Europris Analyst Presentation

20 August 2015


Norway's leading discount variety retailer

Europris
MER TIL OVERS

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Important terms and definitions

Term	Definition
Chain	All Europris stores including both stores owned by the Company (directly operated) and franchise stores
Chain sales	Total retail sales of the Chain
Stores	All stores of the Chain, both franchise and stores owned by the Company (directly operated), unless explicitly stated
LFL growth	Measure of growth rate for stores that have been open for more than 12 months, including both franchise stores and stores owned by the Company (directly operated). The measure includes stores that have been modernised and relocated during the period in question
Company	Europris ASA (with subsidiaries), except for when referring to financial information prior to 1 April 2012 and certain financial information for the full fiscal year 2012 (P&L and cash flow items) for which the corresponding entity was Europris Holding AS (with subsidiaries)
Franchise takeover	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
Accounting standards	Europris changed the accounting principles for its financial statements from Norwegian GAAP to IFRS with effect from 1 January 2014 and has restated its financial figures for the first 9 months of 2012 and the full fiscal year of 2013. Financial figures presented herein for periods prior to 1 April 2012 (and consequently certain financial information for the full fiscal year 2012) were prepared based on Norwegian GAAP, which management considers comparable in all material respects to IFRS for the purposes shown herein.
Fiscal year averages and growth rates	Given the change in accounting standards (see above) some fiscal year averages and growth rates, including CAGR ("Compounded Average Growth Rate") figures, are a combination of figures prepared based on Norwegian GAAP and IFRS. Management considers such figures to be comparable in all material respects to IFRS for the purposes shown herein.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is not a measure of liquidity or performance calculated in accordance with IFRS
Adjusted EBITDA	EBITDA before certain non-recurring operating expenses defined by management
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of Company revenue
EBITA	Earnings Before Interest, Tax and Amortisation. EBITA is not a measure of liquidity or performance calculated in accordance with IFRS
Adjusted EBITA	EBITA before certain non-recurring operating expenses defined by management (the same as for adjusted EBITDA)
Cash conversion	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

Today's agenda

Time	Section	Presenter(s)
09.30 – 10.00	**Central Warehouse tour**	Pål Chr. Andersen (Logistics Director), Jan Eilef Tomas Engen (Warehouse Manager), Pål Wibe (CEO)
	Travel to Europris HQ	
10.30 – 10.45	**Introduction to Europris**	Pål Wibe (CEO)
10.45 – 11.00	**Our market position**	Pål Wibe (CEO)
11.00 – 12.45	**Market winning retail model**	Pål Wibe (CEO), Knut Spæren (Purchasing Director), Pål Chr. Andersen (Logistics Director), Jon Boye Borgersen (Marketing Director), Øyvind Haakerud (Store Network Director)
12.45 – 13.10	**Strong platform for continued revenue and earnings growth**	Pål Wibe (CEO)
13.10 – 13.20	*Break*	
13.20 – 14.10	**Financial performance**	Espen Eldal (CFO)
14.10 – 14.25	**Long term objectives**	Espen Eldal (CFO)
14.25 – 14.30	**Summary and closing remarks**	Pål Wibe (CEO)
14.30 – 15.00	Q&A	
	Travel to Europris Dikeveien store	
15:00 – 16.00	**Europris Dikeveien store tour**	Pål Wibe (CEO), Øyvind Haakerud (Store Network Director)

Today’s presenters

Pål Wibe – CEO

CEO Europris since April 2014

- Over 16 years of experience in Nordic retail including as CEO of nille from 2006-2013
- Voted retail CEO of the year by Virke (Enterprise Federation of Norway) in 2013

TRN nille ICA McKinsey&Company

Espen Eldal – CFO

CFO Europris since January 2014

- 18 years of experience in Nordic and international retail and service industry companies
- More than 12 years in senior management positions as CEO, CFO and Sales Director
- Worked alongside Wibe for 2 years in TRN

TRN PARTNERTECH BERENDSEN Gategourmet

Seasoned and strong management team

	Position	Industry experience (yrs)	Prior experience
	**Pål Chr. Andersen** **Logistics Director** *Europris since 2013*	17	HH, InFocus, UNITOR
	**Jon Boye Borgersen** **Marketing Director** *Europris since 2005*	24	Brynild
	**Petter C. Wilskow** **Director HR & Legal** *Europris since 2006*	18	PETERSON, Skatteetaten
	**Knut Spæren** **Purchasing Director** *Europris since 2011*	29	STAPLES, ICA
	**Øyvind Haakerud** **Store Network Director** *Europris since 2013*	22	Reitan Convenience, Hydro Texaco
	**Ole Petter Harv** **IT Director** *Europris since 2014*	19	sport 1 ekte sport., ICA, SKEIDAR

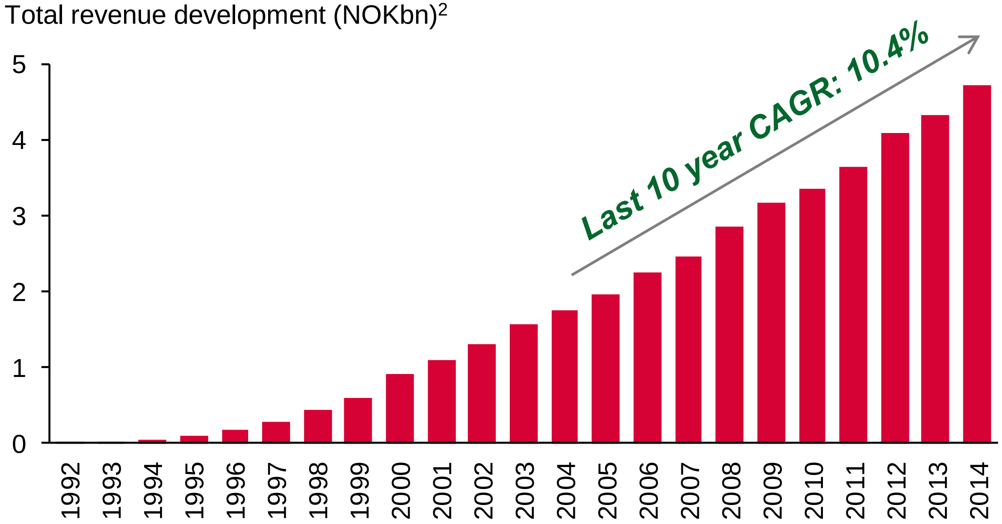
I. Introduction to Europris

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)[2]



Europris in figures[1]

226
stores[2,3]

26m
customer transactions[3]

90%
brand awareness[4]

4.7 / 4.3bn
Chain[3]/ Company sales

7.0%
LFL growth[3]

13%
Adj. EBITDA margin

86%
cash conversion[5]

2,600
employees[3]

General note: Please refer to page 3 for important terms and definitions that apply on this page, especially related to accounting standards for full year 2012 and prior years. 1. All figures for fiscal year 2014 except where explicitly stated otherwise. 2. As of Q2 2015 3. Based on chain sales (including franchise stores). 4. According to TNS Gallup; sum of assisted and non-assisted awareness. 5. Average for the period 2010 to 2014.
Source: Europris

Our purpose and vision

Offering

- ✓ Wide assortment covering basic needs at very low prices

Purpose

- ✓ To offer our customers a distinct added value, great deals and affordable quality

Vision

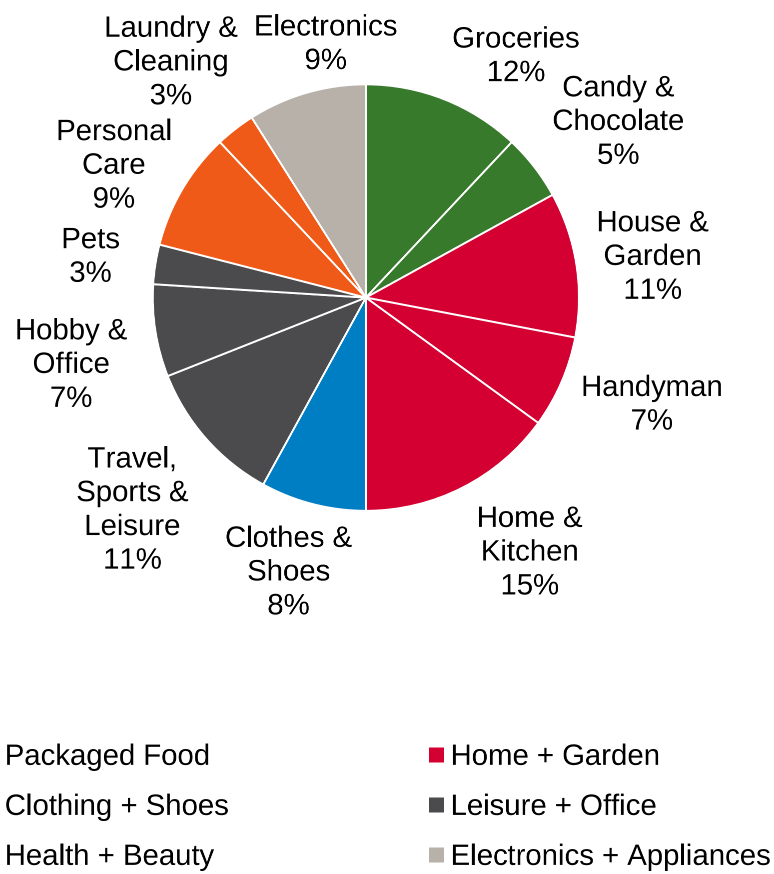
- ✓ To be the first choice for anyone who wants to buy smart and at the best price

Why Europris is unique

Fast growing defensive retail model

- ✓ Europris is **the largest and leading discount variety retailer** in the structurally attractive Norwegian market
- ✓ Truly mixed assortment creating **competitive flexibility** and **strong earnings resilience**
- ✓ **Demonstrated price leadership** – customers get great value for money
- ✓ **Strong brand recognition** and unique nationwide network of stores – with 90% brand awareness[2]
- ✓ **Unique store layout** with dedicated space to seasonal merchandise, allowing Europris to **"trade the seasons"**
- ✓ **Online disruption supports the business model**

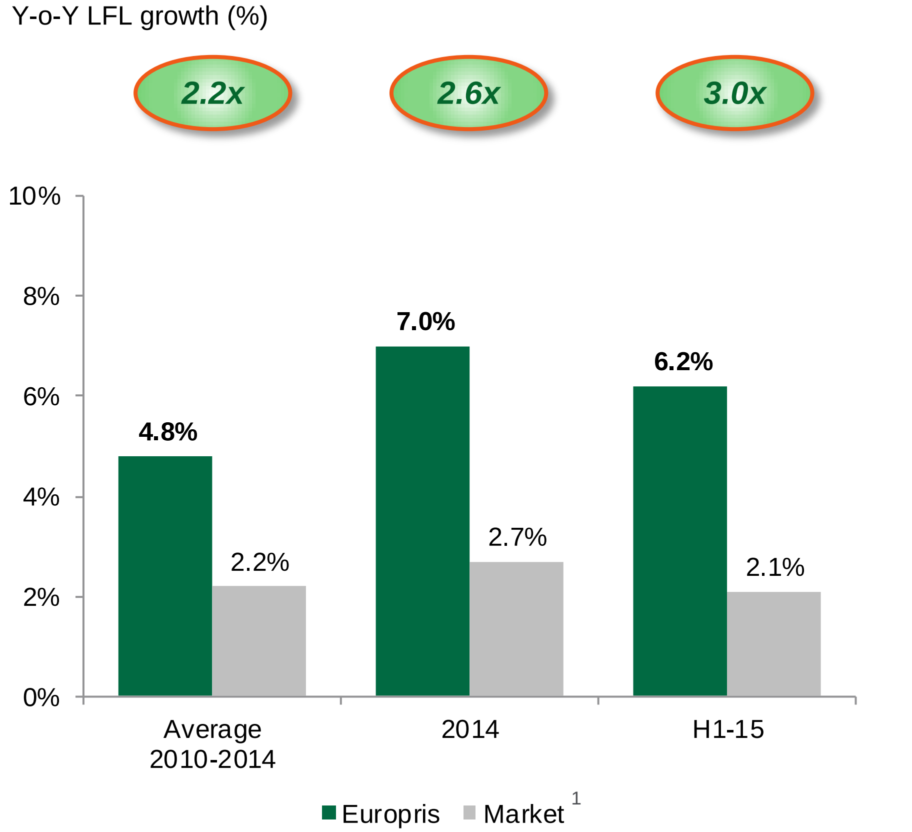
Europris has a truly mixed assortment[1]



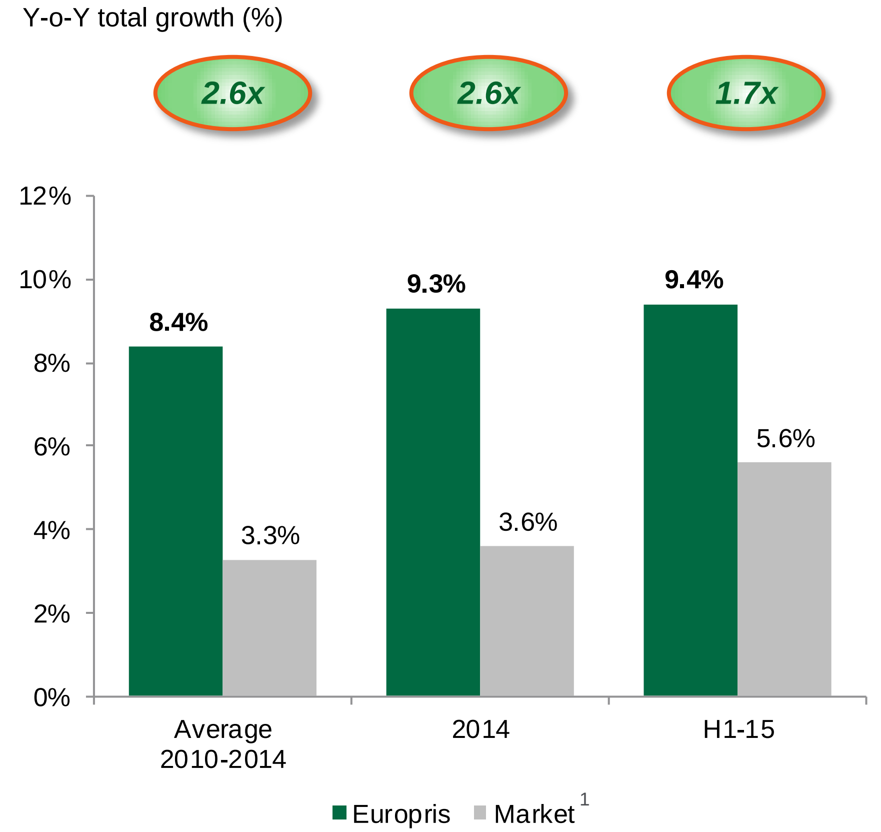
1. For 2014. 2. According to TNS Gallup; sum of assisted and non-assisted awareness
Source: Europris

Resilient business model consistently beating the market by a considerable margin

LFL growth performance



Total growth performance



x Europris growth relative to market growth in the period

General note: Please refer to page 3 for important terms and definitions that apply on this page, especially related to accounting standards for full year 2012 and prior years
1. Market includes a large number of shopping centres throughout Norway (e.g. 230 in 2014)
Source: Kvarud Analyse, Europris

Exceptional financial profile

Impressive growth

Total Growth
11.5%
2010-2014 Sales CAGR

LFL Growth
7.0%
2014 LFL Growth

Resilient Growth
17.8%
2007-2009 Sales CAGR

High profitability

Margin
12.9%
Adjusted EBITDA Margin 2014

Returns
45%
2014 Adjusted ROCE[1]

Strong cash generation

Cash Conversion
86%
Average 2010-2014[3]

New store Payback
1.1 year
Average New Store[2]

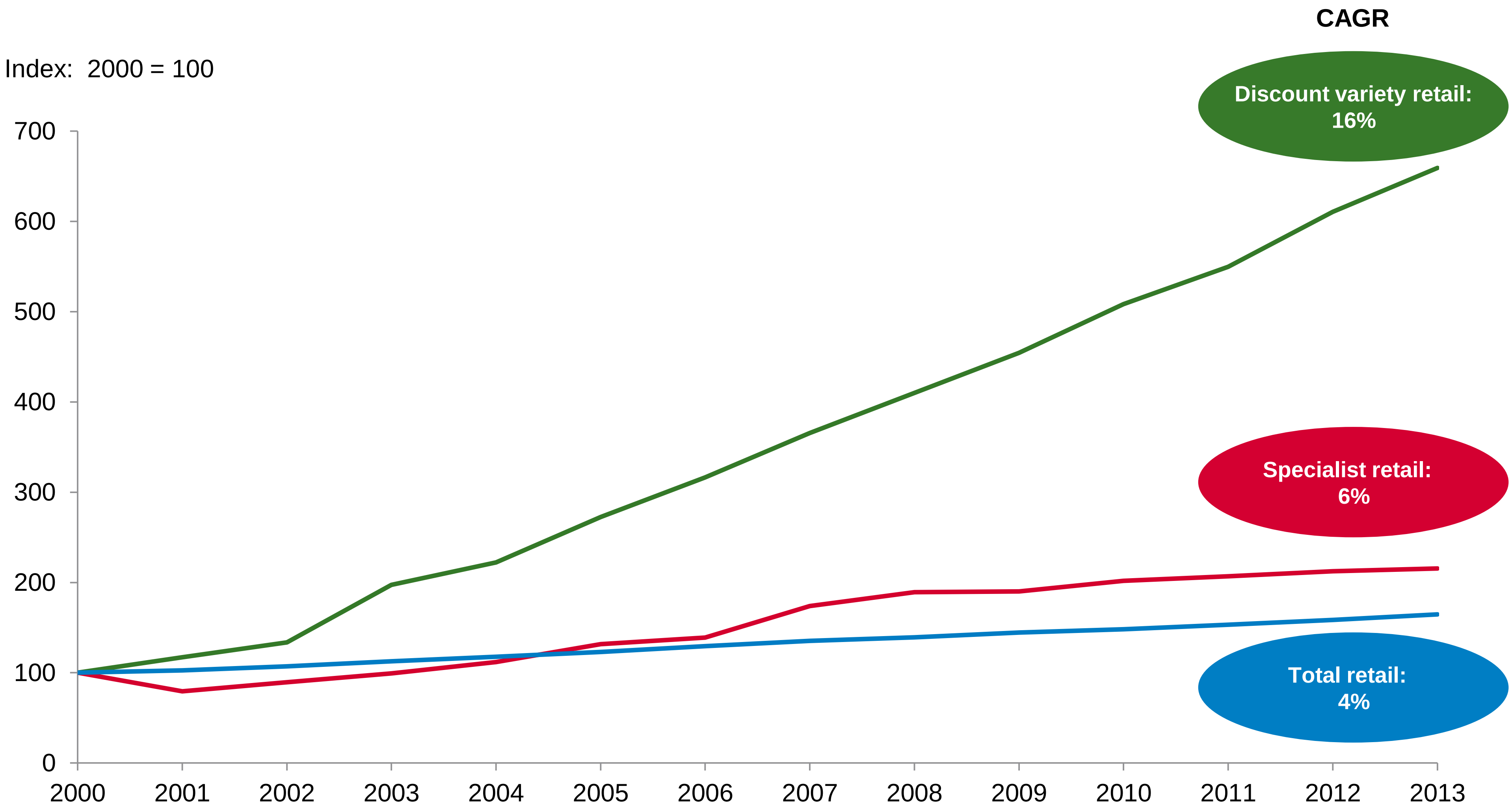
General note: Please refer to page 3 for important terms and definitions that apply on this page.
1. Return on Capital Employed ("ROCE") is calculated as adjusted EBITA divided by average capital employed for the period (excluding goodwill). Capital employed (excluding goodwill) is calculated as the sum of total non-current assets (excluding goodwill) and total current assets (excluding cash and cash equivalents) less total short term debt (excluding short term borrowings). ROCE is not a measure of liquidity or performance calculated in accordance with IFRS. 2. Please see page 100 for further details

Key investment highlights

- Unchallenged market leader in a fast growing retail segment
- Unique discount variety retail model
- Impressive track record of growth, high profitability and solid cash generation
- Strong future growth potential

II. Our market position

Strong growth in the Norwegian discount variety retail segment



Source: Ultima database for variety retail and specialist retail, Euromonitor for total retail market

Structural trends underpin continued growth

- Strong Norwegian retail market fundamentals
- Structural shift to value for money
- FMCG supportive of channel as source of growth
- Landlords increasingly positive due to strong footfall and online resilience
- Expanding seasons

