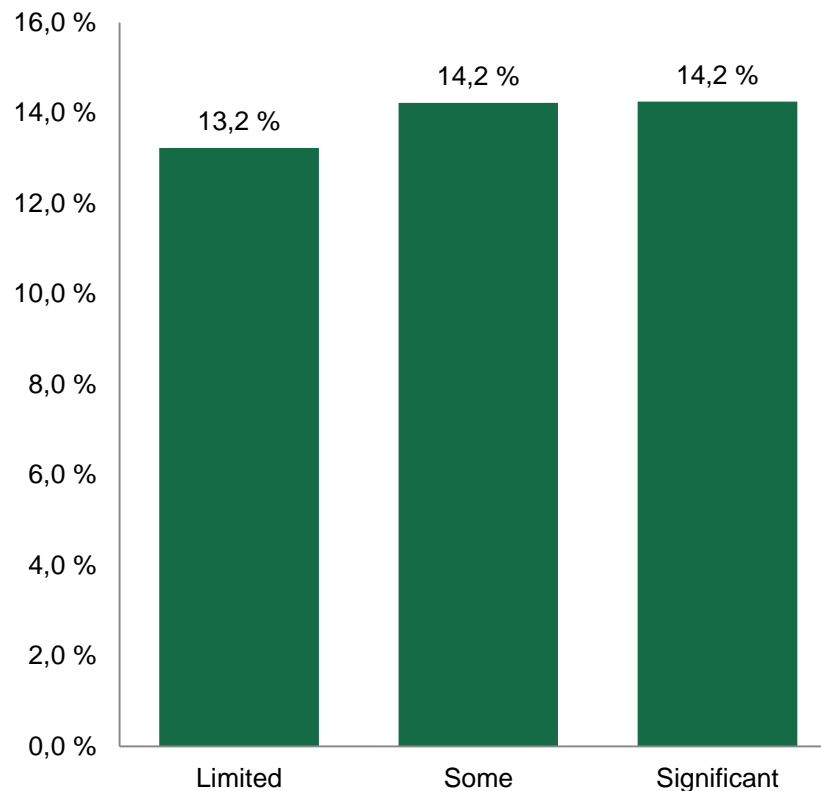
Definitions: Under 900 sqm sales space: 42 stores in 2015; Between 900 and 1,200 sqm sales space: 108 stores in 2015; Between 1,200 and 1,500 sqm sales space: 44 stores in 2015; Above 1,500 sqm sales space: 17 stores in 2015.

# ...and even with nearby competition

## LfL growth: competitive intensity



## Adj. EBITDA margin: competitive intensity



# Euopris is on a modernisation journey

## – layout 5.0 is introduced

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**BEFORE**  
(Pre 2013/2014)



**TODAY**  
(2014/2015)



# Realising the potential in concept development

- We are rolling out a layout upgrade – 5.01!
- Improved “shop-in-shop” categorisation
- Brands more prominently displayed
- “Value for money” visualisation one step up
- The best of all...
  - Same investment as previous version
  - Limited cost for roll-out of main elements to existing stores



