Presentation of results for the third quarter 2018

CEO Pål Wibe
CFO Espen Eldal

31 October 2018

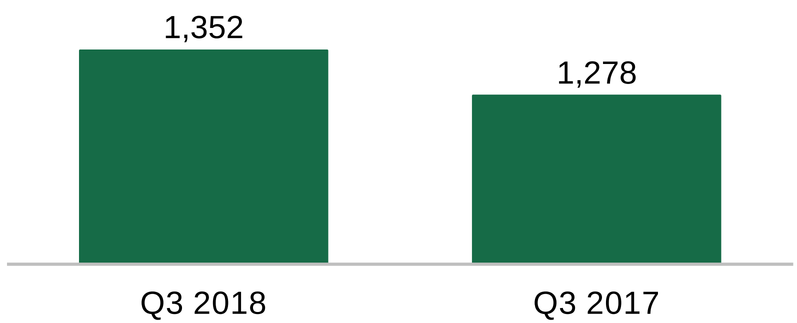
Norway's leading discount variety retailer

Europris
MER TIL OVERS

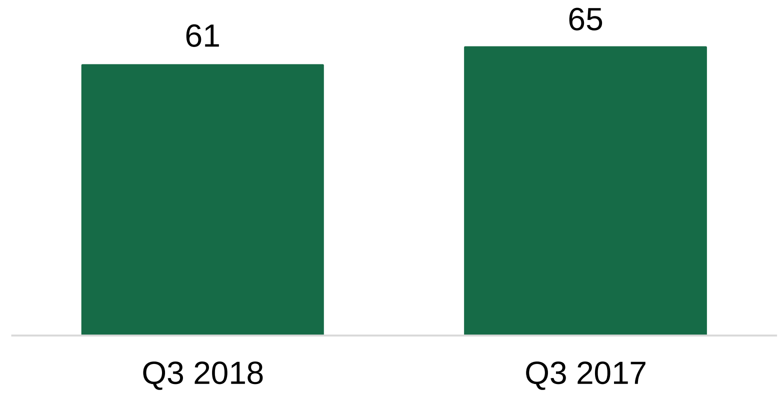
Highlights in the third quarter

- 5.8% increase in group revenues to NOK 1,352m (1,278m)
  - Growth driven by new stores and franchise takeovers
  - Total retail sales growth of 2.8%, well above market performance of 0.0%(1)
  - 0.8% reduction in like-for-like sales, slightly below market decline of 0.6%(1)
- Gross margin improved to 43.6%, up 1.5%-points
  - Positive results from annual stocktaking
- OPEX increased by NOK 14m following a one-off timing effect in the accounting of distribution costs
- Adjusted net profit of NOK 61m (65m), down 6% owing to unrealised foreign currency loss

Group revenue (NOK million)



Adjusted net profit (NOK million)

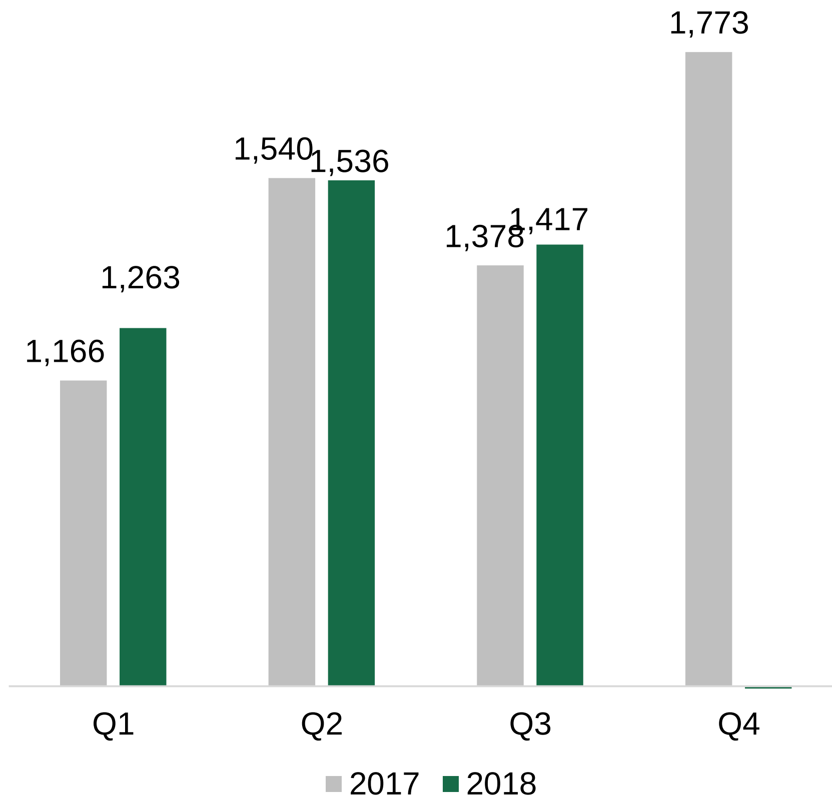


(1) According to Kvarud Analyse shopping centre index

Sales performance

- Total retail sales growth of 2.8%, well above market total growth of 0%[(1)]
  - Like-for-like performance marginally below market benchmark
  - One fewer sales days
- Sales strongly affected by unusually hot summer weather
  - Weak customer traffic in the beginning of the quarter, normalised from mid-August
  - Sales of summer seasonal items met expectations following solid performance in Q2
- Good growth for “personal care” and “laundry and cleaning” during summer sales campaign
- Focus on increased central control of volumes and spacing in the stores during low season of the quarter