Attractive Norwegian retail market fundamentals

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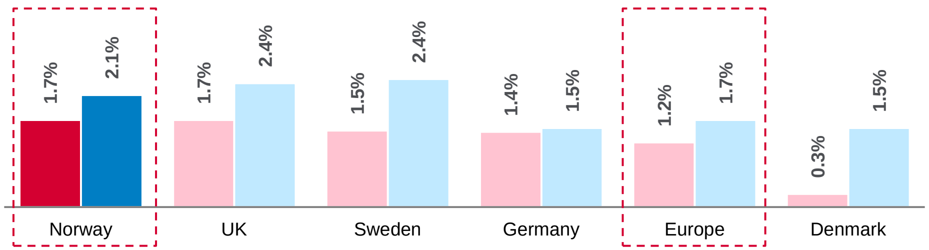
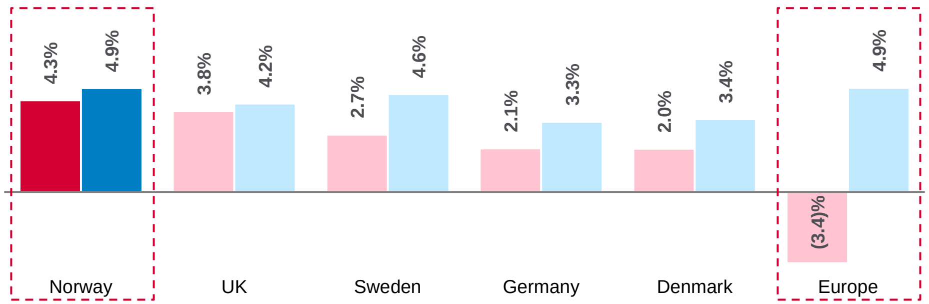
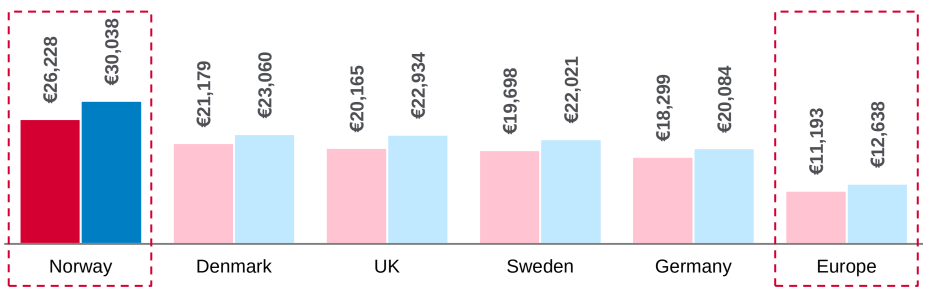
Average real GDP growth



Average consumer expenditure growth



Average consumer expenditure per capita



▪ 2011A - 2014A ▪ 2015E - 2018E

- Norwegian market is a **fast growing** and **highly resilient** retail market
  - Highest GDP per capita in Europe
  - Consumer expenditure the highest in Europe, and expected to continue to grow, despite decrease in oil prices
- High levels of **consumer loyalty**, Norwegians stick with retail concepts they know and trust
- **High levels of employment** and consumer confidence

Source: Euromonitor

Structural shift to value for money

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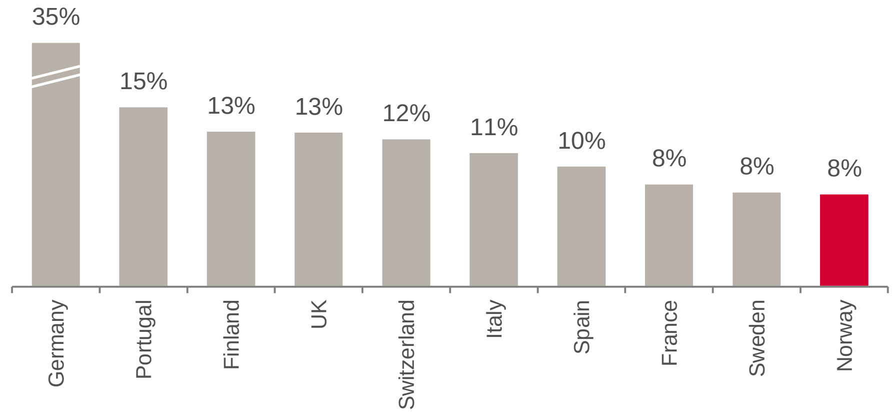
Consumers are shifting to value products

- Discount variety retail is the fastest growing sector
- Consumers are to a larger extent buying affordable for their “everyday” goods to free up funds for indulgence spending such as holidays, luxury goods, etc.
- The increase in private label penetration in the food retail channel in Norway is another testimony of this trend

Norwegian market remains underpenetrated

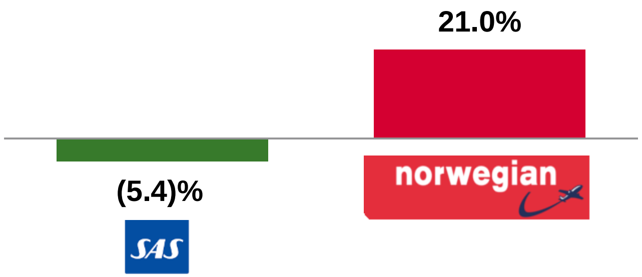
Discount retail penetration of grocery and variety retail (%)[1]



Selected similar trends in other markets and geographies

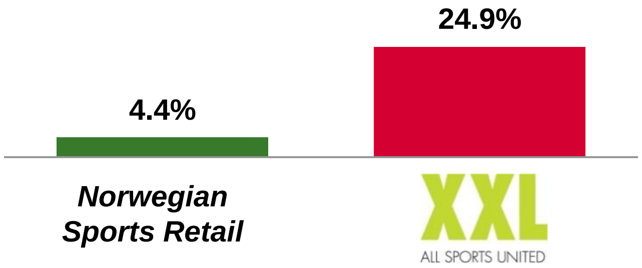
Airlines[2]

2008-2014 Revenue CAGR



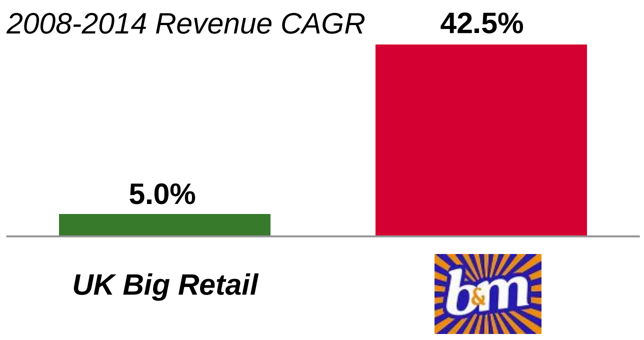
Sports Retail[2]

2008-2013 Revenue CAGR



UK Retail[3]

2008-2014 Revenue CAGR



Source: Euromonitor, annual filings, Capital IQ, XXL prospectus, Sportsbransjen.no

General note: Each trademark, trade name or service mark of any other company belongs to its holders.

1. Includes grocery retail and variety retail; all variety retail defined as discount. Only Coop Obs of grocery retail chains is defined as “Discount” for the purpose of this analysis. Euromonitor defines Rema 1000, Kiwi, Rimi and Coop Prix as “Discounters”. However, these have been excluded in this comparison to other geographical markets where the “Discount” concepts are believed to be more differentiated on e.g. price and private label penetration. Source: Ultima database for variety retail and specialist retail; Euromonitor for total retail market (left) and discount penetration (right). 2. SAS and Norwegian year end Dec. 2. XXL year end Dec. 3. B&M year end Mar, Tesco year end Feb, WM Morrison year end Jan, Sainsbury year end Mar.

FMCG supportive of channel as source of growth

FMCG struggling to drive growth in Western Europe

Year-on-year unit sales development[1]

Branded products
-0.5%

Hyper/Super
-0.7%

0.0%

Stagnant growth

EUR 395bn

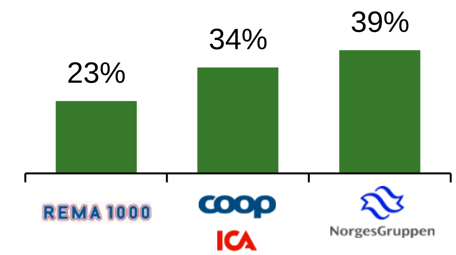
Private label
+0.5%

Discounters
+1.9%

Similar dynamics seen in Norway[2]

Food retail consolidation in Norway…

Market share (%)



…and increased share of private label

8.4% → *13.9%*

2003 **2014**

Europris is a unique opportunity for growth

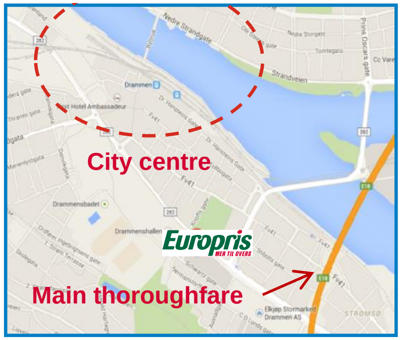
Source: 1. Nielsen Strategic Planner (W.E Big 5 Countries) year end 2013; 2. AC Nielsen
General note: Each trademark, trade name or service mark of any other company belongs to its holders.

Landlords are increasingly positive due to strong footfall and online resilience

Increasingly attractive locations

Strømsø – Drammen

Newly opened shopping centre in the heart of Drammen



NOK 592k store sales in opening week

Lørenskog

New store above the central and attractive Steen & Strøm Metro Senter

- Europris seen as a destination concept, driving footfall
- Seen as a stable, long-term tenant based on exceptional track record of growth and resilience
- Landlords are under pressure with shift to online for many traditional retailers

Source: Europris

Expanding seasons

Expanding seasons throughout the year

Easter

Summer

Christmas

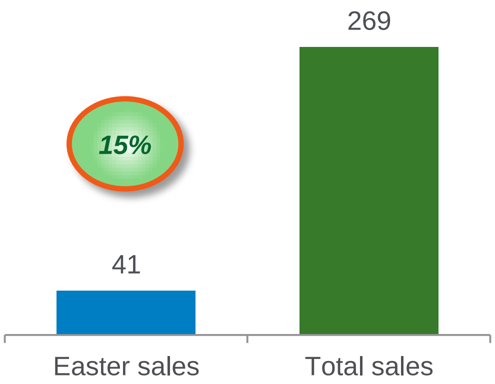
Jan	*January sale*
Feb	*Winter holiday*
Mar	*Easter*
Apr	*Preparation of summer holiday*
May	*Summer collection*
Jun	*Preparation of summer sale*
Jul	*Summer sale*
Aug	*Back to school / winter collection*
Sep	*Christmas preparation / Autumn expo*
Oct	*Halloween*
Nov	*Christmas season / January sale preparation / Black Friday*
Dec	*Fireworks*

Europris can trade the seasons

- Approximately 200m^2 of selling space dedicated to seasonal offerings
- Management believes no other retailer in Norway has the same flexibility and dedication
- Unmatched scale among competitors to communicate the message to consumers
- Seasonal offerings are significant traffic drivers to drive cross selling of more "everyday" products

Seasonal contribution to total

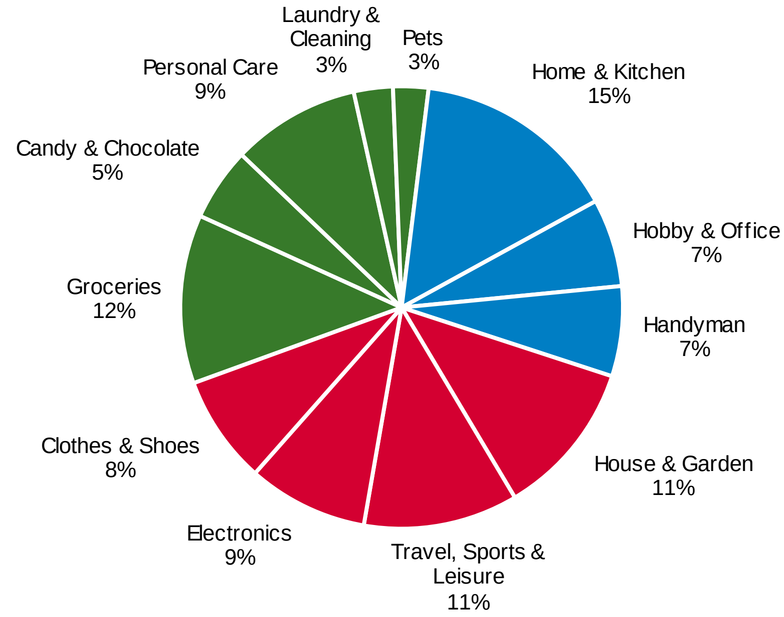
3 weeks of Easter sales 2015 (NOKm)



Source: Europris

Significant market opportunity from unique position as a multi-category retailer

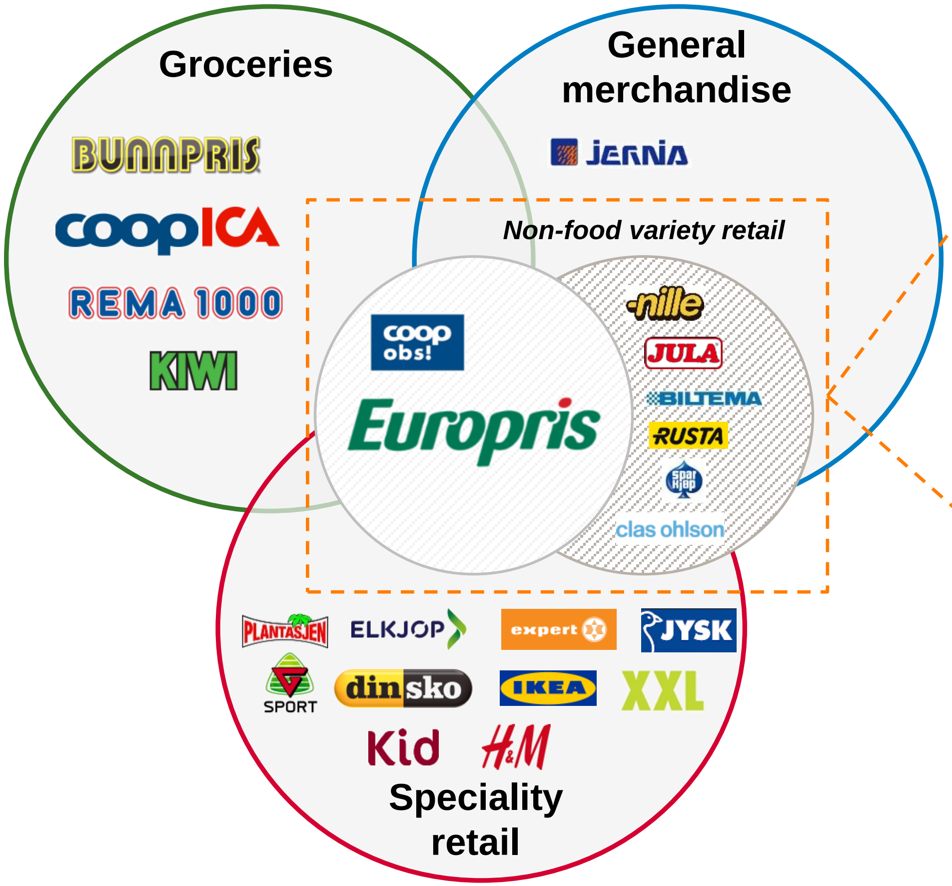
Europris has a truly mixed assortment[2]



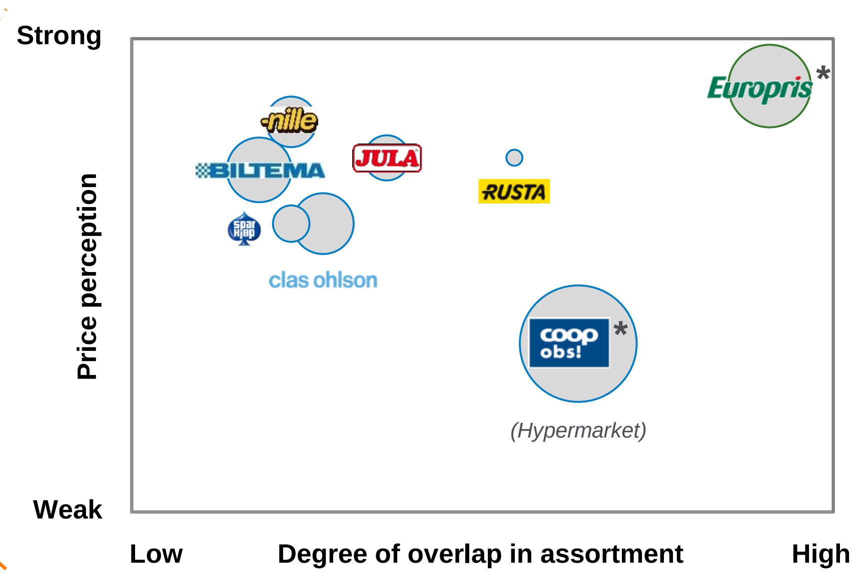
- ✓ Large market
- ✓ Competitive flexibility
- ✓ Resilience

Total addressable market for packaged food, home & garden, clothing & shoes, leisure & office, health & beauty, and electronics & appliances. 2. Active SKUs year end 2014
Source: Euromonitor, Europris

Various competitors across categories but none with the same position



Discount variety retailers positioning[1]



* Assortment include groceries

Size of bubble represents sales for 2013A

- ✓ **Most categories** offered with extensive **category depth**
- ✓ Competes on **chosen grocery trade categories**

1. Assortment overlap based on management assumptions (see page 26); price perception based on study on page 35 (Rusta shown at same level as Jula for illustrative purposes); Rusta sales is an estimate based on number of stores and average selling space.

General note: Each trademark, trade name or service mark of any other company belongs to its holders.

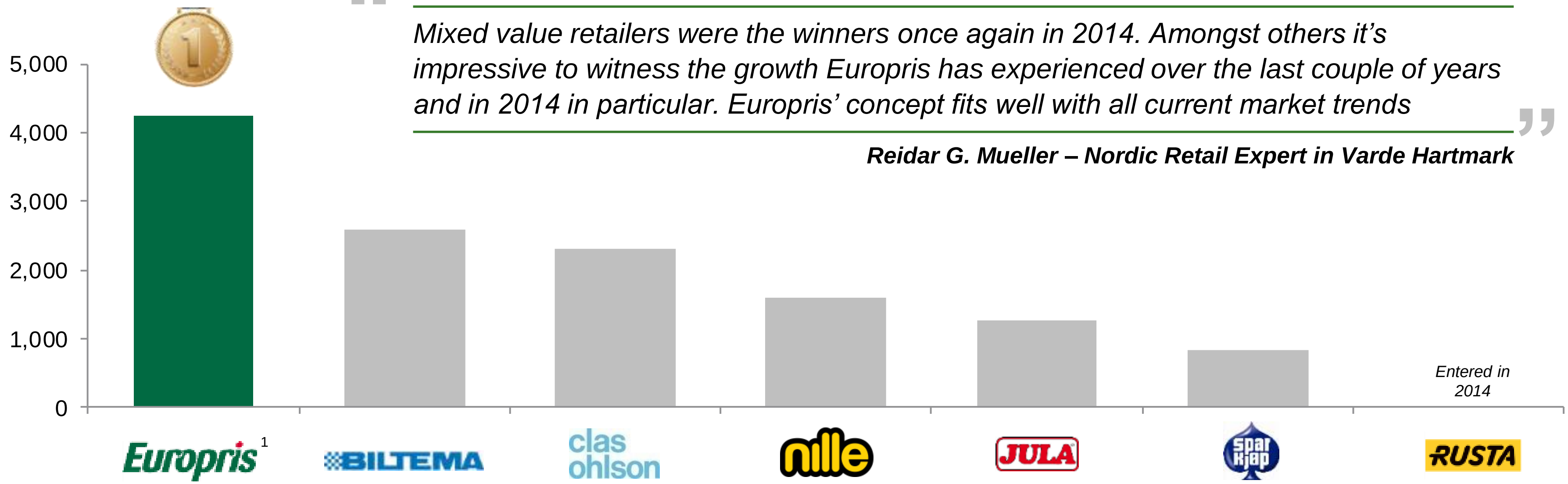
Source: Euromonitor, Europris

Europris is the largest discount variety retailer in Norway with the widest assortment

Sales in Norway 2013A (NOKm)

"Mixed value retailers were the winners once again in 2014. Amongst others it's impressive to witness the growth Europris has experienced over the last couple of years and in 2014 in particular. Europris' concept fits well with all current market trends"

Reidar G. Mueller – Nordic Retail Expert in Varde Hartmark



	Europris[1]	Biltema	Clas Ohlson	Nille	Jula	Spar Kjøp	Rusta
Offering	*Discount variety retail*	*Tools, car supplies, leisure products*	*Hardware, home, leisure, electrical, multimedia*	*Discount variety non-food retail*	*Tools, home, electrical, DYI, 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 Europris[2]

Source: Euromonitor, Ravninfo, Europris
1. Chain sales – including franchise stores. 2. Management estimates

Online disruption supports the Europris model

Online is considered an opportunity…

Online retailers struggle with our low ticket size

We are a destination shopping concept

Landlords are getting nervous – rents coming down

Online drives price comparability – we are the price leader!