**POST 2015**



# Successful test pilot 5.01 being rolled out





# Successful test pilot 5.01 being rolled out

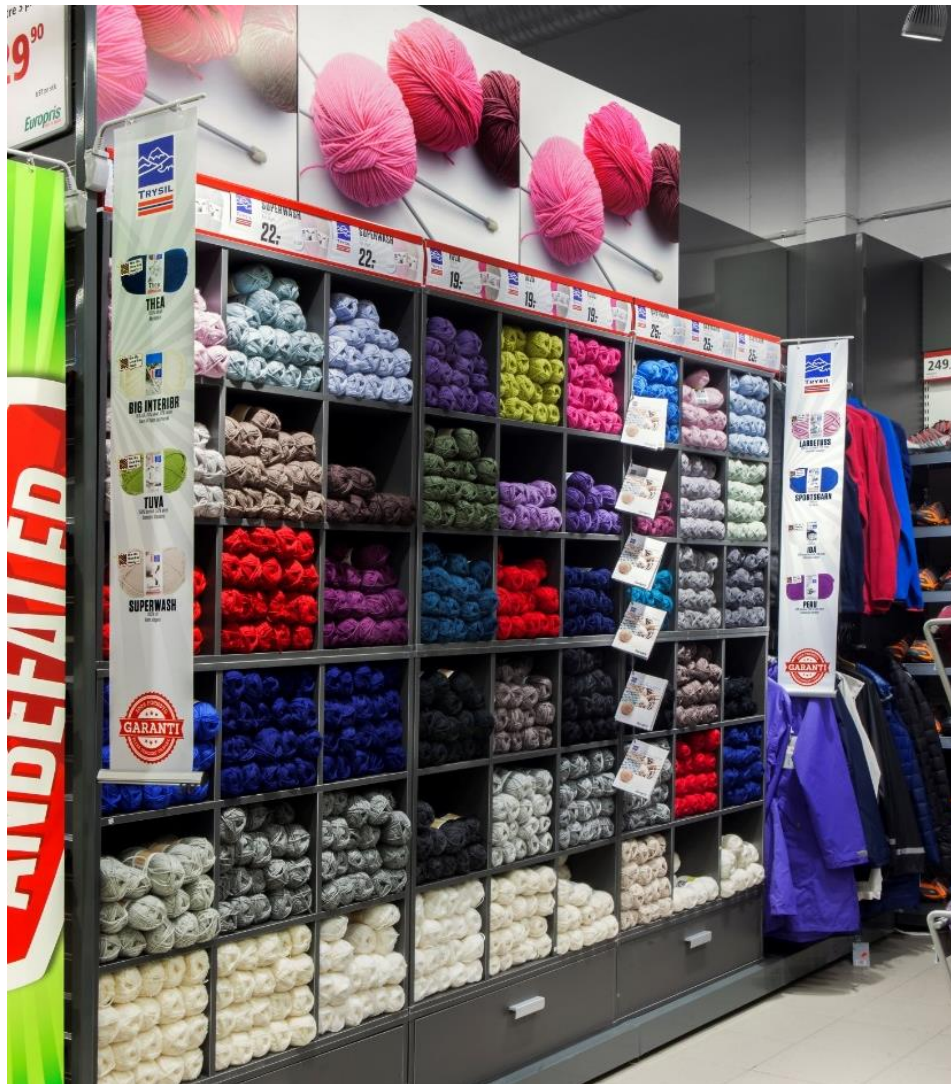




# Realising the potential in category development – yarn example



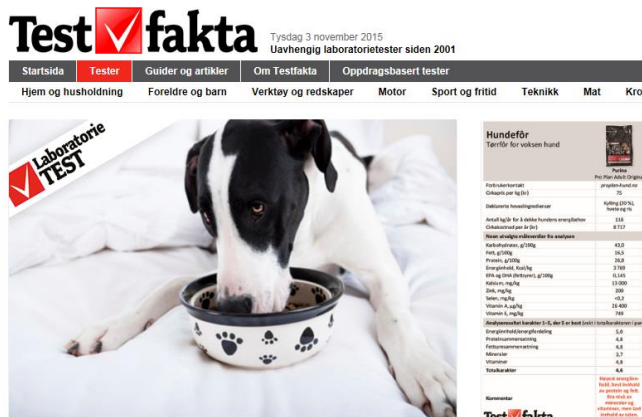
# Promising results so far



- Roll-out started early September last year
- Investment covered by supplier
- Double digit growth in H1 2016

## Pet food “A” brand launched

- Pet food is an important traffic driver
- Purina is a quality brand and dog food test winner
- On sale in Europreis from Q1 2016

The logo for Purina One. It features the word "PURINA" in white, uppercase, serif font inside a black rectangular box. To the left of the box is a red and white checkerboard square. Below this, the word "ONE" is written in a large, black, serif font with a subtle drop shadow.