…that we are selectively tapping

- Europris is eminently positioned
- Unique opportunity to market our story
- Potential to expand into new and adjacent categories with multi-channel approach
- Highly efficient logistics setup with nationwide coverage to enable Click & Collect
- Strategically testing in the B2B segment

Price and store availability

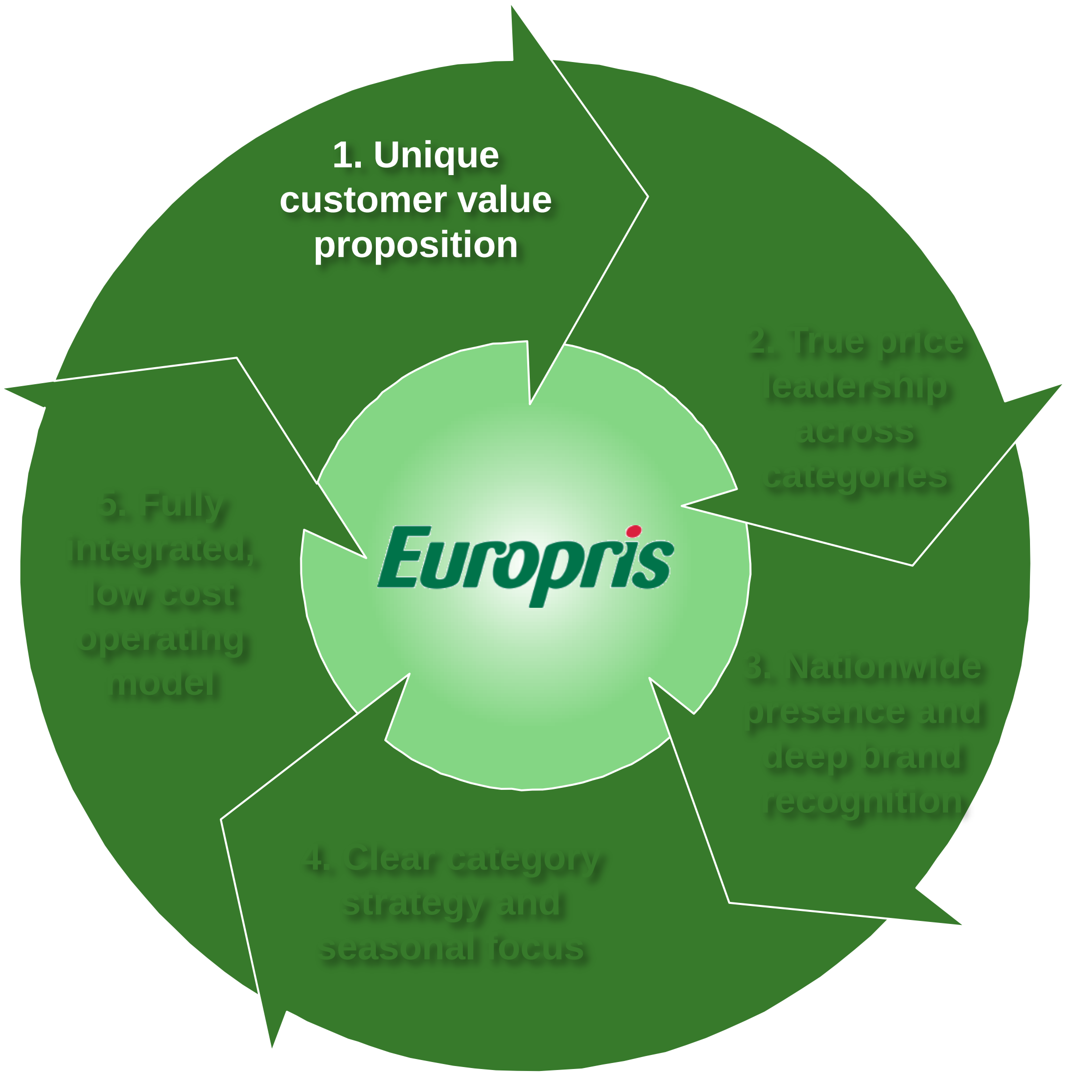
Online marketing

Source: Europris

III. Market winning retail model

Market winning retail model

Market winning retail model



Unique customer value proposition

Value for money	✓ A true discounter ✓ Clear price leadership
Bargain hunting	✓ Valuing the shopping experience ✓ Great deals ✓ Seasonal focus
Affordable quality	✓ Leading brands ✓ Affordable own brands
Basic needs	✓ Truly mixed assortment ✓ 12 main categories ✓ ~8,800 SKUs

"Mer til overs"

"Spend less – save more"

The customer is reminded every week

NOK 1.2m sold in week 15

Unique bargain

Unquestionable value

Great deals every day of the week

Affordable own brand

Leading shampoo brand

Sold at specialised (online) retailers for NOK 239 – 269 and at hairdressers for as much as NOK 749

Market winning retail model

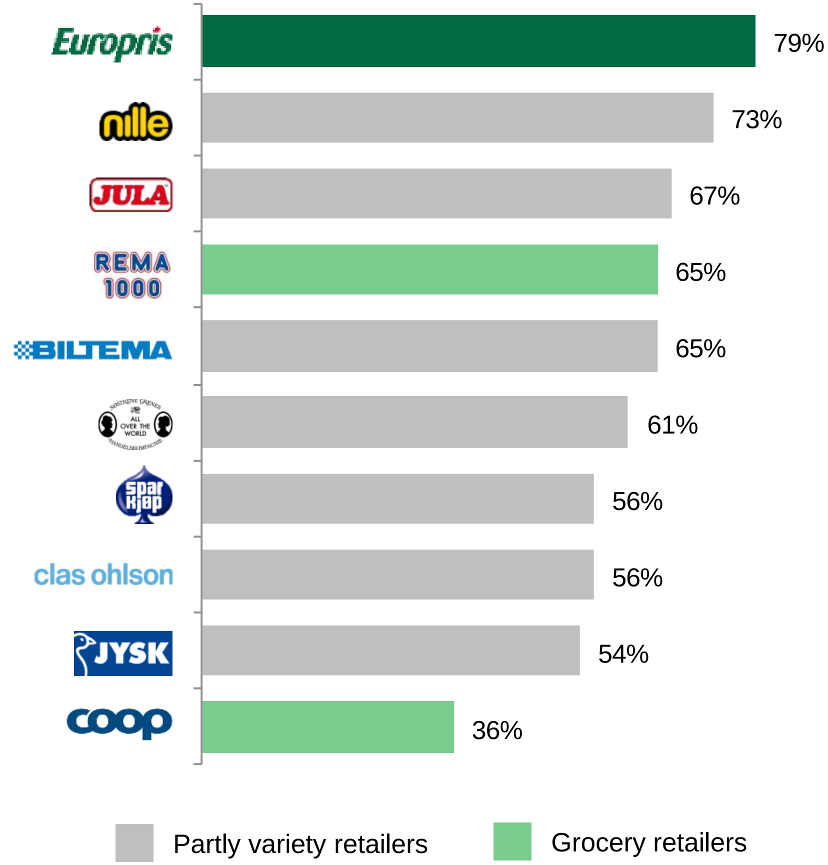
True price leadership across categories

Lowest on price…

- We systematically compare the prices on the front page of our Direct Marketing leaflets against our competitors
- Lowest price on 90%+[2] of front page products tested in 2014

…clearly cemented with the consumer

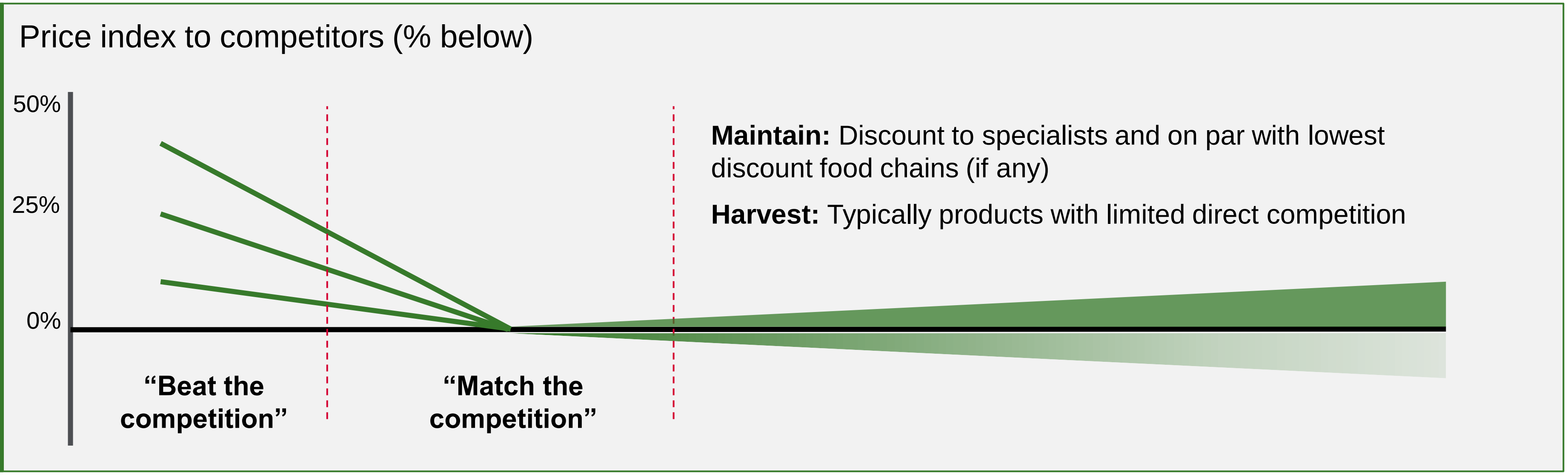
"Which retailer do you think offers the lowest prices?"[1]



Source: Customer survey December 2014, Europris
General note: Each trademark, trade name or service mark of any other company belongs to its holders.
1. %-share of respondents stating that the store has lowest price. Based on a scale from 1-5 where 1 is expensive and 5 is low price. Estimated by identifying share of respondents grading the retailer as either a 4 or a 5.
2. Based on informal comparisons made on an ongoing basis.

Segmentation used consciously to guide pricing relative to comparable products

Pricing strategy



SKU definition	Super KVI[1]	KVI[1]	Non-KVI[1]

Illustrative examples

1. Key Value Item
Source: Europris

Europris offers outstanding value

Kids overalls
Competitor price NOK 299
-33%

Towels
Competitor price NOK 299
-66%

Car seat (kids)
Competitor price NOK 399.9
-37%

Shampoo
Competitor price NOK 92
-37%

Block candle
-18%
Competitor price NOK 60

Chips
-34%
Competitor price NOK 42.8

Curtains
-47%
Competitor price NOK 75

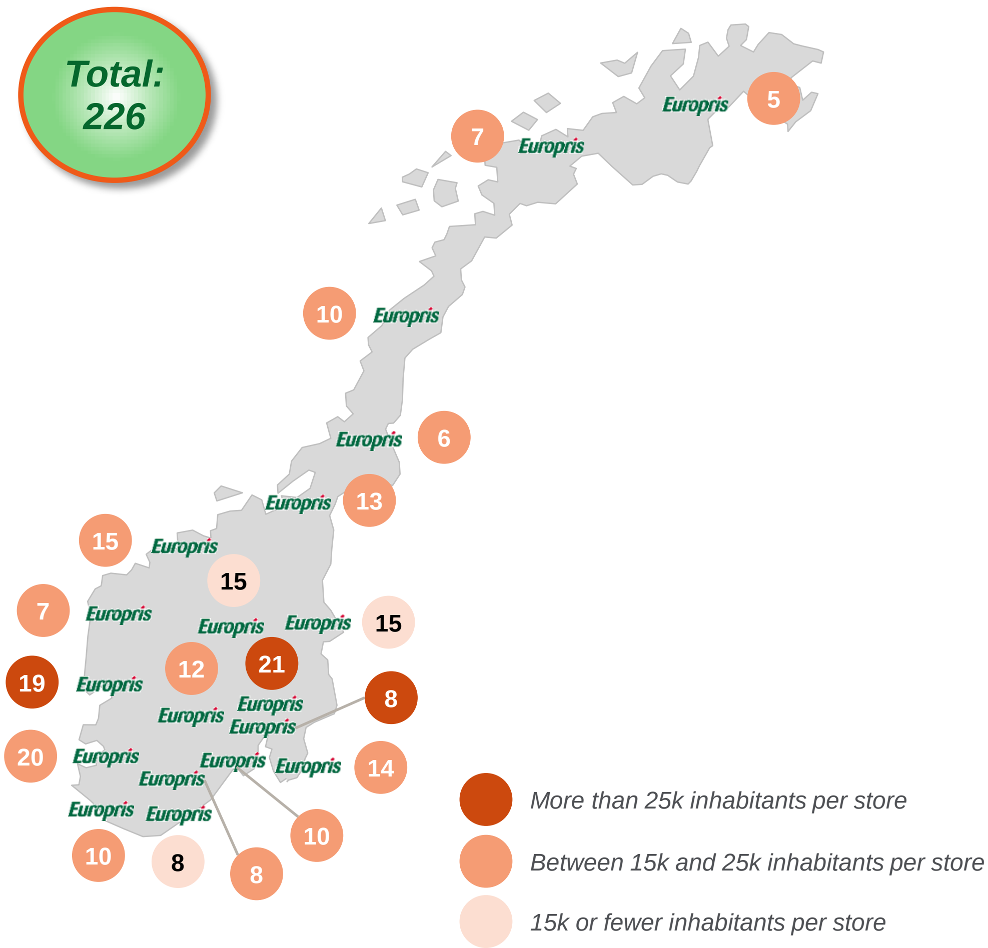
Washer fluid
-45%
Competitor price NOK 91.6

Europris discount to other mix retailers

Note: This is an illustrative example based on comparison against front page products for selected competitors in week 36 2014
Source: Europris

Market winning retail model

Unique network of stores



- 226 stores across Norway
  - 162 own stores
  - 64 franchise stores
- Present in both rural and urban areas
  - Proven ability to thrive in small catchment areas
  - Several underpenetrated urban areas
- Driver of footfall with attractive proposition for landlords
- Consistent nationwide marketing efforts

Source: Company data

Proven ability to thrive in all types of locations and store sizes

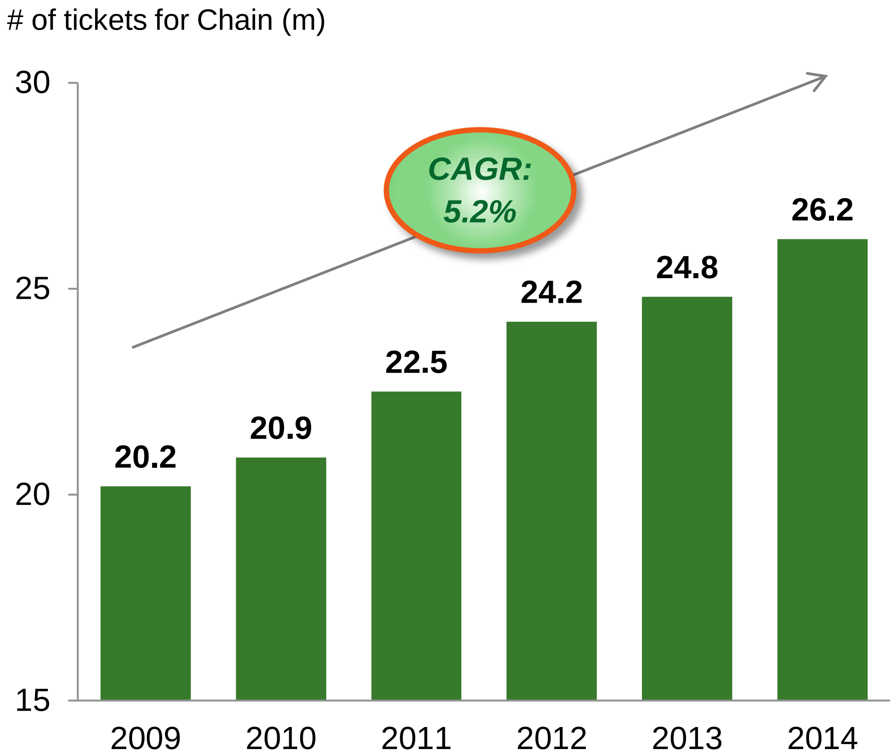
Overview of store portfolio[1]

Store category (sqm[2])	<900	900-1,200	1,200-1,500	>1,500	Total
Number of stores	52	116	36	16	220
- of which rural / town (%)	77%	84%	53%	25%	73%
- of which city (%)	23%	16%	47%	75%	27%
Owned stores (%)	62%	64%	78%	94%	68%
Average store size (sqm[2])	811	1,058	1,322	2,205	1,126
Seasonal space (sqm[2])	~100	~150	~200	~250	~200
Avg. EBITDA margin (contribution to Company)[3]	14.4%	14.0%	12.7%	12.0%	13.6%

General note: Please refer to page 3 for important terms and definitions that apply on this page.
1. As of year end 2014 2. Conversion rate to square feet 1:10.7639. 3. EBITDA for each store on a Company basis (excluding certain overhead costs for the "Total" column).
Source: Company data as of December 2014

Large and growing customer base with high brand awareness

Growing customer base



High brand awareness

*"Europris is an iconic Norwegian brand with more than **90% awareness**, being the top-of-mind mixed retail chain in Norway"*

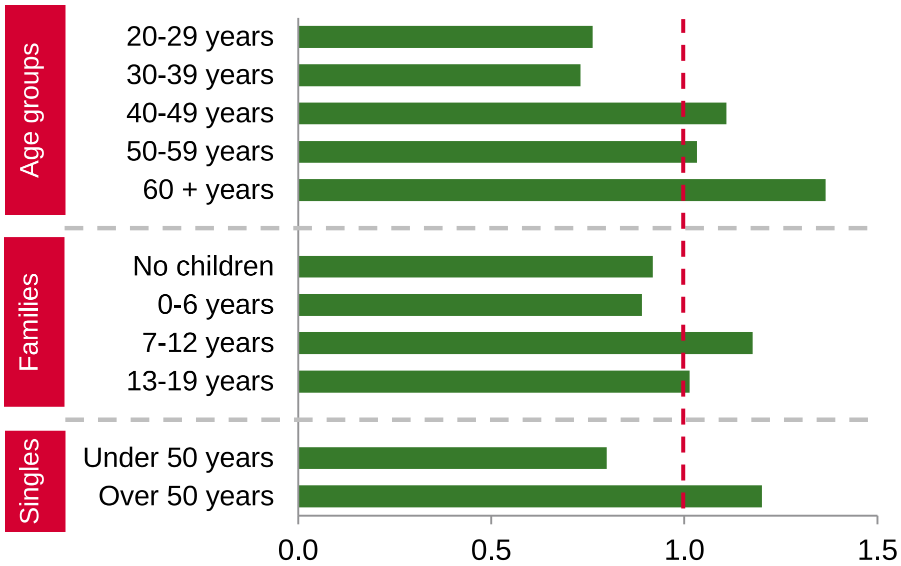
tns gallup

Source: Europris

Who are our customers?

Customer demographics[1]

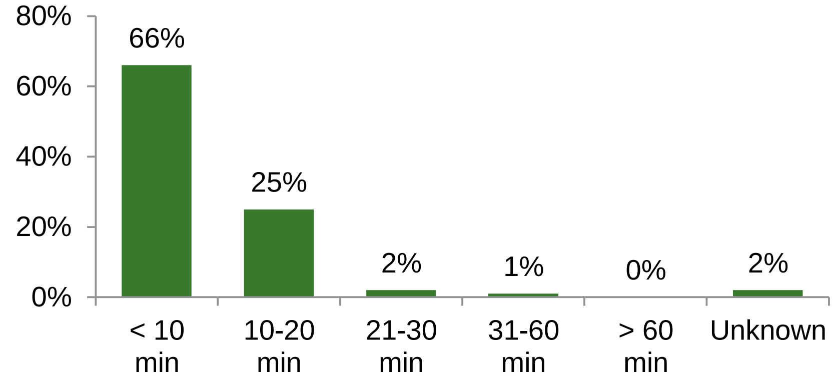
Relative preference for shopping at Europris (1=average)



- Strong position across a wide demographic
- Particular strength within the customer groups with the highest purchasing power – the 40+ segment

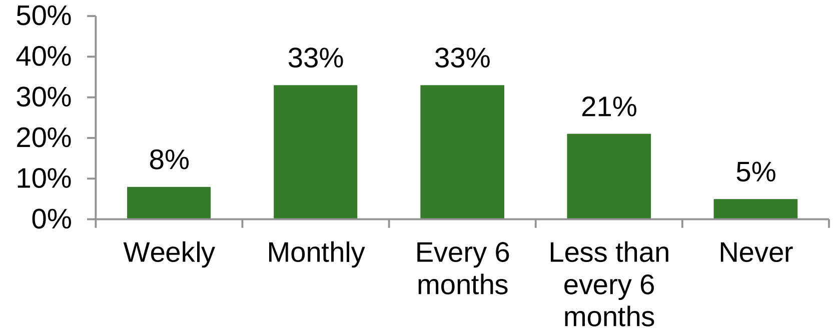
How far do customers travel?

Travelling distance to nearest Europris store (% of respondents)[2]



How often do they visit?

How frequent do people shop at Europris (% of respondents)[2]



1. TNS Gallup survey including 45,000 phone interviews and 13,000 postal interviews.
2. MediaCom survey with 1,300 respondents over 15 years of age that have heard of Europris and have a store in proximity to where they live

Market winning retail model

Clear category strategy

7 focus "Destination" product article groups[1]

Personal Care

Laundry & Cleaning

Candy & Chocolate

Petfood & Accessories

Home Storage

Socks & Underwear

Candles & Napkins

Seasonal

+40% of sales[2]

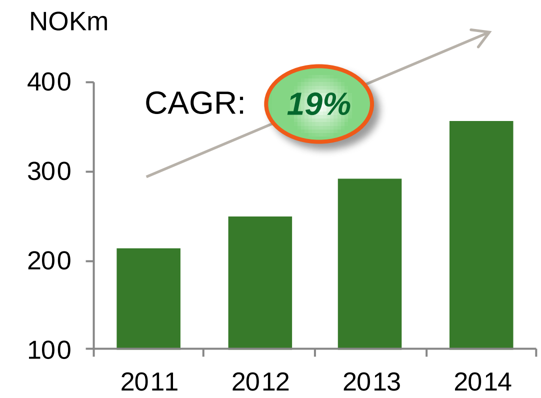
- 12 main categories – 7 specific "Destination" areas to drive traffic
- Prominent positions in stores
- Proven category management models
- Low ticket items
- Seasonal offerings across all categories underpin category strategy

1. Please see 12 main product categories on page 12. Home Storage and Candles & Napkins are included in the Home & Kitchen category. Socks & Underwear is included in the Clothes & Shoes category. 2. For 2014
Source: Europris

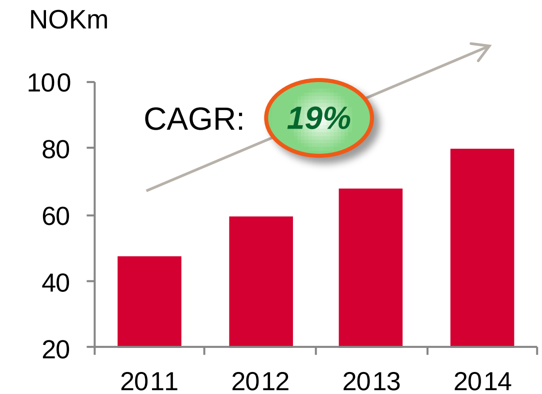
Proven category management tools
Execution exemplified: Personal Care

1. Assortment optimisation
2. Redesigned packaging
3. Campaign development
4. Revitalised marketing
5. Improved in-store communication
6. In-store optimisation

Sales development



Gross profit development



Source: Europris

Europris is Norway's largest seasonal store

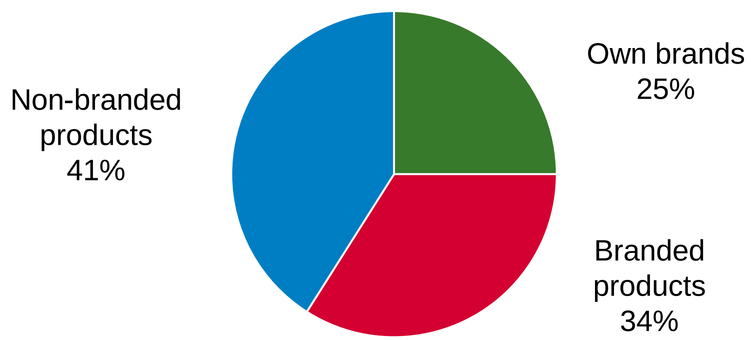
- Average of approximately 200m^2 of selling space dedicated to seasonal offerings
- Management believes no other retailer in Norway has the same flexibility and dedication

- Nationwide network of stores and unmatched scale ensures ability to effectively communicate the message to "all" consumers
- Example: *"All of Norway's Easter store"*

Source: Europris

Own brands and leading brand offerings

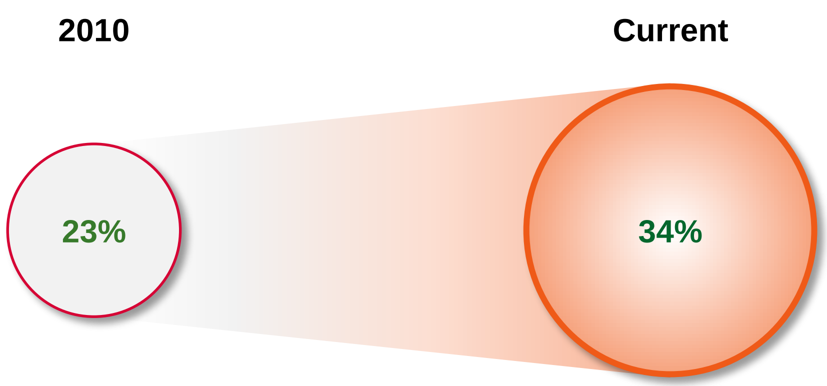
Product mix to drive both traffic and margins[1]



Affordable own brands (examples)

Groceries | Leisure | Textiles | Home | Handyman

Leading brands important to drive traffic[2]



Building brands in the local market

- Leading UK brand in paint brushes and decorating tools
- High quality product previously largely unknown in Norway
- Europris has established Harris as a fully adequate substitute to the market leader
- Active use of “expert campaigns”

1. Last twelve months sales figures. 2. Share of branded products
Source: Europris

Market winning retail model

Fully integrated, low cost operating model

1 Sourcing → **2 Logistics** → **3 Marketing** → **4 Stores**

1. Sourcing: *22 years of sourcing experience from low cost countries*
2. Logistics: *Highly efficient setup with nationwide reach*
3. Marketing: *Unmatched scale and integration*
4. Stores: *Cost efficient locations and operations*

Source: Europris

1

Differentiated sourcing model

Smart sourcing is in our DNA

The Europris DNA

Opportunistic spirit

Innovative approach

Bargain hunters

Relationship driven

Highest ethical standards

The Competitive edge

22 years sourcing experience from low cost countries

Longstanding relationships with high quality producers

Direct access to the local end producer

Strong product knowledge

High value chain flexibility and fast execution

Source: Europris

Strong sourcing organisation with dedicated responsibility throughout the value chain

End-to-end responsibility

Knut Spæren
Purchasing Director

Interior & textiles | **Groceries** | **Sports, Tools & Leisure**

Highly experienced and enthusiastic organisation of 45 employees with strong local relationships and deep category expertise

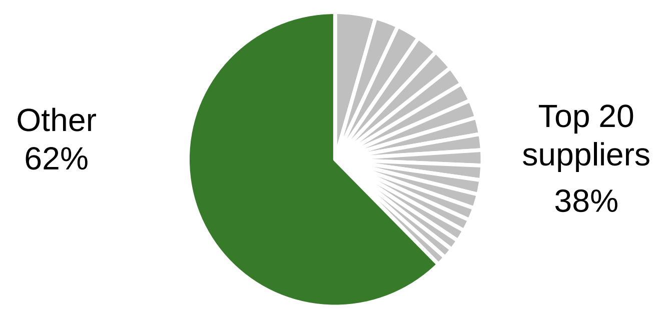
Content | **Sales** | **HSE** | **Replenishment**

- Responsible for margins throughout the value chain
- Category strategy and in-store product solutions
- From sourcing to operative replenishment
- A highly motivated and experienced team

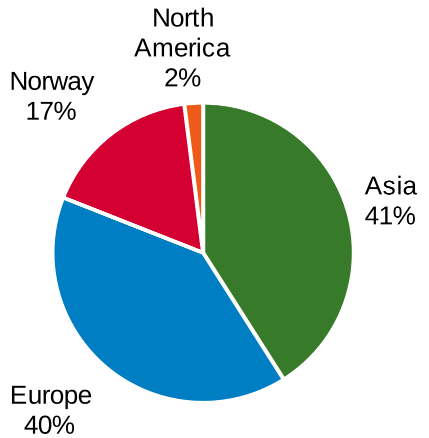
Source: Europris

High degree of sourcing flexibility

Suppliers by COGS in 2014



Suppliers by geography in 2014



- Long term relationships with key suppliers based on 22 years of sourcing experience
- Large part of assortment sourced from low cost countries in Asia and Europe
- Diverse supplier base – no supplier accounts for more than 5% of total purchases
- Highly competitive pricing
- Buying power further increased by newly established JV with Tokmanni

Strategic sourcing and value chain initiatives

Sourcing JV with Tokmanni in Shanghai

- Europris and Tokmanni cooperation to improve Low Cost Country Sourcing ("LCCS") since 2013
- Solid results in several categories, but still significant potential
- Only 75% of sourcing volume defined in project covered so far
- Over NOK 50m in annual savings already secured

Improved Sourcing Project

- Renegotiate contracts with major brands
- Continue to eliminate LCCS agents/ intermediates
- Move additional products to low cost countries
- Evaluate new purchasing alliance in non-fresh food

Highly experienced local organisation

14 employees in total

Magnus Brofelth
General Manager

- **Quality Manager**
  - **Quality Engineer & Merchandiser**
- **Financial & HR Manager**
- **Senior Sourcing Manager**

5 *Sourcing managers*

4 *Sourcing assistants*

Sourcing advantage proven: Price, quality and documentation

Europris MER TIL OVERS

VG

Produkt (kategorier)	Brannsikkerhet	Merking	Pris	Kommentar fra NEMKO
Kategori: Lyskjeder				
Clas Ohlson - LED string light (6 meter)	Godkjent	Riktig merking	129,00 (21,5 kr per meter)	
Jula - string lights LED (4,1 meter)	Godkjent	Riktig merking	99,90 (24 kr per meter)	
Europris - lyskjede LED (3,9 meter)	Godkjent	Riktig merking	49,00 (12,5 kr per meter)	Billigste blant lyskjedene uten mangler - BEST I TEST i denne kategorien. BEST I TEST
Kremmerhuset (1,95 meter) - lyslenke	Godkjent	Feil - INGEN merking!	69,00 (35 kr per meter)	Dyrest blant lyskjedene - flest mangler. Dårligst i test i denne kategorien! DÅRLIGST I TEST
IKEA (9,1 meter) - LED lysslynge	Godkjent	Delvis feil - har ikke merket med advarsler på merkeskilt	98,00 (10,76 kr per meter)	Billigst i lyskjede-kategorien - men med feil.
Kategori: Juletrelys - innendørs				
Clas Ohlson - Konst Smide- 16 lys	Godkjent - men av dårlig kvalitet*	Feil - noe merking skal være på kjeden til enhver tid. Her mangler det noe merking	179,00 (11 kr per pære)	*Kabelen er usedvanlig stiv og uhåndterlig. DÅRLIGST I TEST i denne kategorien. DÅRLIGST I TEST
Jula - 16 lys	Godkjent	Delvis feil - merking er der, men er forvirrende. Kan være dårlig	99,90 (6 kr per pære)	
Europris - 20 lys	Godkjent	Riktig merking	99,00 (4,95 kr per pære)	BEST I TEST i denne kategorien - billigst og uten mangler. BEST I TEST
Jernia - 16 lys	Godkjent	Riktig merking	99,00 (6 kr per pære)	Kjøpt på halv pris.
Kategori: Juletrelys - utendørs				
Clas Ohlson - Konst Smide - 16 lys	Godkjent - men av dårlig kvalitet*	Feil - noe merking skal være på kjeden til enhver tid. Her mangler det noe merking.	199,00 (12 kr per pære)	*Kabelen er usedvanlig stiv og uhåndterlig. Når denne er utsatt for minusgrader over tid blir denne sprø og skjør. Skjer dette er det ikke kritisk, men lyskjeden må kastes. DÅRLIGST I TEST i denne kategorien. DÅRLIGST I TEST
Jula - 25 lys	Godkjent	Riktig merking	199,00 (7,96 kr per pære)	
Europris 25 lys	Godkjent	Riktig merking	179,00 (7 kr per pære)	BEST I TEST i denne kategorien - billigste lys uten mangler eller feil. BEST I TEST
Jernia - Konst Smide - 16 lys	Innenfor kravene - men kan bli varm nok til å antennes!	Riktig merking	109,50 (6,84 kr per pære)	Kjøpt på halv pris, derfor billigst - dog veldig varm (akkurat innenfor kravene). Ved temperaturmåling er verdiene veldig nær grensene. Dersom fire pærer går på dette produktet, og kjeden fortsatt lyser, blir temperaturen på pæren opp mot 120 grader.

SLIK TESTET VI

- NEMKO (Norges Elektriske MateriellKontroll) har for VG testet 13 ulike julelys på det norske markedet. Vi har testet innenfor tre kategorier: ■ Lyskjeder ■ Juletrelys for innendørsbruk ■ Juletrelys for utendørsbruk
- VGs journalist handlet inn et utvalg juletrelys for innendørs og utendørsbruk, i tillegg til lyslenker, i flere norske kjedebutikker 3. november. Innendørs- og utendørslysene ble handlet inn på Clas Ohlson, Jula, Europris og Jernia. I tillegg ble lyslenker handlet inn på de samme butikkene – dersom de solgte lyslenker. I tillegg ble lyslenker handlet på to ytterligere butikker, der de ikke solgte juletrelys – men kun lyslenker – Kremmerhuset og Ikea.
- Prisen på lysene er basert på pris per meter lys på lyslenkene, og pris per pære på juletrelysene.
- Testvinneren (Europris) og testtaperen (Clas Ohlson) er basert på om produktet har riktig merking, pris og brannsikkerhetsbemerkninger fra NEMKO.
- Lysene på Jernia ble kjøpt på halv pris – da de kun hadde disse på lager.
- Nemko har brukt den internasjonale og europeiske sikkerhetsstandarden IEC/EN 60598-2-20 som grunnlag når de har analysert og gått igjennom VGs utvalgte produkter. Dette er kravene lysene er sjekket opp mot:
- Er det merket riktig? ■ Hvordan er den generelle utførelsen?
- Avstander mellom spenningsførende deler •Krav til ledningene
- Beskyttelse mot elektrisk støt# Temperaturtester
- Beskyttelse mot vann og støv# Krav til plastmateriale
- Nemko tar forbehold om at det alltid er tolkninger i en kravstandard. Nemko og andre sertifiseringsselskaper kan derfor gjøre forskjellige vurderinger i enkelte tilfeller.

Low price and no faults – best in test in <u>all</u> categories

Note: Please see details of study in appendix
Source: VG

We take CSR seriously

We focus on the environment

We care about our employees

We support our surroundings

Eco-Lighthouse certified

Energy consumption

Effective packaging

Sorting of waste

Effective logistics

Employee well being

Inclusive workplace

Focus on Occupational Safety and Health (OSH)

Ethical Trading Initiative Norway

Internal ethical guidelines

Rigorous selection of producers

Local engagement and support

2

Efficient logistics setup

Highly efficient logistics setup with central warehouse in Fredrikstad

Central warehouse in Fredrikstad

Location	Sqm
Central Warehouse*	**30,000**
Hjalmar Bjørgesvei*	**16,700**
Værste	7,000
Harbor storage	5,700
Bredmyra (Sarpsborg)	2,900
Kampenv. (new 2015)	11,500
Total	**73,800**

- Operated using modern WMS software (by Astro)
- Pick-by-Voice technology
- Immediate proximity to Fredrikstad Harbour
- Buffer storage during peak-seasons
- 85% fixed staffing - 1 shift staffing

- Several successful initiatives have reduced capacity needs to allow potential for further growth
- Several additional tangible initiatives identified for further optimisation within the base, seasonal and campaign assortments
  - ✓ Improved timing and shipment size
  - ✓ More efficient realisation
  - ✓ Direct delivery and cross docking
  - ✓ Improved timing for inbound goods
  - ✓ Better phase in/out of SKUs
  - ✓ Optimised safety stock
- Current setup supports the Company's business plan
- Potential opportunity for new warehouse setup from 2018, which could improve efficiency further

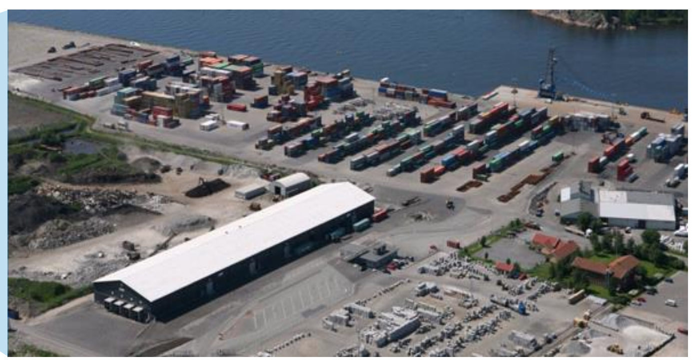
* Main warehouses

Source: Europris

Efficient flow of goods to nationwide store network in Norway

Shipping and land transport routes

- Nor Lines handles sea freight (approx. 30% of total volumes), which is significantly less expensive than by truck and more environmentally friendly
- Very high fill rate of over 90% on truck transport
- 85-87% of goods sold are sourced through own wholesale setup
- Low degree of separate deliveries directly to stores

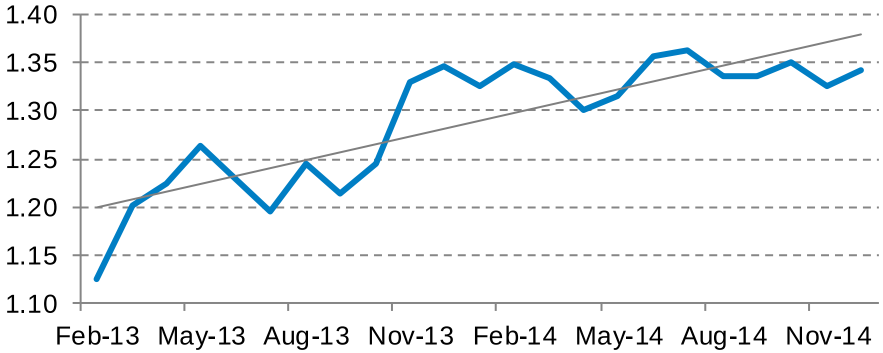


Highly efficient set-up at Fredrikstad Harbour with close proximity to central warehouse

Initiatives to further improve efficiency

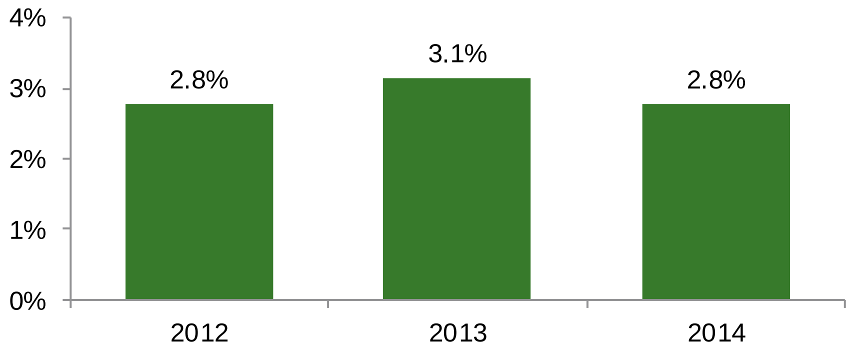
Significant improvement in key KPIs

Example: Packing efficiency – m^3 per pallet



Transport and Distribution cost

Transportation/distribution cost as % of Company revenue



Improvement initiatives

- “Evening” deliveries to stores
- Pick-routes as per shop planograms
- Quality control at central warehouse
- Split deliveries to stores during peak season
- New order management system facilitating automatic ordering

- Reduce waste
- Reduce handling at CW
- Reduce handling at store
- Optimise shipping
- Reduce breakage

ORDER MNGT SYSTEM

- Automatic ordering
- Upstream tracking
- Order management booking
- Vendor performance
- Carrier performance

Source: Europris

3

Effective marketing strategy and optimised in-store presentation

Main focus on direct marketing supported by follow-up ads across other channels

Direct marketing

- Main marketing focus on effective direct marketing leaflets
- Weekly distribution
- Cementing price leadership position
- Reaching "bargain hunters" with attractive campaigns and promotions

Direct marketing follow-up

- Increased marketing focus going into the weekend
- Various nationwide online and offline channels to support the direct marketing leaflets
- Radio proven as efficient complimentary channel

Direct Marketing to drive footfall

Focus on the season

"Guarantees"

7 "Destination" areas

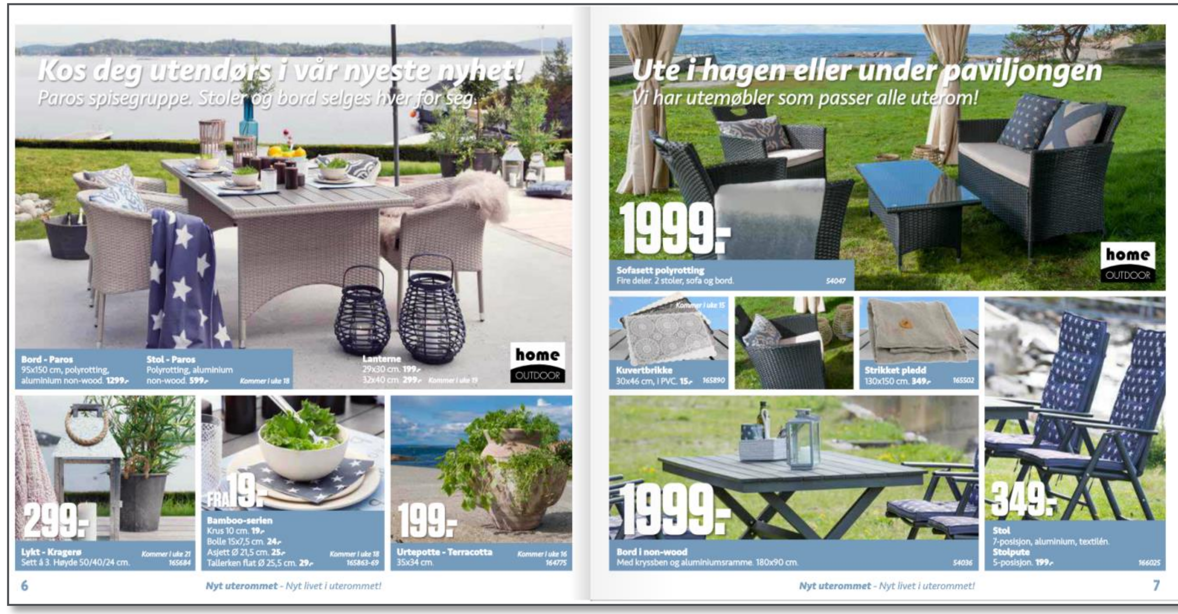
Great deals throughout the week – multiple visits