# Strong revenue growth

## Consistent store roll-out...



## ...and solid LFL growth has driven sales

**Total sales  
CAGR:**

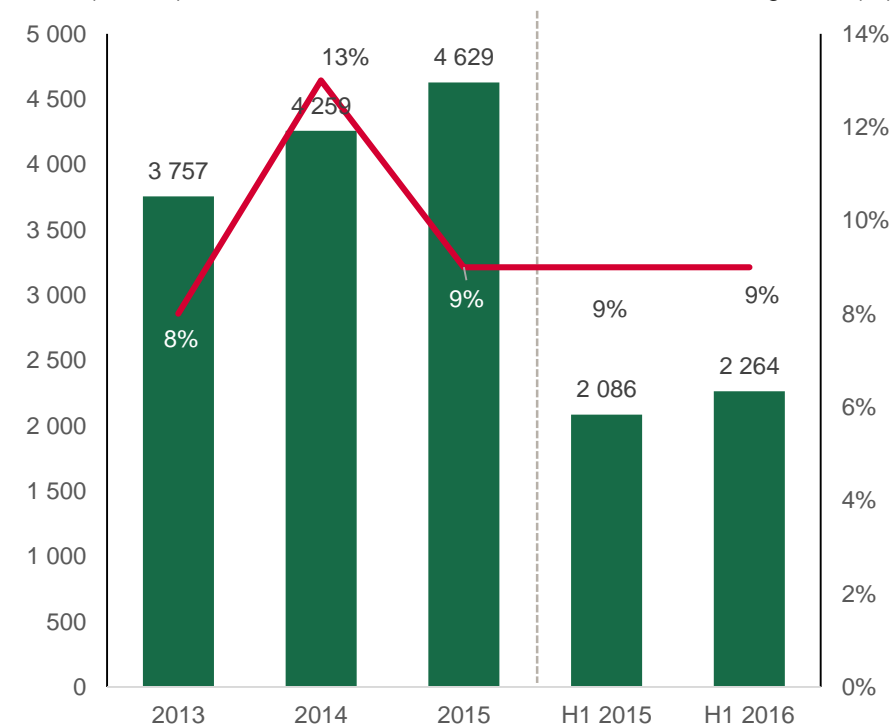
10%

**Avg. LFL  
growth:**

5%

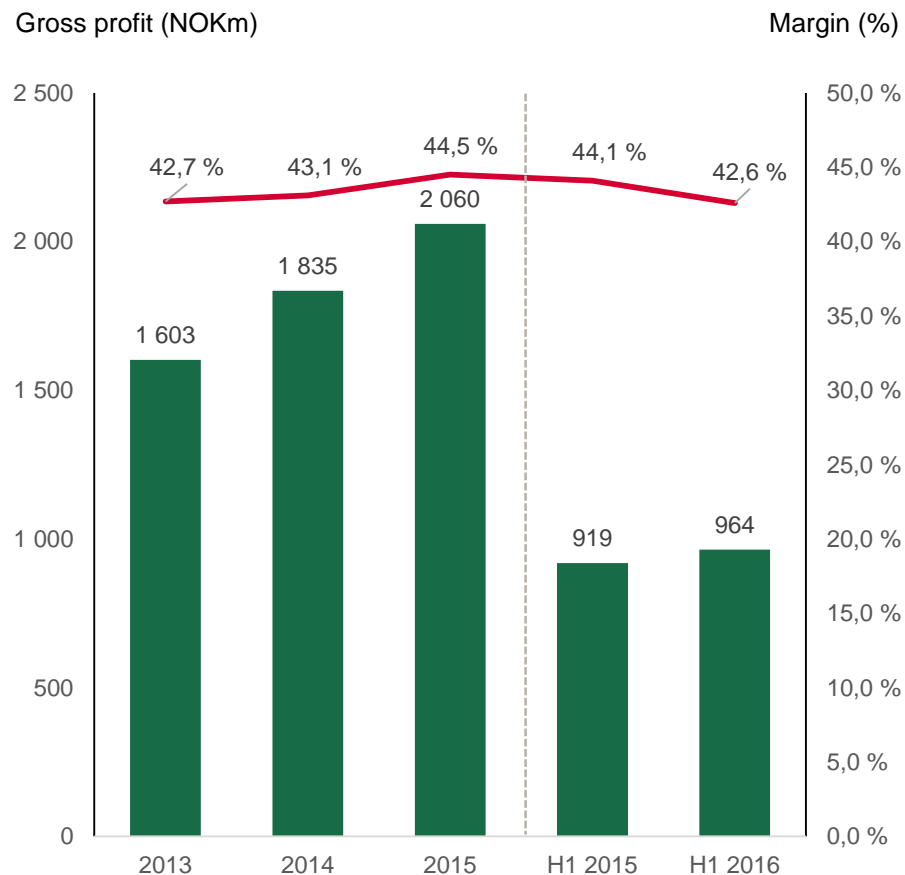
Sales (NOKm)

Y-o-Y total sales growth (%)