Follow-up through the week

Clear bargains

Leading brands at great prices

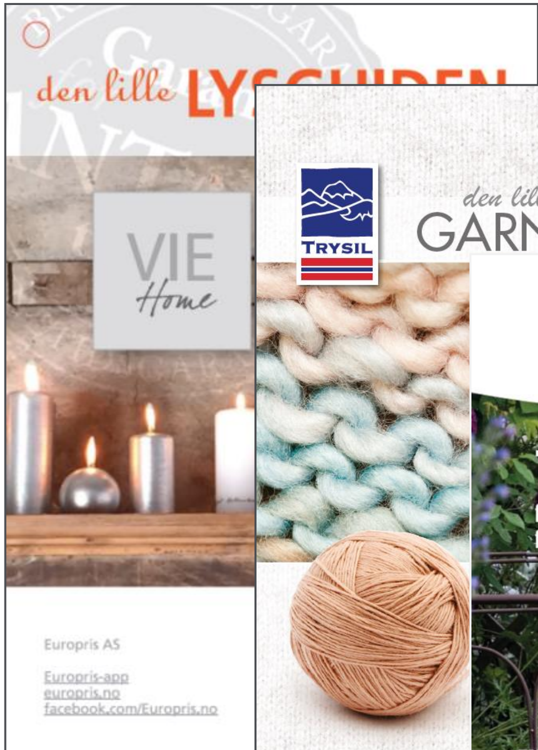
Dedicated catalogues to support the seasons



- Seasonal catalogues with complete assortment overview for a certain category
- Strengthens Europris position as Norway's seasonal store
- Typically distributed as a 30-50 page magazine with 400-600,000 copies – also available online
- Summer/Spring and Christmas editions – Fall edition new for 2015

Strengthening the Europris image with inspiring ads using category experts

Candles



Knitting

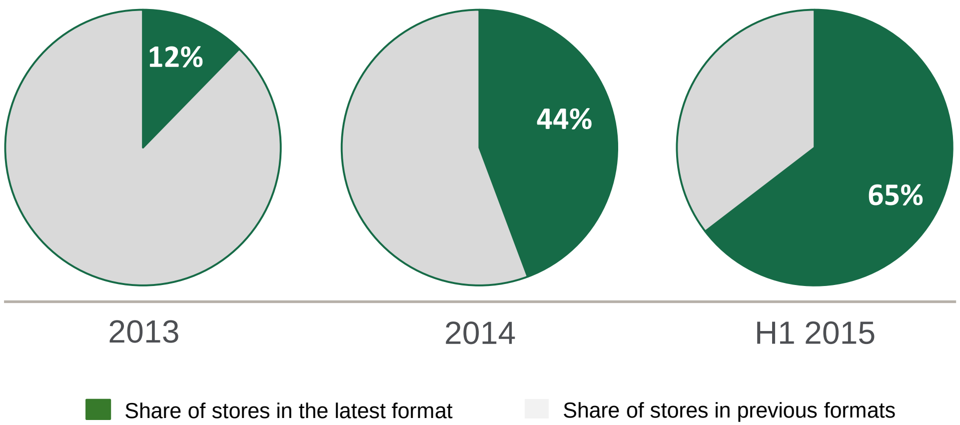
Gardening

- Supports the season and category
- Strengthens credibility versus speciality retailers
- Increased focus on reaching female readers

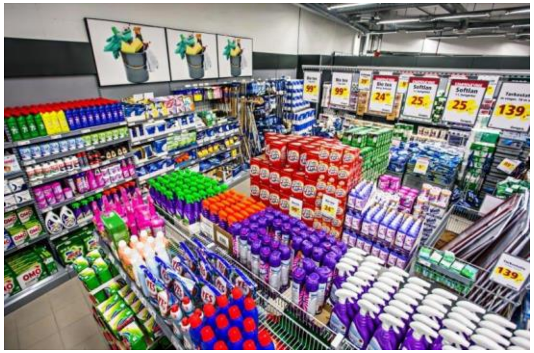
Pets

Massive modernisation programme to improve in-store communication with strong results

75-80% of own stores modernised by the end of 2015



- 51 projects completed in 2014 and 36 in H1 2015
- Average investment for a store modernisation to 5th generation lay-out is approximately 0.9m
- Strong return on investment based on significant uptick in LFL growth following store modernisations



Laundry & Cleaning

Clothing & Shoes

Personal Care

Source: Europris

4

Strong store operations

Focus on execution

Work to increase the basket size

We strive to sell more high margin products every day

Three key focal points for success

1

Operational quality

Motivate purchases – upselling – campaigns - mood

2

Largest on seasons

Every season is its own project

3

Improved profitability in every store

Personnel efficiency – margins – profitability plan

This is where the shopping experience begins

Walking through the store – Entrance area

Outside of the store

"Leaflet area" – promoting selected SKUs used in Direct Marketing

Walking though the store – Category areas

Personal care

Clothing & shoes

Cleaning

Grocery

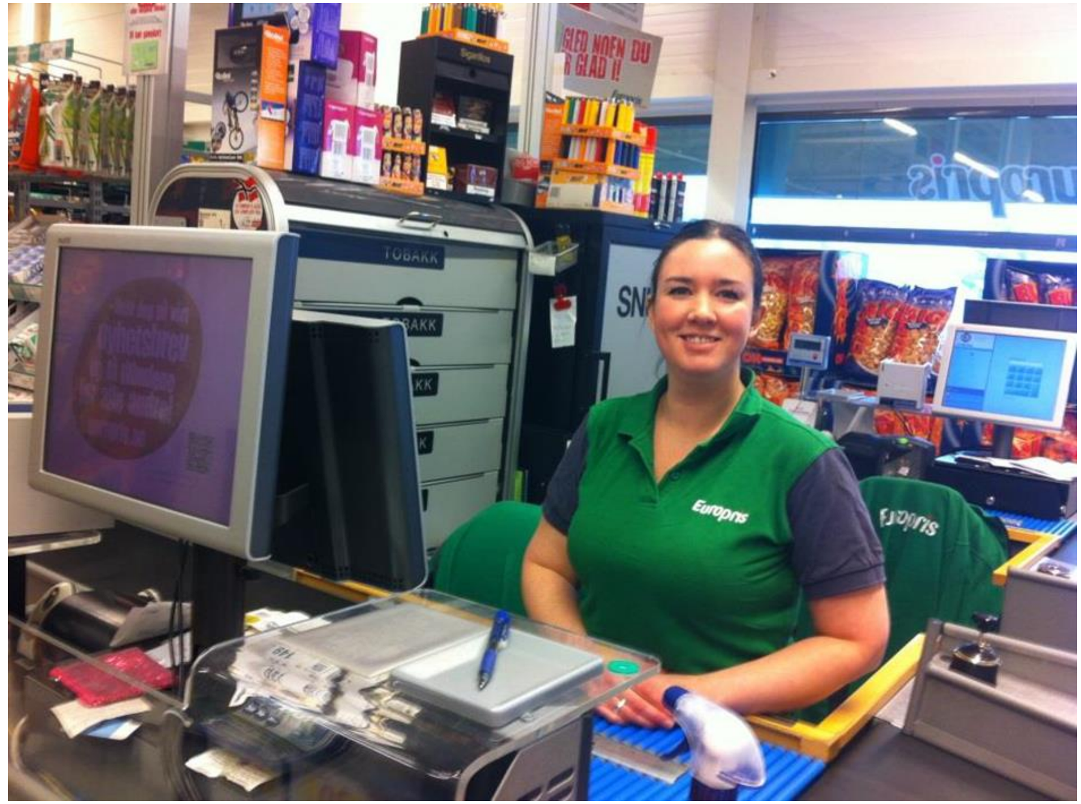
Handyman

Pets

Walking though the store – Exit area

Last chance area

Check out



New basket size focus area every second month to improve execution within key areas

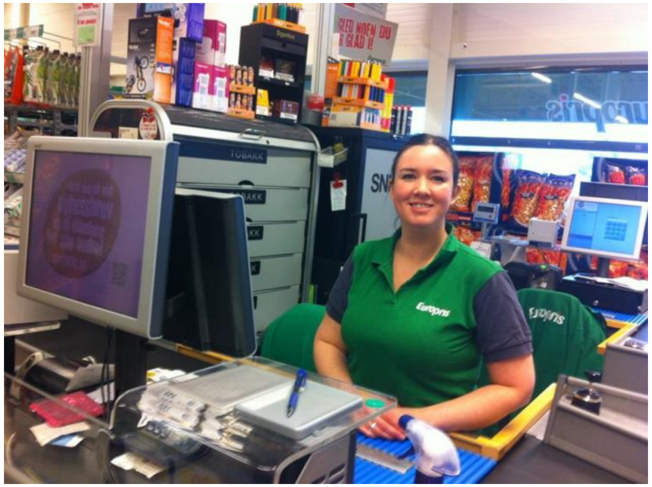
2015

January	February	March	April	May	June

- Leading brands location with billboards clearly visible from the normal pathway/active use of gondala ends

- Cross-selling initiatives

- Store service and customer experience



Potential for last minute basket size increase

"Last chance" stand

Why?

- Last minute basket increase
- Impulse shopping

How?

- 2 pallets immediately prior to checkout
- One decided centrally, one locally

Product selection

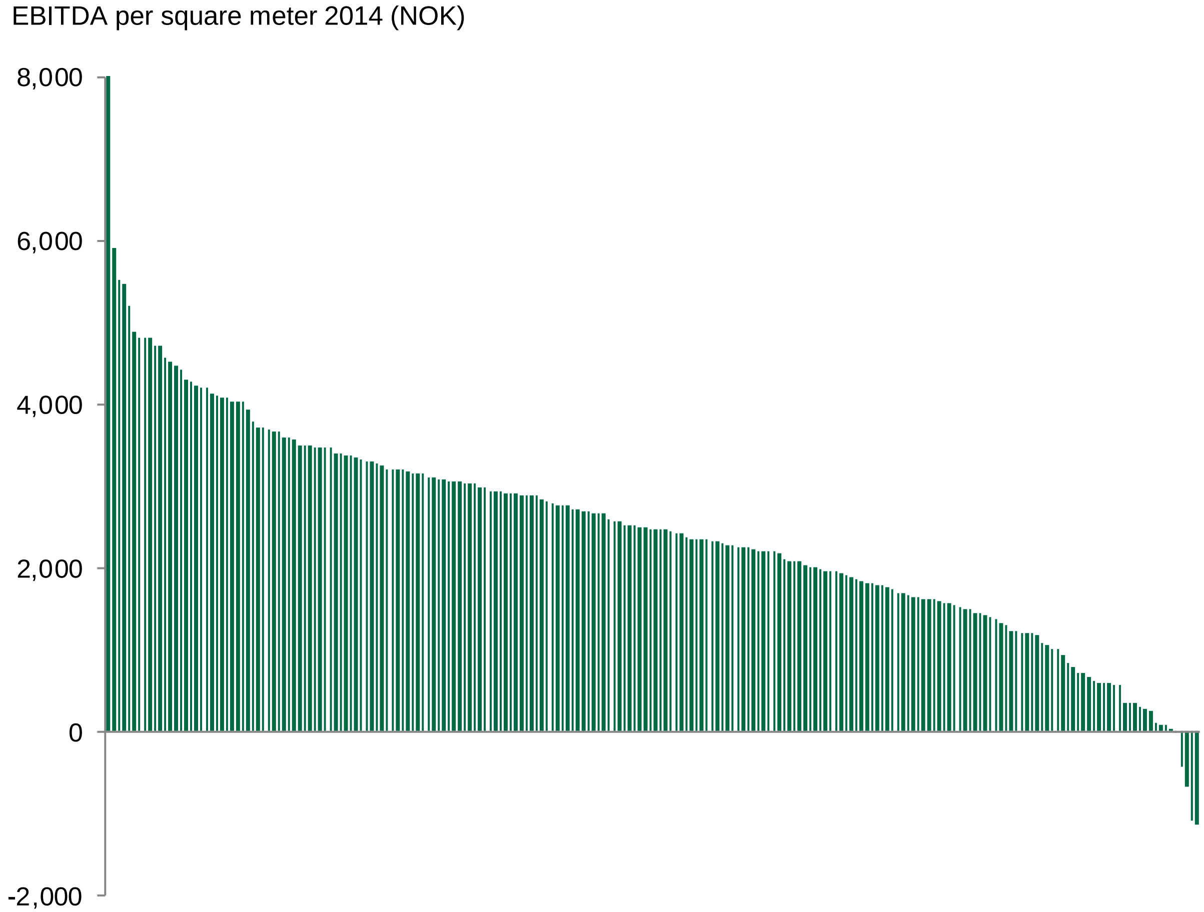
- Can potentially reach 100% of the customers
- Limited SKUs to create maximum attention

"Last chance" product schedule H1 2015:

"Last chance" area products H1 2015	Suggested upselling products	Week 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Dent		■	■																		
Babywipes 3 pack	*Cotton sticks*			■	■																
Antibacterial hand cleaning	*Wipes*			■	■																
New Energy						■	■														
Tooth brush 3 pack	*Cotton pads*							■	■												
Tooth paste 2 pack	*Tooth pick*							■	■												
Cube candles	*2 pack lighter*									■	■	■	■								
Frisk bigpack														■	■						
Hazel bread																■	■				
Shoe care																		■	■		
3 pack reading glasses	*Screen cleaner*																			■	■
Glass cleaning	*Screen cleaner*																			■	■

Solid returns across the store portfolio

EBITDA per square meter for stores opened before 2014[1]



- Proven concept – proven profitability – nationwide
- 207 out of 212 stores profitable[1]
- Strong focus on improving low performing stores

Source: Europris
1. Stores opened before 2014. Also including franchise stores; contribution to Company EBITDA.

How to improve everyday execution?

Continuous store optimising

- Frequent and regular visits by district managers
- Focus on best practise, checklists and status reports
- Hands-on leadership teams
- Product expos and seminars creating enthusiasm

Improve review process structure

- Well prepared managers
- Two annual full store reviews
- Mini checklists during short visits and follow-ups
- Motivate and create enthusiasm!

"Europris employees should have fun at work!"

Highly interactive e-learning platform

We will remain champions of the seasons!

Europris MER TIL OVERS

Focus on exceptional season execution

Timing examples based on Christmas season

Close follow-up

(detailed "FOCUS" follow-up twice a week)

Seasons organised as stand-alone project initiatives

(t – 9 months)

Company wide planning to ensure efficient sourcing, marketing, logistics and sales

(t – 8 months)

Seasonal kick-off seminars

(t – 3 months)

Training and district execution planning

(t – 2 months)

Execution planning in the stores

(t – 2 months)

Facilitate for cooperation between stores

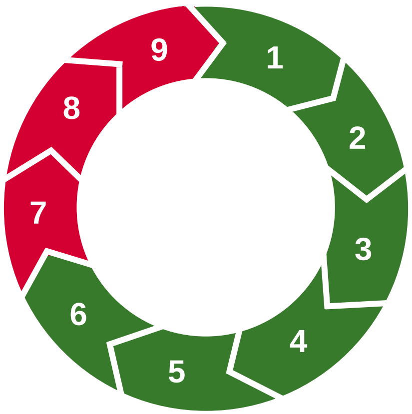
(t – 3 months)

Picture updates

(weekly or every other week during season)

Competition between stores

(*ongoing schedule throughout the season)*



Preparation Execution

Christmas season

Easter season

2014: Christmas season began 09:00 3 Nov – across all Europris stores!

Preparation started for stores: 26 February

Season launched: 3 November

LFL growth in Dec: 13.6%

Store activity and preparation

Jan	✓ January sale
Feb	✓ Winter holiday
Mar	✓ Easter
Apr	✓ Preparation of summer holiday
May	✓ Summer collection
Jun	✓ Preparation of summer sale
Jul	✓ Summer sale
Aug	✓ Back to school / winter collection
Sep	✓ Christmas preparation / Autumn expo
Oct	✓ Halloween
Nov	✓ Christmas season / January sale preparation / Black Friday
Dec	✓ Fireworks


Summer


Easter

Constitution Day


Christmas

IV. Strong platform for continued revenue and earnings growth

We have come far, but we want more!

Europris MER TIL OVERS

Two core drivers of the Europris 2020 business plan

Category Management supporting LFL growth		Focused new store rollout programme	
LFL growth 2014[1]:	*7.0%*	Net new stores 2014:	*7*
LFL growth H1-15[1]:	*6.2%*	Planned net new stores 2015:	*10*

General note: Please refer to page 3 for important terms and definitions that apply on this page.
1. Based on Chain sales, which includes franchise stores

Building blocks for sustainable LFL growth

Europris MER TIL OVERS

1 Category management

Clothing & Shoes | **Home & Kitchen**

Full focus on two high-potential categories (Clothing & Shoes and Home & Kitchen) while continuing success in the others

2 Own brands and leading brand offerings

Improved own brands

Building leading brands

3 Optimised marketing strategy

2008

2012

2014

Accredited authorities

4 Unprecedented store modernisation program

75-80% of own stores modernised by the end of 2015

Source: Europris

1 Proven category management tools to grow underperforming categories

Category	Main improvement levers

Home and kitchen

- Match category structure and roles to actual customer behaviour
- Rethink merchandising and improve in-store operations
- Review assortment and product placement to maximise SKU productivity
- Optimise pricing based on product role to drive traffic and build profits
- Review promotion tactics to match with customer preferences

Occasion based displays

Clothing & Shoes

- Develop core sub-categories (e.g. Socks & Underwear)
- Increased seasonal focus for low performing sub-categories
- Reorganise space to prioritise high performing categories

Own brands and leading brand offerings

Focus on own brand quality perception

Abrasive

Window cleaner

Detergent

Introduce leading exclusive brands

Harris®

- UK market leader with high quality products
- Europris has exclusive rights to sell in Norway
- Price points on average well below market leader

Experts

Segmentation

ELITE *PRO* *SELECT*

Source: Europris

Optimised marketing strategy

Continuously improve direct marketing

2008

2012

2014

Use of experts

30 days satisfaction guarantee

"100% satisfied or get your money back"

Online and digital marketing

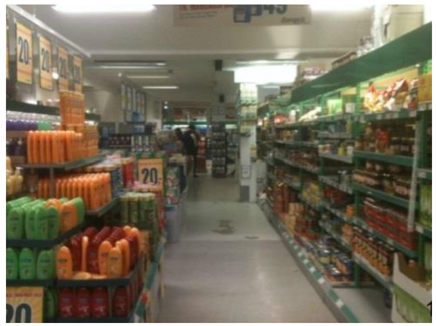
Internet ad supporting the direct marketing

Europris app

4 Extensive store modernisation program

Massive improvement of layout and appeal

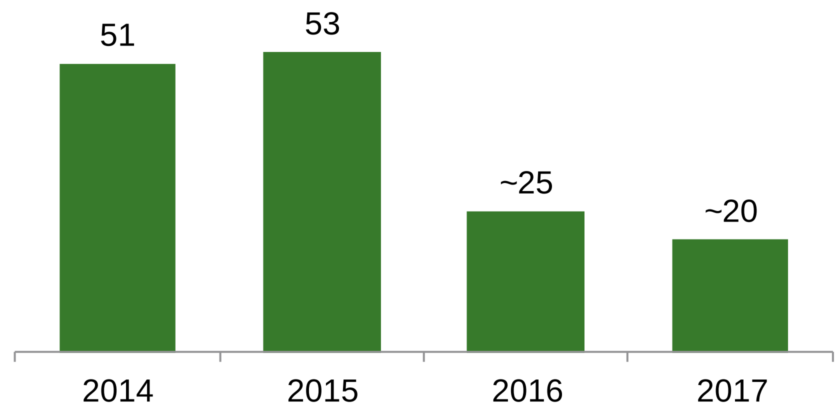
Before modernisation



After modernisation

Extensive modernisation program with strong results

of store modernisations and relocations

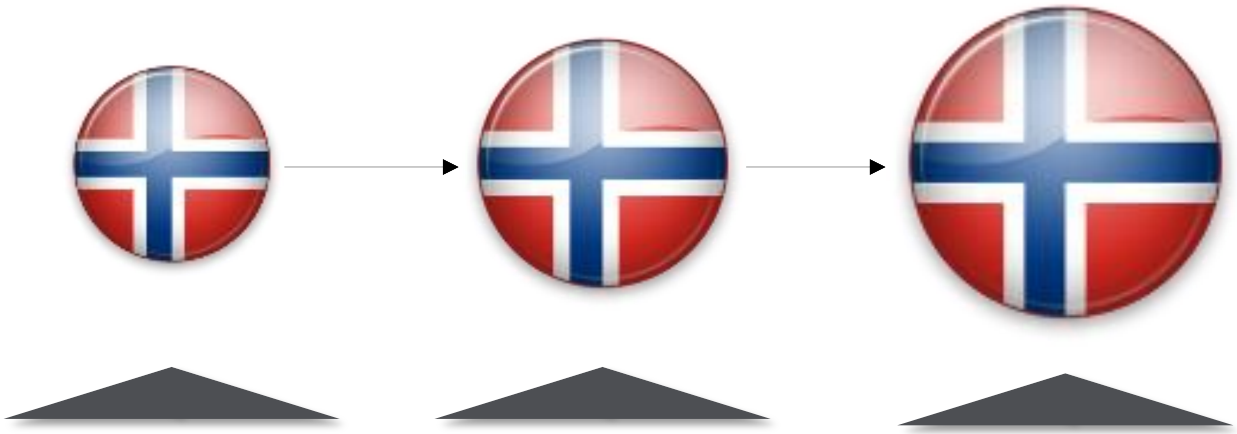


- Average investment for a store modernisation to 5th generation lay-out is approximately 0.9m
- Strong return on investment based on significant uptick in LFL growth following store modernisations