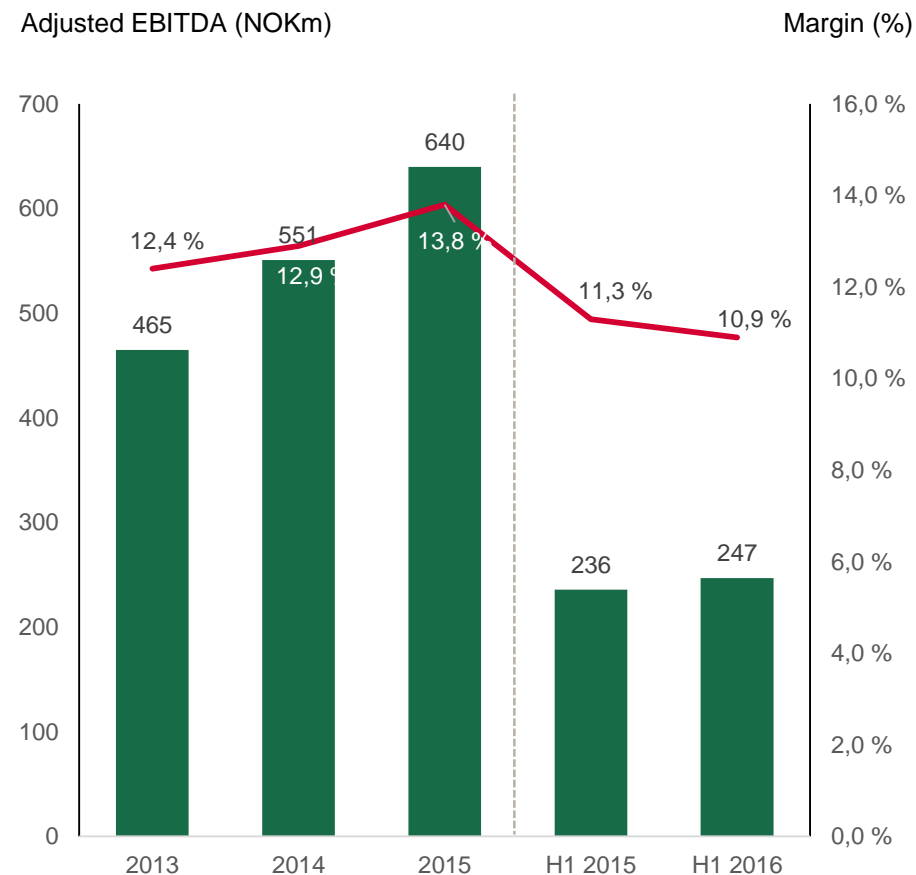


# High and stable profitability

## Stable gross margin



## Consistently high EBITDA margin



# Key investment highlights

1

Unchallenged market leader in a fast growing retail segment

2

Unique discount variety retail model

3

Impressive track record of growth, high profitability and solid cash generation

4

Strong future growth potential

# Important terms and definitions

Term	Definition
<b>Chain</b>	All Europris stores including both stores owned by the Company (directly operated) and franchise stores
<b>Chain sales</b>	Total retail sales of the Chain
<b>Stores</b>	All stores of the Chain, both franchise and stores owned by the Company (directly operated), unless explicitly stated
<b>LFL growth</b>	Measure of growth rate for same-store sales. Same-store sales exclude the sales of a store if the store was not open for the full calendar year and the entire prior calendar year. The stores included in calculating like-for-like growth are redefined each year at the beginning of the year and include both directly owned stores and franchise stores. The measure includes stores that have been refurbished, relocated or expanded during an applicable calendar year
<b>Company</b>	Europris ASA (with subsidiaries)
<b>Franchise takeover</b>	Acquisition of a franchise store and conversion to a directly operated store. Transaction date and consolidation into Company financial accounts may differ from the date of formal merger
<b>Accounting standards</b>	Europris changed the accounting principles for its audited financial statements from Norwegian GAAP to IFRS with effect from 1 January 2014 and has restated its audited financial figures for 2013 and 2012
<b>EBITDA</b>	EBITDA represents operating income before depreciation and write-downs. EBITDA is not a measure of liquidity or performance calculated in accordance with IFRS
<b>Adjusted EBITDA</b>	EBITDA before certain non-recurring operating expenses defined by management
<b>Adjusted EBITDA margin</b>	Adjusted EBITDA as a percentage of Company revenue
<b>EBITA</b>	EBITDA less depreciation of fixtures & fittings and software (consistent with reported operating income going forward before any impairment charges). EBITA is not a measure of liquidity or performance calculated in accordance with IFRS
<b>Adjusted EBITA</b>	EBITA before certain non-recurring operating expenses defined by management (the same as for adjusted EBITDA)
<b>Cash conversion</b>	Adjusted EBITDA less total capital expenditures (excluding amounts under financial lease) divided by adjusted EBITDA. Cash conversion is not a measure of liquidity or performance calculated in accordance with IFRS



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