Source: Europris

Significant "white spot" potential in the Norwegian market

Current	2020 year plan	After 2020
220 stores[1]	Rollout plan leading to ~270 stores	Significant remaining potential



Rigorous site selection process

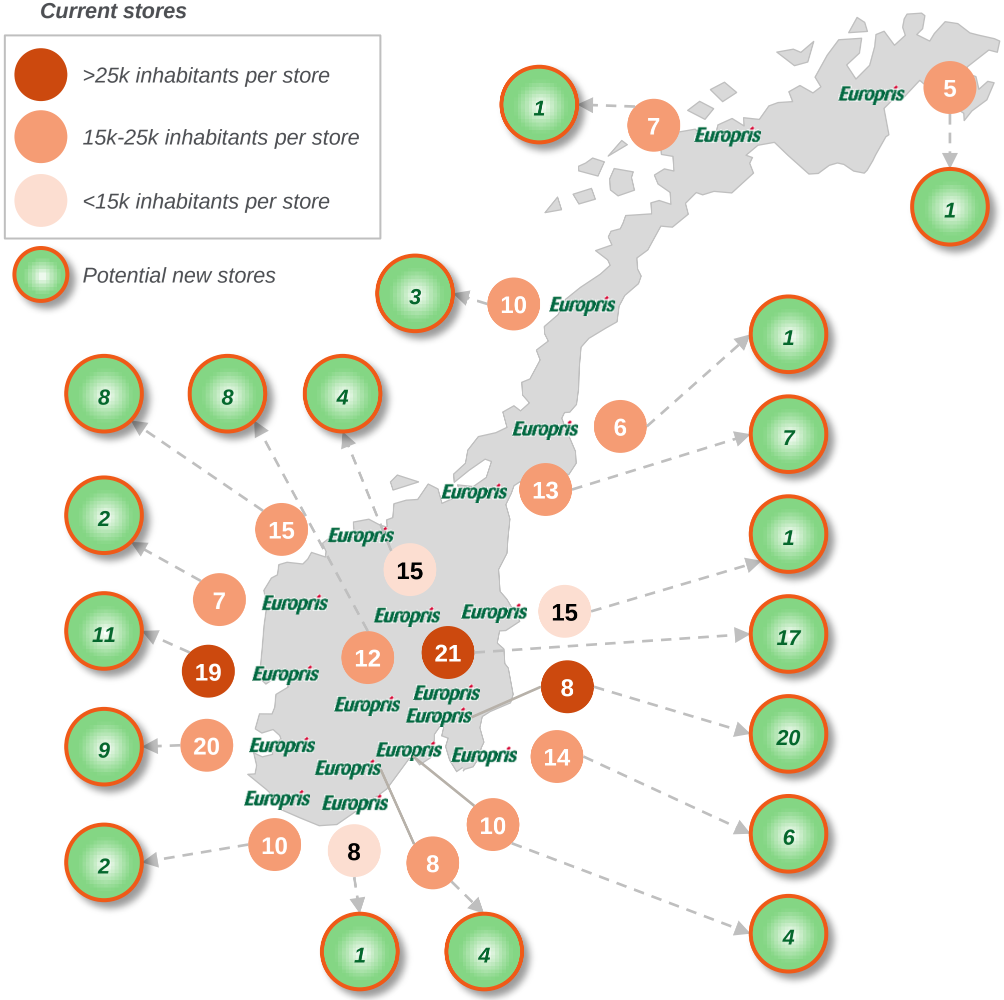
- Catchment area analysis
- Strict adherence to detailed financial criteria
- Historical data as input for future decision making
- Cannibalisation closely monitored and analysed

- ~110 potential new locations above current base
- Ambition to establish 8-10 stores annually towards 2020
- Focus on city stores
  - Higher value than rural stores
  - Europris is currently underpenetrated
- Additional plan of 10-12 annual relocations and extensions

Source: BCG, Europris
Note: 1. Year end 2014

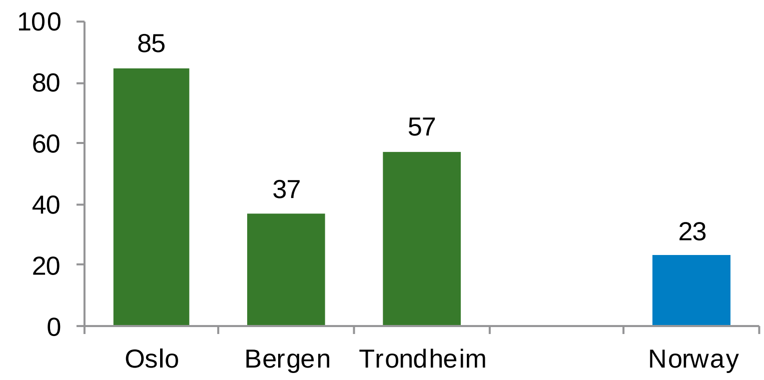
Significant remaining potential both in high value cities and in rural and town locations

~110 potential new locations



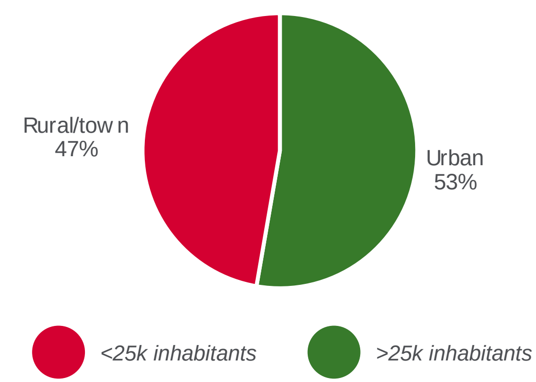
Sales densities in large urban areas

Total population divided by current Europris stores (Thousand)



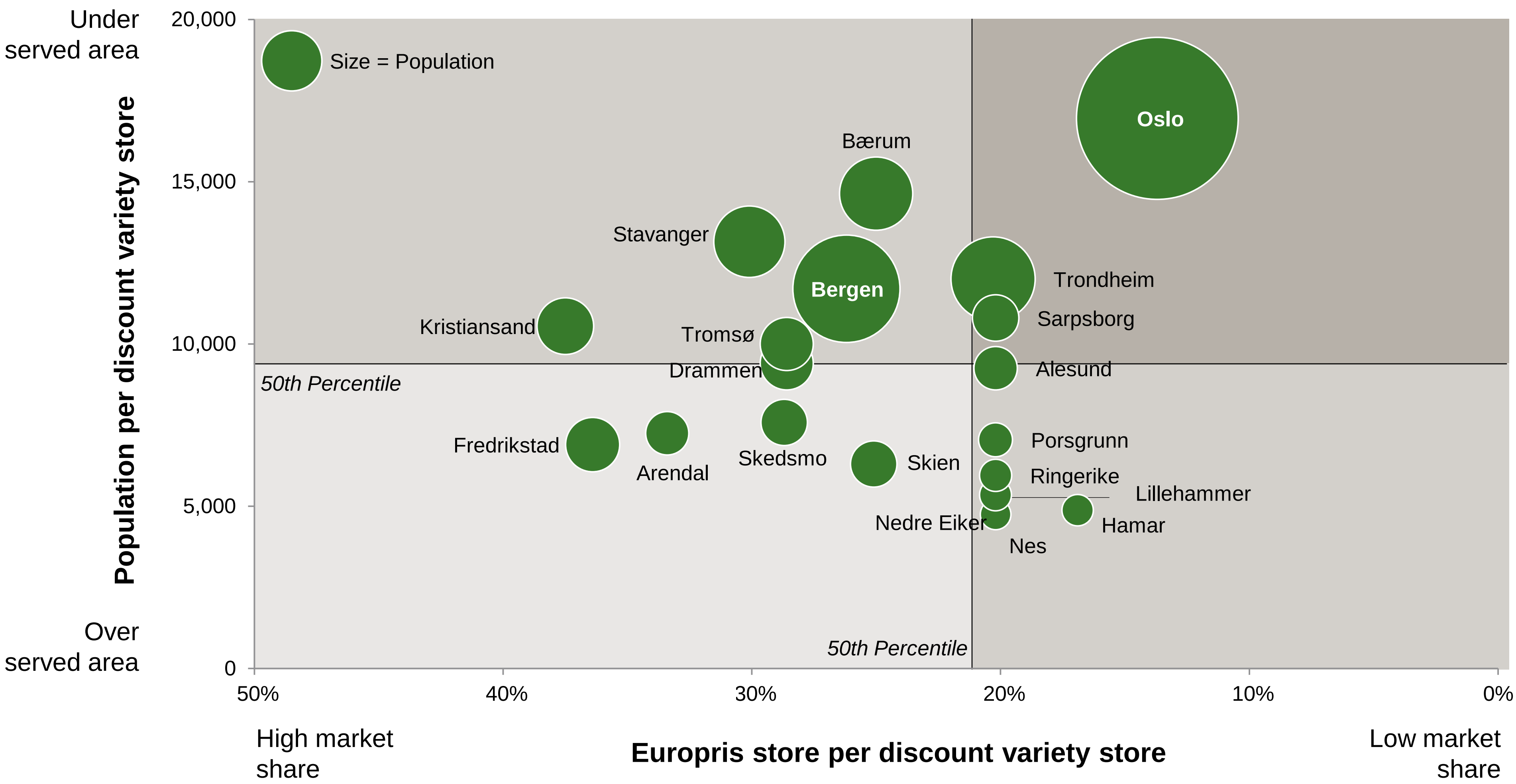
Both urban and rural/town locations

Potential locations split by type (%)



Source: Europris

Further substantiating the remaining potential in higher value urban areas



Note: Competitors in the analysis include nille, Clas Ohlson and Coop Obs
Source: Europris

Rigorous approach to site selection

Identified drivers of revenue per store

Revenue potential

n=156

No. of Customers

- Population density within 5 minutes drive: ++
- Net Sales Area (m2): ++
- Share of +45y olds in regions: +
- Proximity to other discount variety retailers: –

R^2 ~45%

Average Basket Size

- Minutes driving to nearest Europris store: ++
- Net Sales Area (m2): ++
- Store Manager Assessment: +
- Proximity to other discount retailers: –

R^2 ~43%

Positive coefficient Negative coefficient

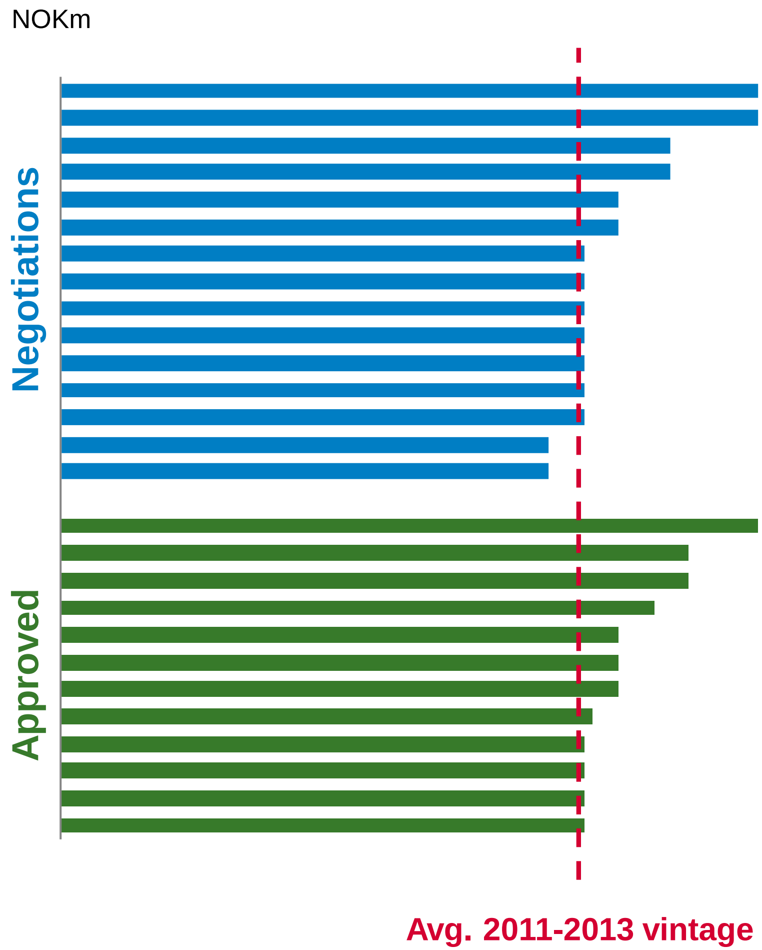
+/- Relative weighting

- Detailed statistical analysis of existing store base to understand drivers of revenue potential for new stores and relocations
- Revenue potential important driver of store profitability
- New sites must fulfil rigorous financial criteria
- Potential cannibalisation of nearby existing stores included in every business case for a new store opening

Source: Europris

No diminishing returns on store roll-out

Estimated first year sales – 27 near term prospects



- Estimated first year sales for the vast majority of the most tangible near term prospects are above levels experienced in prior years
- Following the average maturity curve these stores will likely increase the average sales per store for the entire base
- Average sales per store has in fact increased for 21 out of the last 22 years

Source: Europris

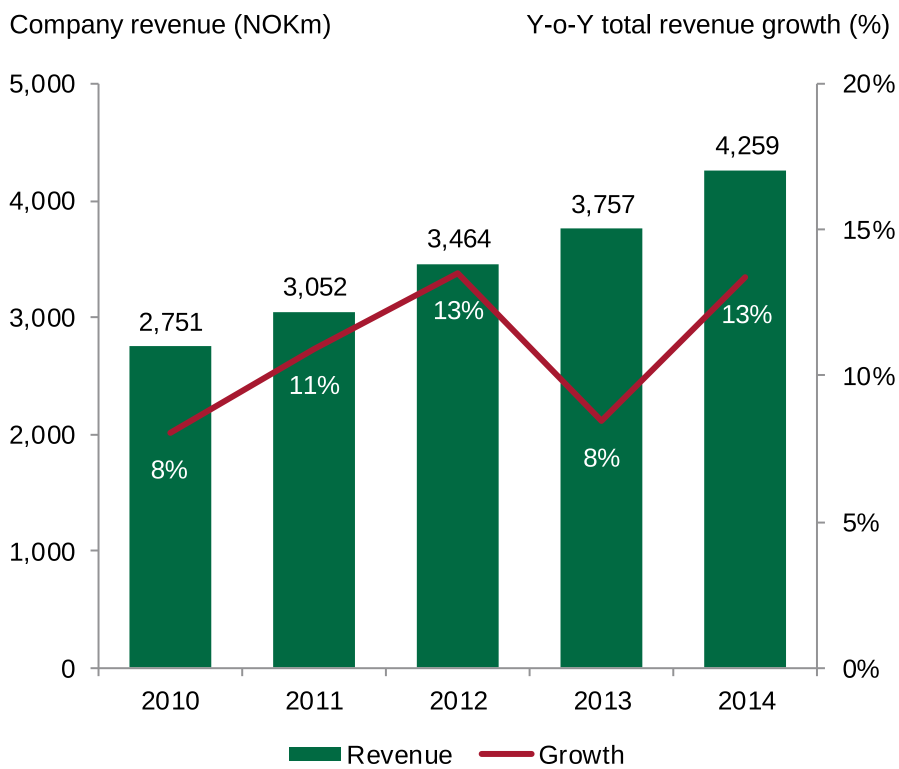
V. Financial performance

Strong revenue growth and high profitability

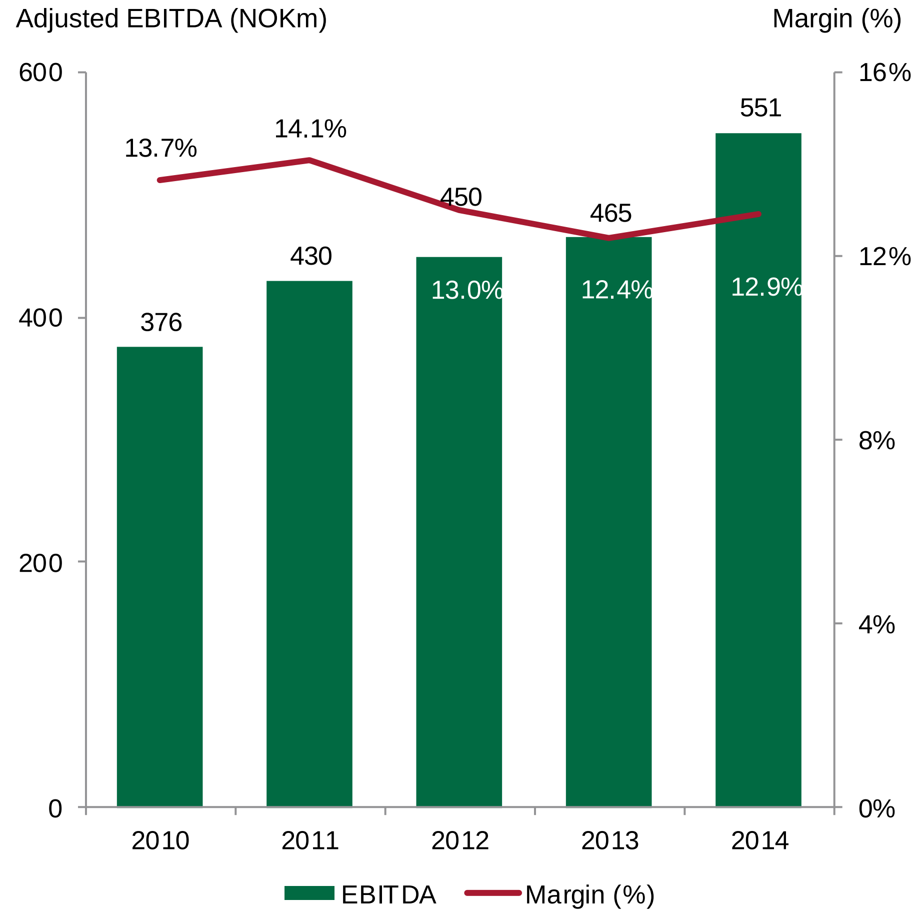
Solid LFL growth has driven sales

Company revenue CAGR: ***12%***

Avg. LFL growth: ***5%***



Consistently high EBITDA margins



General note: Please refer to page 3 for important terms and definitions that apply on this page
Source: Europris

Reporting structure reflecting business drivers

Total Chain sales

(sales from all stores)

NOK 4,741m

149 — **Owned store sales**

NOK 3,168m

Franchise to owned

71 — **Franchise fee and wholesale to franchise NOK 1,085m**

Other: NOK 5m

Total Company revenue

NOK 4,259m

% of revenue

Total Company COGS	*57%*
Other operating expenses	*16%*
Personnel costs	*15%*
Total Company EBITDA **NOK 540m**	*13%*

- Rent
- Transport / distribution
- Marketing
- Other

x Number of stores year-end

General note: Please refer to page 3 for important terms and definitions that apply on this page
Source: Europris

Summary profit & loss reflecting business drivers

Europris
MER TIL OVERS

Summary P&L

NOKm	2012A	2013A	2014A
Chain sales	**4,099**	**4,337**	**4,741**
Sales - owned stores	2,157	2,505	3,168
Franchise fees	128	119	101
Wholesale to franchise	1,175	1,131	984
Other income	4	3	5
Company revenue	**3,464**	**3,757**	**4,259**
COGS	1,994	2,154	2,424
Gross profit	**1,470**	**1,603**	**1,835**
Margin (%)	*42.4%*	*42.7%*	*43.1%*
Personnel	494	495	616
Rent	232	256	298
Transport/distribution	96	118	118
Marketing	99	107	111
Other	112	167	152
Total OPEX	**1,033**	**1,143**	**1,295**
EBITDA	**436**	**460**	**540**
Non-recurring expenses	14	5	11
Adj. EBITDA	**450**	**465**	**551**
Margin (%)	*13.0%*	*12.4%*	*12.9%*
Depreciation	50	57	64
Adj. EBITA	**400**	**408**	**487**
Margin (%)	*11.5%*	*10.9%*	*11.4%*

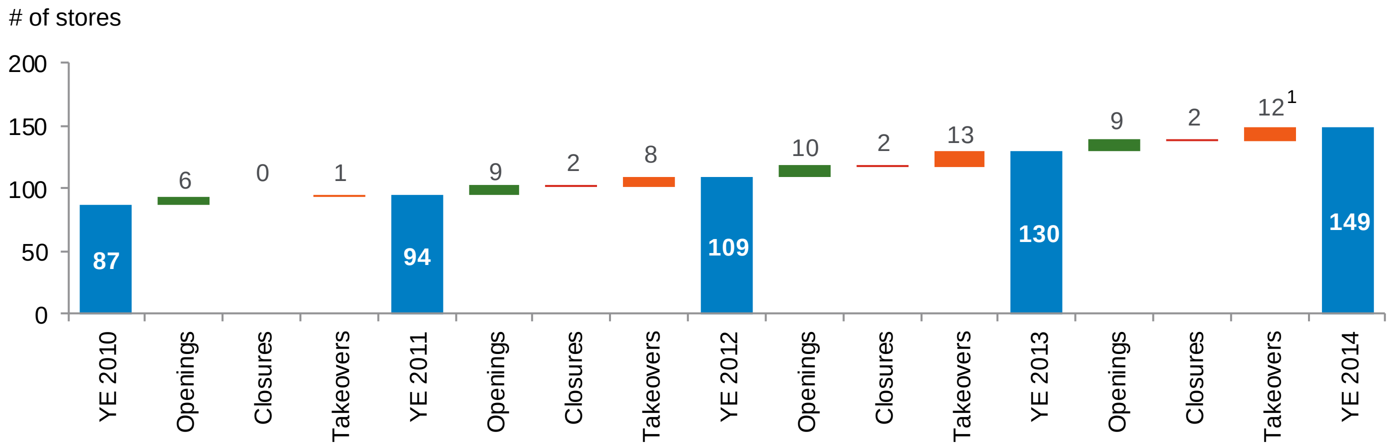
Key reporting considerations

- Chain sales is retail sales from all stores
- 1 The main components of Company revenue are of sales from own stores, franchise fees and wholesale to franchise, of which the latter two naturally amount to less than the total sales of the franchise stores
- Franchise fee on average a fixed percentage of total franchise sales in 2014A
- 2 Non-recurring expenses of NOK 10.5m in 2014A related to a second stocktaking for the year (normally perform only one) and a VAT claim from 2012 related to consulting fees
- 3 Depreciation related to fittings and fixtures and software, which contributed with NOK 47.1m and NOK 16.4m in 2014A, respectively – all other items subject to impairment test going forward

General note: Please refer to page 3 for important terms and definitions that apply on this page.
Source: Europris

Consistent roll-out of new owned stores coupled with significant franchise takeovers

Own stores



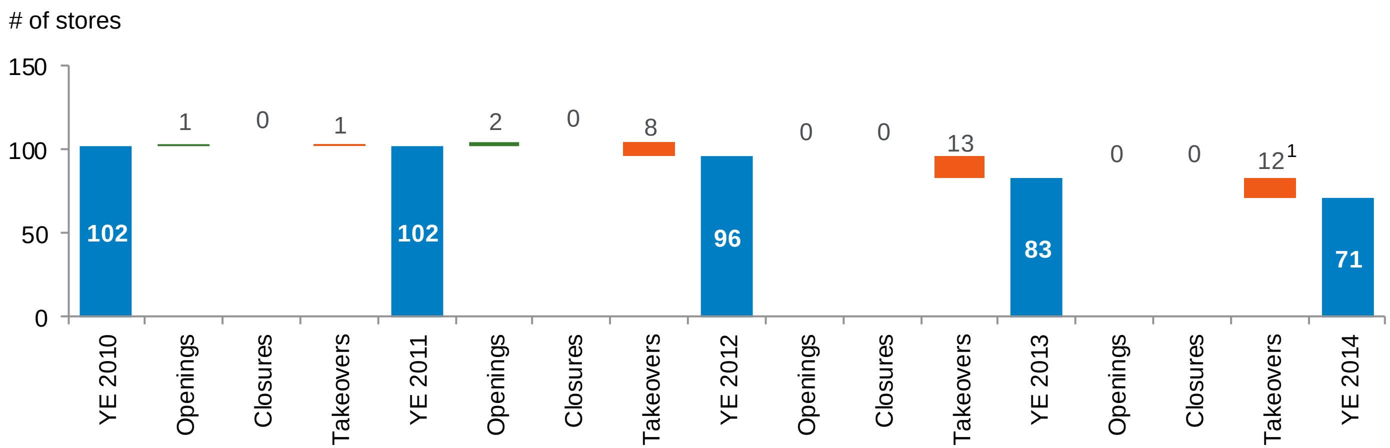
Σ

Openings: 34

Closures 6

Franchise takeovers: 34

Franchise stores



Σ

Openings: 3

Closures 0

Franchise takeovers: 34

Total # of chain stores 189 196 205 213 220

General note: Please refer to page 3 for important terms and definitions that apply on this page.
1. Constitutes operational takeovers. 4 additional stores consolidated as own stores in the accounts for 2014.
Source: Europris

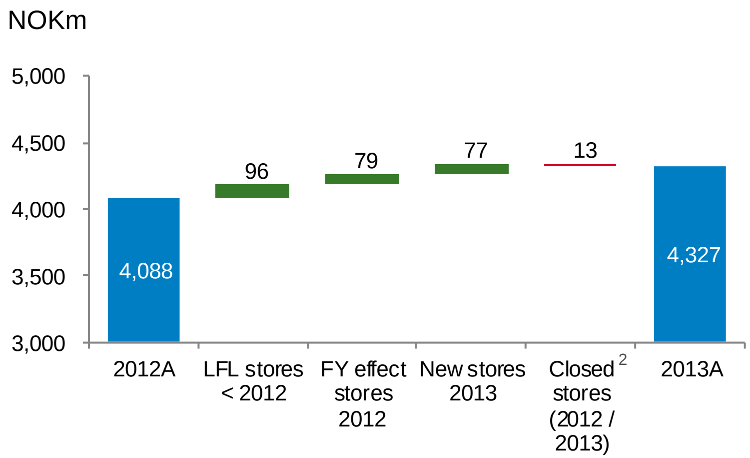
Company revenue driven by LFL growth, new store openings and franchise takeovers

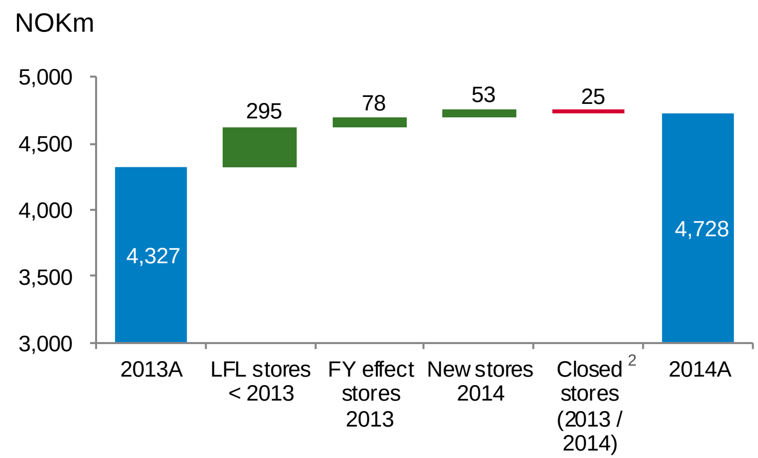
2013A[1]

2014A

Growth drivers

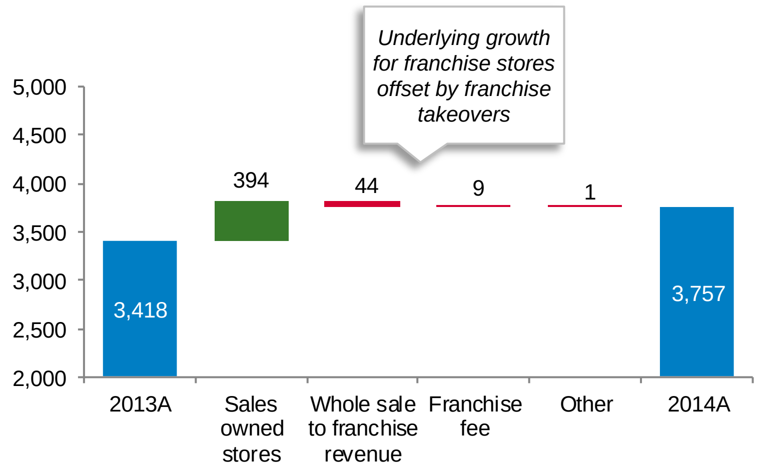
Chain sales

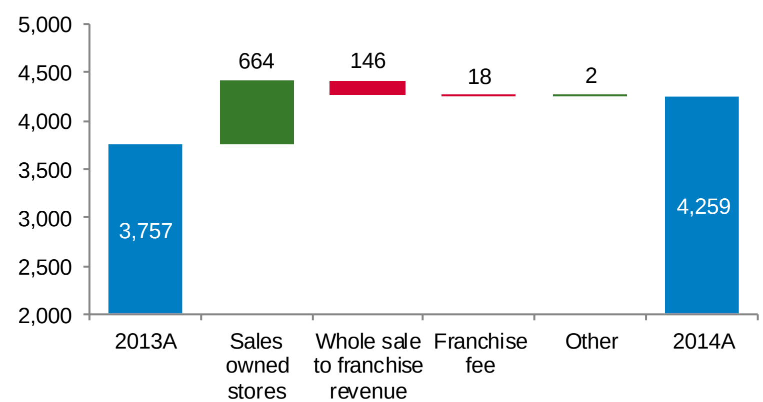




Growth drivers

Company revenue

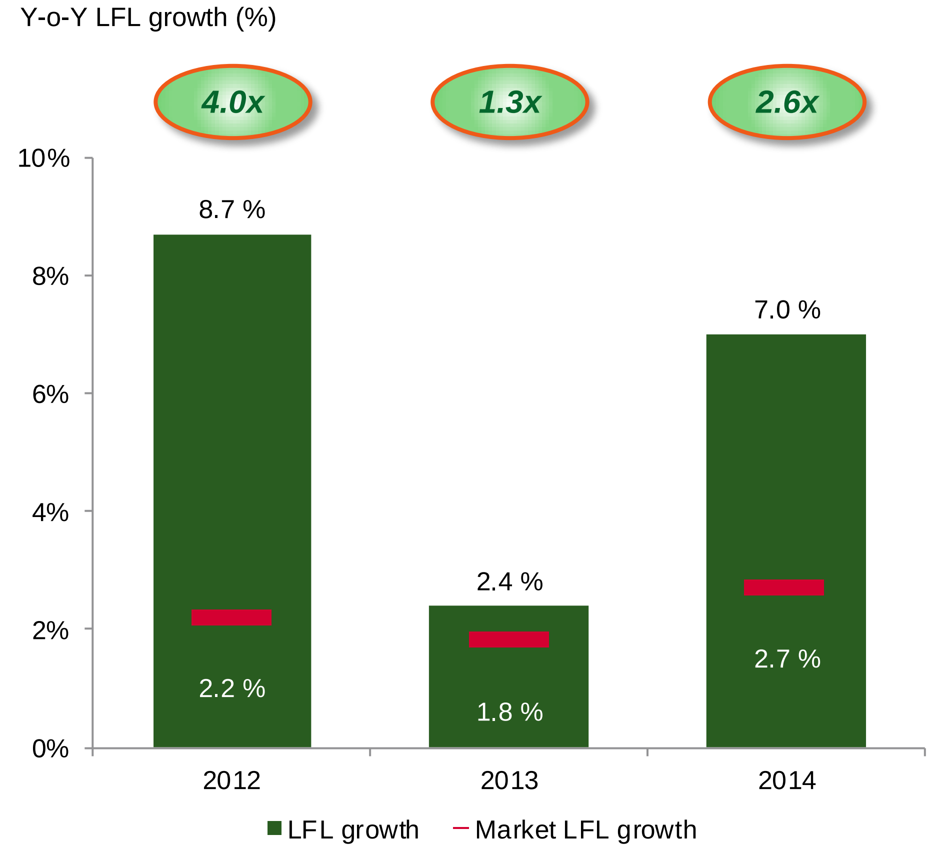




General note: Please refer to page 3 for important terms and definitions that apply on this page, especially related to accounting standards for full year 2012 and prior years. 1. Excluding revenue own stores from Iceland of NOK 46m in 2012. 2. Both in current year and full year effect of stores closed prior year. Source: Europris

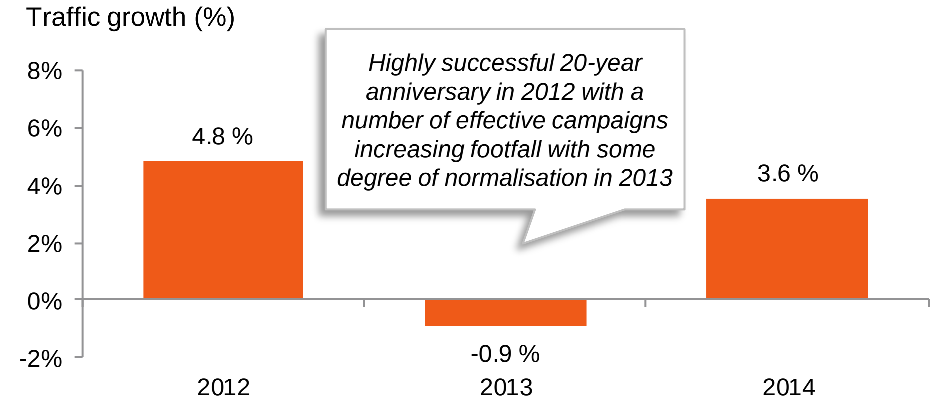
Components of LFL growth – Chain sales

LFL growth performance[1]

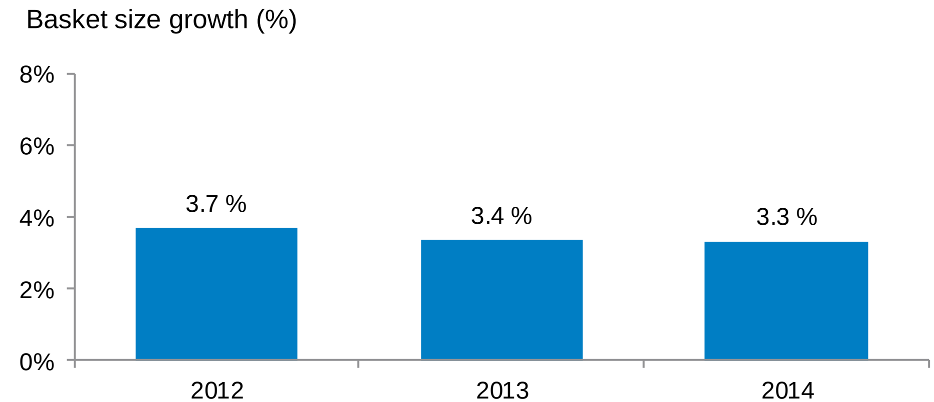


x — Europris growth relative to market growth in the period

Development in traffic



Development in basket size



General note: Please refer to page 3 for important terms and definitions that apply on this page.
1. Market includes a large number of shopping centres throughout Norway (e.g. 230 in 2014)
Source: Kvarud Analyse, Europris

Strong payback on new stores

Store payback analysis for stores opened 2010 – 2013

		Stores opened[1]			
		2010	2011	2012	2013
Average revenue	**Year 1** (12 months)	NA	15.7m	13.5m	15.6m
	Year 2 (12-24 months)	16.3m	16.6m	15.2m	NA
Average EBITDA	**Year 1** (12 months)	NA	1.8m	0.5m	0.9m
	Year 2 (12-24 months)	1.6m	2.0m	1.1m	NA
Average capex per store		1.9m	1.2m	1.5m	1.8m
Average inventory per store		2.3m	3.1m	3.3m	3.0m
Payback period (excl. inventory) ***(Based on Year 2 EBITDA)***		~1.2 years	~0.6 years	~1.4 years	NA
Payback period (incl. inventory) ***(Based on Year 2 EBITDA)***		~2.6 years	~2.1 years	~4.6 years	NA

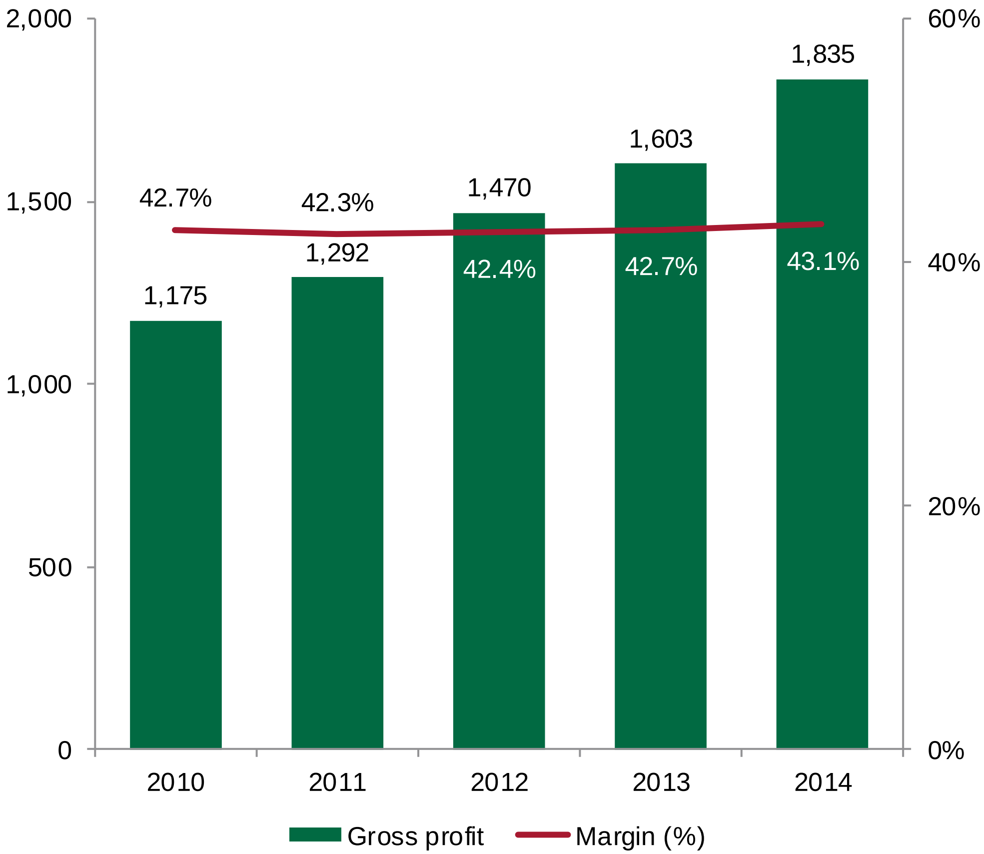
- Close to all stores deliver positive EBITDA contribution within the first year of operation
- Significant EBITDA ramp-up in second full year with weighted average margin of 9.8% for the 2010-2012 vintages
- Further margin expansion from LFL growth and operating leverage
- Based on second full year EBITDA average payback on invested capex is 1.1 years and 3.1 years including inventory
- These figures are biased downwards from somewhat lower performance of 2012 vintage primarily due to underperformance of one store particularly (Skotterud)
- Improvement for 2013 vintage based on first full year financials, which will likely be more in line with 2010 vintage

General note: Please refer to page 3 for important terms and definitions that apply on this page.
1. 2010: Including 13 stores and excluding 1 closed store and 2 relocations/expansions; 2011: Including 7 stores; 2012: Including 10 stores and excluding 1 closed store; 2013: Including 10 stores
Source: Europris

Stable gross margin development

Gross margin development

Company gross margin development (%)



Key considerations

- Stable gross margin development
- Somewhat higher growth in lower margin categories offset by franchise takeovers improving Company gross margin
- Further savings of above NOK 50m realised from LCCS initiative (including sourcing JV with Tokmanni from 2013) – full potential of which not yet realised
- Further potential from identified initiatives, including renegotiating contracts with major brands, continue to eliminate agents/ intermediates and move additional products to low cost countries

General note: Please refer to page 3 for important terms and definitions that apply on this page.
Source: Europris

FX exposure is hedged 6 months forward which allows sufficient time to adjust prices

Hedging/FX policy

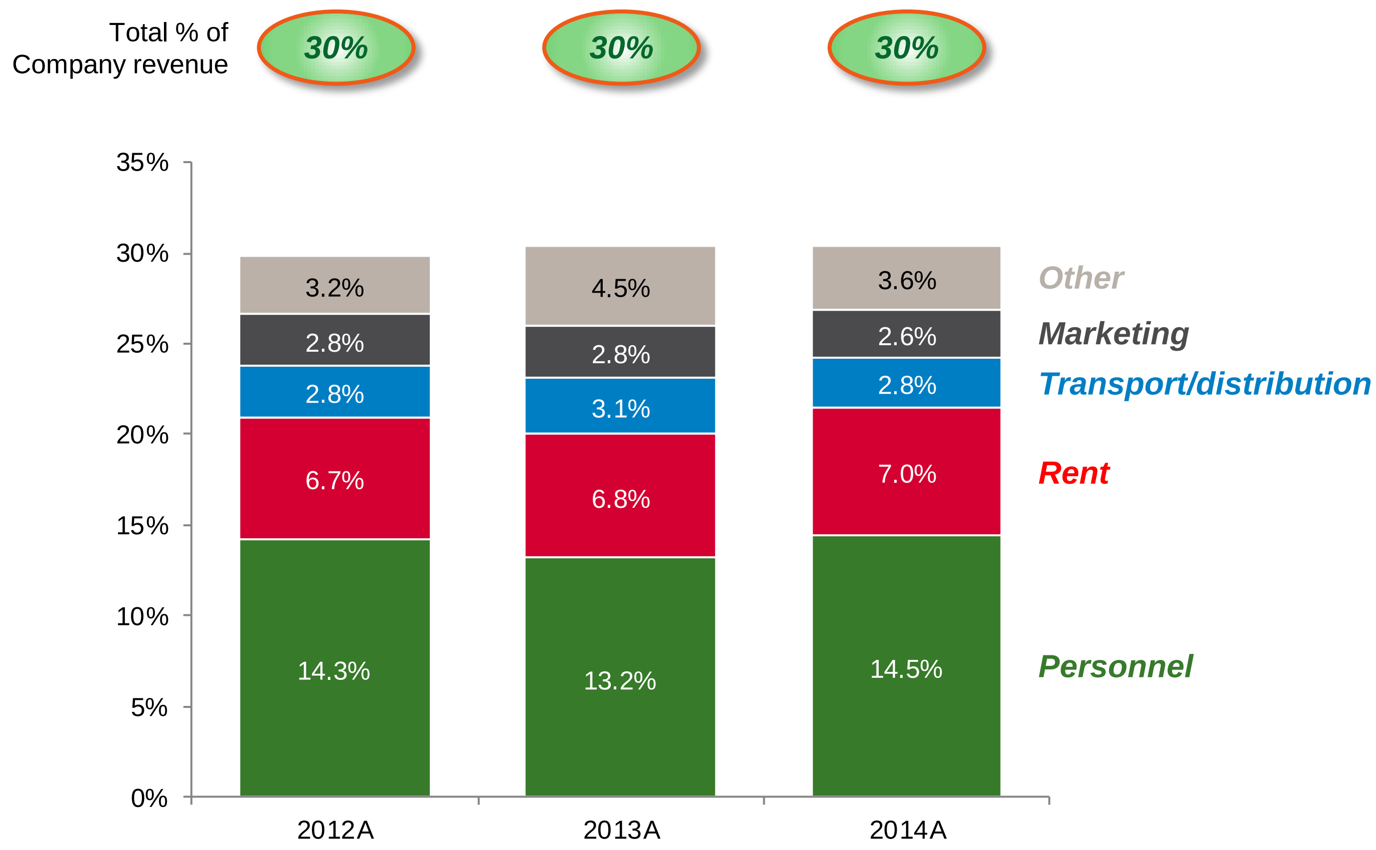
The Company aims to achieve predictable cash flows in NOK by using forward contracts as a hedging strategy for its exposure to USD and EUR. The hedging strategy is based upon an assessment of the possibilities and estimated time period required to adjust the business to changes in FX rates

- Given the share of sourcing from low cost countries in Asia and Europe a considerable part of purchases are denominated in USD and to a lesser extent in EUR, which is consistently hedged 6 months forward
- However, few of our suppliers have USD denominated cost bases, which means that the actual underlying exposure is considerably lower
- Further, the hedging policy allows sufficient time to increase prices as response to FX fluctuations – Europris increased prices on almost the entire base assortment in December 2014 without any visible impact on volume
- Prices increased on an additional 600 SKUs in March 2015
- Have managed historical FX fluctuations in the same manner and 6 months forward hedging has provided sufficient time for planning and well timed execution
- Potential upside when FX rates normalise as price tends to be more “sticky”

Source: Europris

Operational leverage offset by significant franchise takeovers

OPEX split as % of total sales 2012A – 2014A



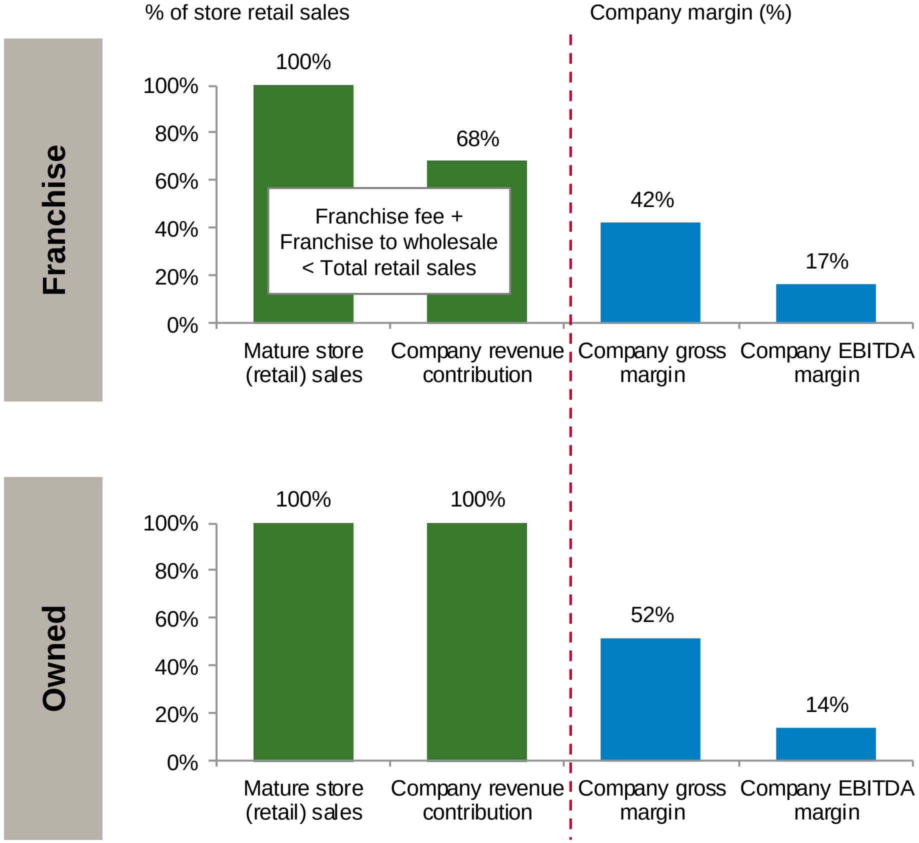
- Total OPEX has remained stable relative to sales over the last three years
- Operational leverage in underlying operations (particularly for marketing, rent and other) offset by franchise takeovers (own stores naturally have higher OPEX for the Company)
- Improvement in transport and distribution cost driven by continued efficiency improvements through 2014

General note: Please refer to page 3 for important terms and definitions that apply on this page.
Source: Europris

Illustrative P&L impact of franchise takeover

Illustrative example of franchise takeover

Excluding operational improvements

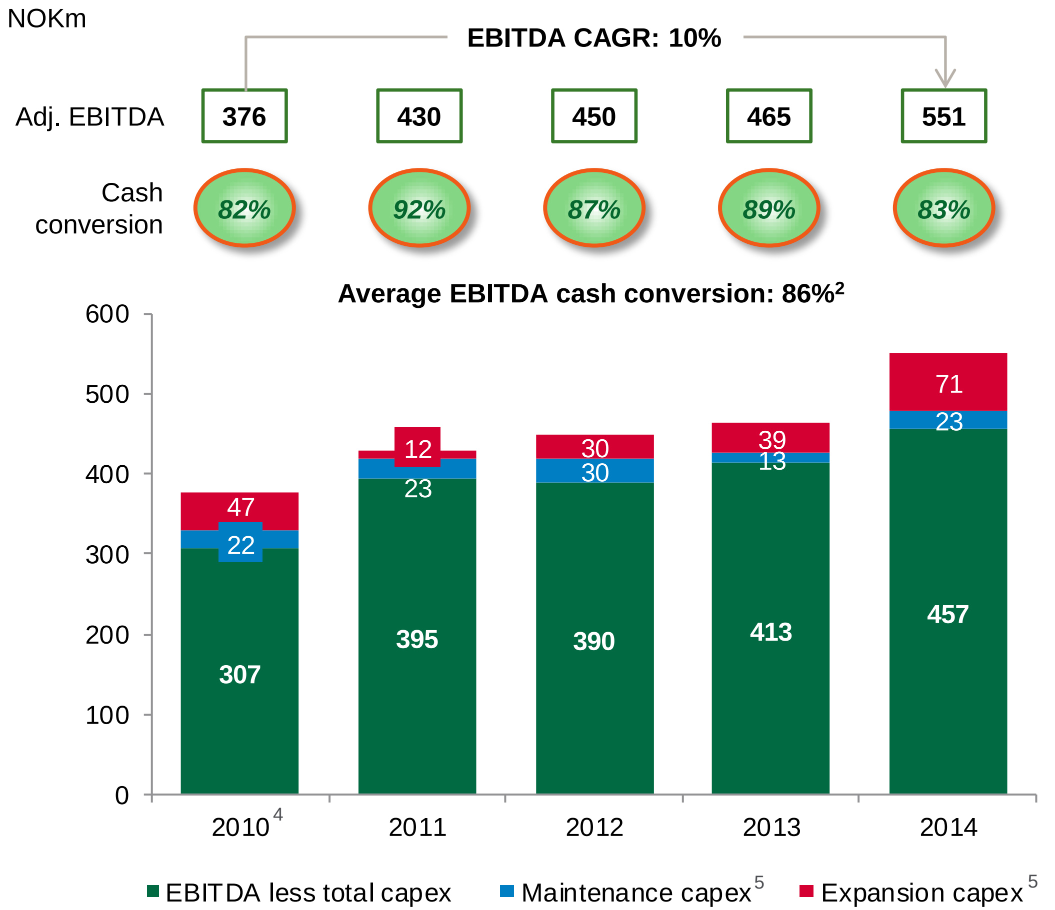


- All figures are illustrative to exemplify dynamics
- Franchise stores contribute to Company revenue through franchise fees and wholesale to franchise, which naturally amount to less than the total sales of the franchise stores
- The example assumes that 87% of goods are sold to franchise stores on a wholesale basis
- Company gross margin from a franchise store is lower, but OPEX is also lower for the Company
- In the illustrative example, **franchise takeovers are EBITDA accretive**, but margin dilutive as consolidated Company revenue from an owned store is higher
- Further, main focus for takeovers has been lower performing stores with tangible improvement potential, which means long term value creation is higher than in the illustrative example

Source: Europris

Highly cash generative business model

Strong free cash flow[1] and cash conversion[2]

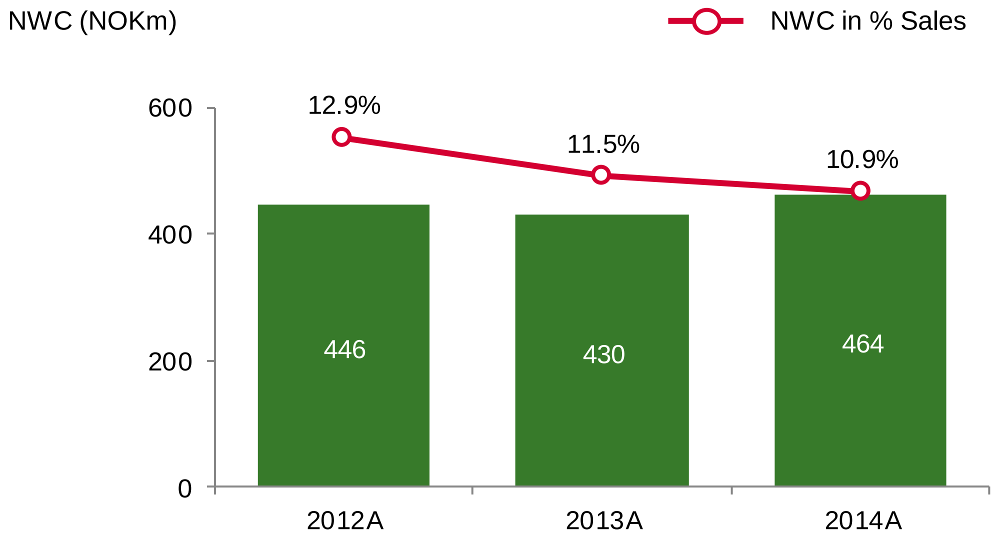


- Very moderate maintenance capex needs
- Expansion capex is earnings enhancing
- Significant store modernisation programme in 2014
- Strong return on investments in new stores and store modernisations
- Average payback on new store capex of 1.1 years[3]

General note: Please refer to page 3 for important terms and definitions that apply on this page, especially related to accounting standards for full year 2012 and prior years
1. Free cash flow calculated as adjusted EBITDA less total capex (calculated as the sum of maintenance and expansion capex). 2. Free cash flow divided by adjusted EBITDA. 3. Average for vintages 2010-2012 based on second year EBITDA. 4. Excluding capex related to the Iceland operations. 5. Expansion capex includes capex related to new store roll-out, relocations/layout conversions, upgrades and logistics. Total capex (calculated as the sum of maintenance and expansion capex) may differ in certain years from reported capital expenditures due to certain capital expenditures financed through financial leasing (includes NOK 8m for fiscal year 2013).
Source: Europris

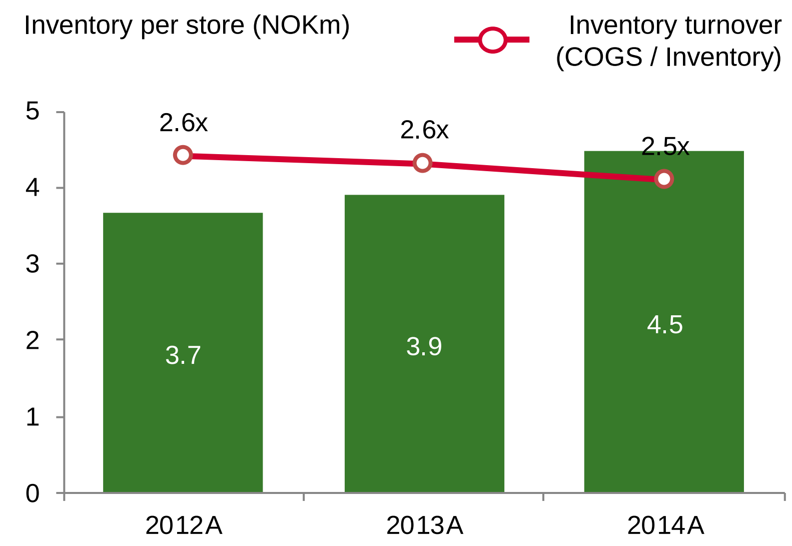
Stable working capital development with improvement potential for inventory turnover

Net working capital and % of sales



% of sales			
Inventory	21.7%	22.1%	23.1%
Trade receivables	6.9%	5.3%	5.4%
Accounts payable	-10.5%	-10.6%	-11.3%
Other NWC items[1]	-5.2%	-5.4%	-6.3%
Total NWC	**12.9%**	**11.5%**	**10.9%**

Inventory management



- Steady decline in net working capital relative to sales with increasing inventory offset by lower trade receivables and higher accounts payable
- Improvement potential in inventory turnover based on new order management system

1. Includes other receivables, tax payable, public duties payable and other short term debt

Source: Europris

Balance sheet overview

Summary balance sheet[1]

NOKm	2012A	2013A	2014A
Goodwill	1,548	1,557	1,580
Other intangible assets	642	568	420
Total intangibles	2,190	2,125	2,000
Fixtures and fittings	143	147	186
Financial assets	26	22	17
Total non-current assets	**2,358**	**2,294**	**2,202**
Inventories	753	831	984
Trade and other receivables	293	266	336
Cash and cash equivalents	285	293	245
Total non-current assets	**1,331**	**1,389**	**1,566**
Total assets	**3,689**	**3,684**	**3,768**
Total shareholder equity	**956**	**971**	**1,205**
Provisions	125	111	73
Debt to financial institutions	1,356	1,698	1,481
Other long-term debt	518	34	42
Total long-term liabilities	**1,999**	**1,843**	**1,596**
Short-term borrowings	134	119	111
Accounts payables	365	396	482
Other short-term liabilities	235	354	375
Total short-term liabilities	**734**	**870**	**967**
Total assets	**3,689**	**3,684**	**3,768**

1. After IFRS conversion
Source: Europris

- Goodwill related to acquisition by Nordic Capital in 2011
- Capex for new stores and store modernisations are the main drivers of Fixtures & Fittings
- Cash and equivalents normally somewhat higher at year end than average for the year – comfortable level as of Q1-15
- Total interest bearing debt was refinanced ahead of IPO – see next page

Leverage and financial policy

Net debt overview

NOKm	FY2014	H1-15
Financial debt[1]	1,621	1,650
Financial leases	15	10
Gross financial debt	**1,636**	**1,660**
Cash & cash equivalents	245	77
Net financial debt	**1,391**	**1,584**
NIBD / LTM adj. EBITDA	2.52x	2.61x
LTM cost of debt[2]	8%	

- Financial debt refinanced in connection with the IPO[3]
  - 5 year non-amortising term loan of NOK 1,650m with flexible down payments
  - NOK 450m RCF of which NOK 350m can be used as ancillary facilities (e.g. overdraft, letter of credit and guarantees)
  - New weighted **average cost of debt around 3%** of drawn amount

Financial policy

Europris will initially target a dividend pay-out ratio of 50-60% of the Company's net profit for the period.

The Company's leverage policy is to run the business with moderate leverage and maintain an efficient balance sheet.

1. Debt to financial institutions before IFRS fair value adjustments. 2. Financial expense related to debt to financial institutions divided by average interest bearing debt for the period. 3. Subject to the terms and conditions described in the Prospectus

VI. Long term objectives

Strong profitable growth expected to continue

Europris MER TIL OVERS

	Avg. 2010–2014	2014	2015
New stores	10 p.a.	9	10 net new stores[1]
Store closures	1-2 p.a.	2	
Franchise takeovers	8 p.a.	12	3 – 5
LFL growth (%)	4.7%	7.0%	Mid single digit
Gross margin (%)	42.6%	43.1%	
OPEX % of revenue[2]	29.4%	30.2%	
Capex	NOK ~60m	NOK ~94m (incl. ~47m relocations and modernised)	NOK ~130m (incl. ~60m relocations and modernisations)

General note: Please refer to page 3 for important terms and definitions that apply on this page.
1. Defined as new store openings less closures of existing stores. 2. Excluding non-recurring items
Source: Europris

Long term objectives

	Avg. 2010–14	2014	2015	Long-term
New stores	10 p.a.	9	10 net new stores	Around 8 net new stores[1]
Store closures	1-2 p.a.	2		
Franchise takeovers	8 p.a.	12	3 – 5	Around 4
LFL growth (%)	4.7%	7.0%	Mid single digit	Mid single digit
Gross margin (%)	42.6%	43.1%		Stable
OPEX % of revenue[2] *(excl. potential new warehouse setup)*	29.4%	30.2%		Some operational leverage
Capex per new store	~NOK 1.6m (2010-13 vintages)	~1.7m		~2.0m
Annual maintenance capex	~NOK 20m	NOK 20m		~30m

General note: Please refer to page 3 for important terms and definitions that apply on this page.
1. Defined as new store openings less closures of existing stores. 2. Excluding non-recurring items
Source: Europris

VII. Closing remarks

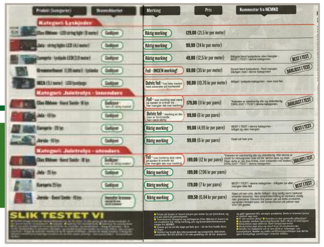
Key investment highlights

- Unchallenged market leader in a fast growing retail segment
- Unique discount variety retail model
- Impressive track record of growth, high profitability and solid cash generation
- Strong future growth potential

Q&A

Appendix

Price, quality and documentation



Survey in VG daily newspaper: lighting products

	Products by category	Fire safety	Labelling	Price (NOK/m) *(% vs EP)*	NEMKO commentary[1]
String Lights	clas ohlson	✓	✓	72%	None
	JULA	✓	✓	92%	None
	Europris	✓	✓	**12.50**	**Cheapest and no faults – best in test in category**
	Kremmerhuset	✓	✗	180%	Most expensive and most faults – worst in test in category
	IKEA	✓	–	-14%	Cheapest in category but **with faults**
Christmas tree lighting (indoor)	clas ohlson	✓	✗	122%	Cable is unusually unwieldy – worst in category
	JULA	✓	–	21%	None
	Europris	✓	✓	**4.95**	**Cheapest and no faults – best in test in category**
	Jernia	✓	✓	21%	Bought at half price
Christmas tree lighting (outdoor)	clas ohlson	✓	–	71%	Cable is unusually unwieldy, with other faults – worst in category
	JULA	✓	✓	14%	None
	Europris	✓	✓	**7.00**	**Cheapest and no faults – best in test in category**
	Jernia	–	✓	-2%	Bought at half price (therefore cheapest) but **with faults**

[1] NEMKO was established in 1933 as a national Norwegian authority for the certification of electrical products.
General note: Each trademark, trade name or service mark of any other company belongs to its holders.

Summary P&L, cash flow and balance sheet

P&L

NOKm	2013	2014
Net sales	3,636	4,153
Other income	121	106
Total operating revenue	3,757	4,259
Cost of goods sold	2,154	2,424
Employee benefits expense	495	616
Other operating expenses	648	678
Total operating expenses	3,297	3,718
EBITDA	460	540
Non-recurring expenses	5	11
Adj. EBITDA	465	551
Depreciation[1]	57	64
Adj. EBITA	408	487

Cash Flow

NOKm	2013	2014
EBITDA	460	540
-Change in net working capital	0	-59
-Interest paid	-158	-138
-Income tax paid	-13	-48
-Other non-cash adjustments	-30	1
Net cash generated from operating activities	258	296
Net capex	-44	-94
Net purchases of shares in subsidiaries	-16	-28
Net interest received	2	8
Net cash used in investing activities	-58	-114
Net cash used in financing activities	-193	-230
Net decrease/increase in cash and cash equivalents	7	-48

Balance Sheet

NOKm	2013	2014
Goodwill	1,557	1,580
Other intangible assets	568	420
Total intangible assets	2,125	2,000
Fixed assets	147	186
Financial assets	22	17
Total non-current assets	2,294	2,202
Inventories	831	984
Trade receivables	200	230
Other receivables	66	107
Cash and cash equivalents	293	245
Total current assets	1,389	1,566
Total assets	3,684	3,768
Total shareholder's equity	971	1,205
Provisions	111	73
Long term debt to financial institutions	1,698	1,481
Other long-term debt	34	42
Total long-term debt	1,843	1,596
Short-term borrowings	119	111
Accounts payable	396	482
Tax payable	54	100
Public duties payable	100	113
Other	201	163
Total short term debt	870	967
Total debt	2,713	2,563
Total debt and equity	3,684	3,768

General note: Please refer to page 3 for important terms and definitions that apply on this page.

1. Including fixed assets and software and excluding trademarks and contractual rights, which have either been written down or are now subject to impairment tests.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