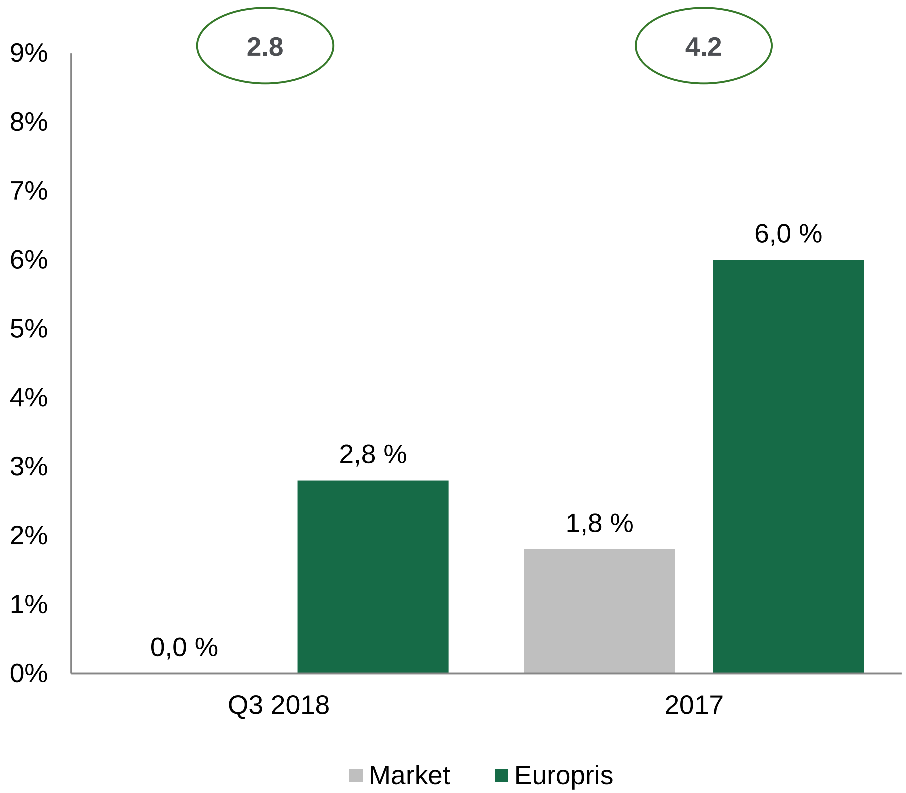
Retail sales per quarter (NOK million)



(1) According to Kvarud Analyse shopping centre index

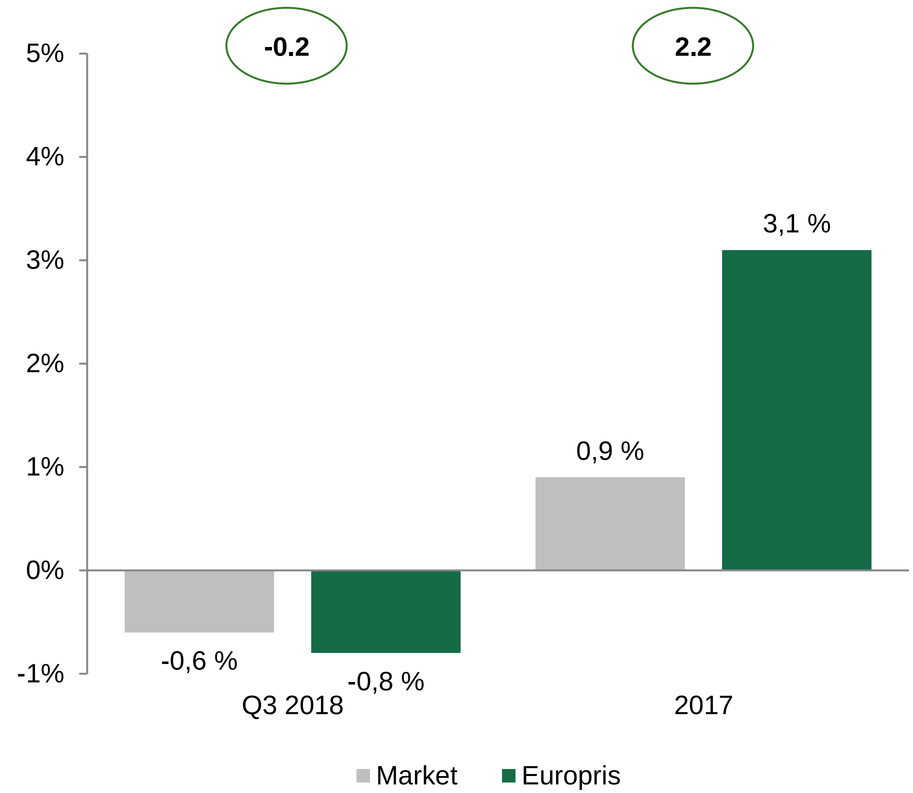
Total growth ahead of market

Total growth development



LFL development

Y-o-Y LFL growth (%)



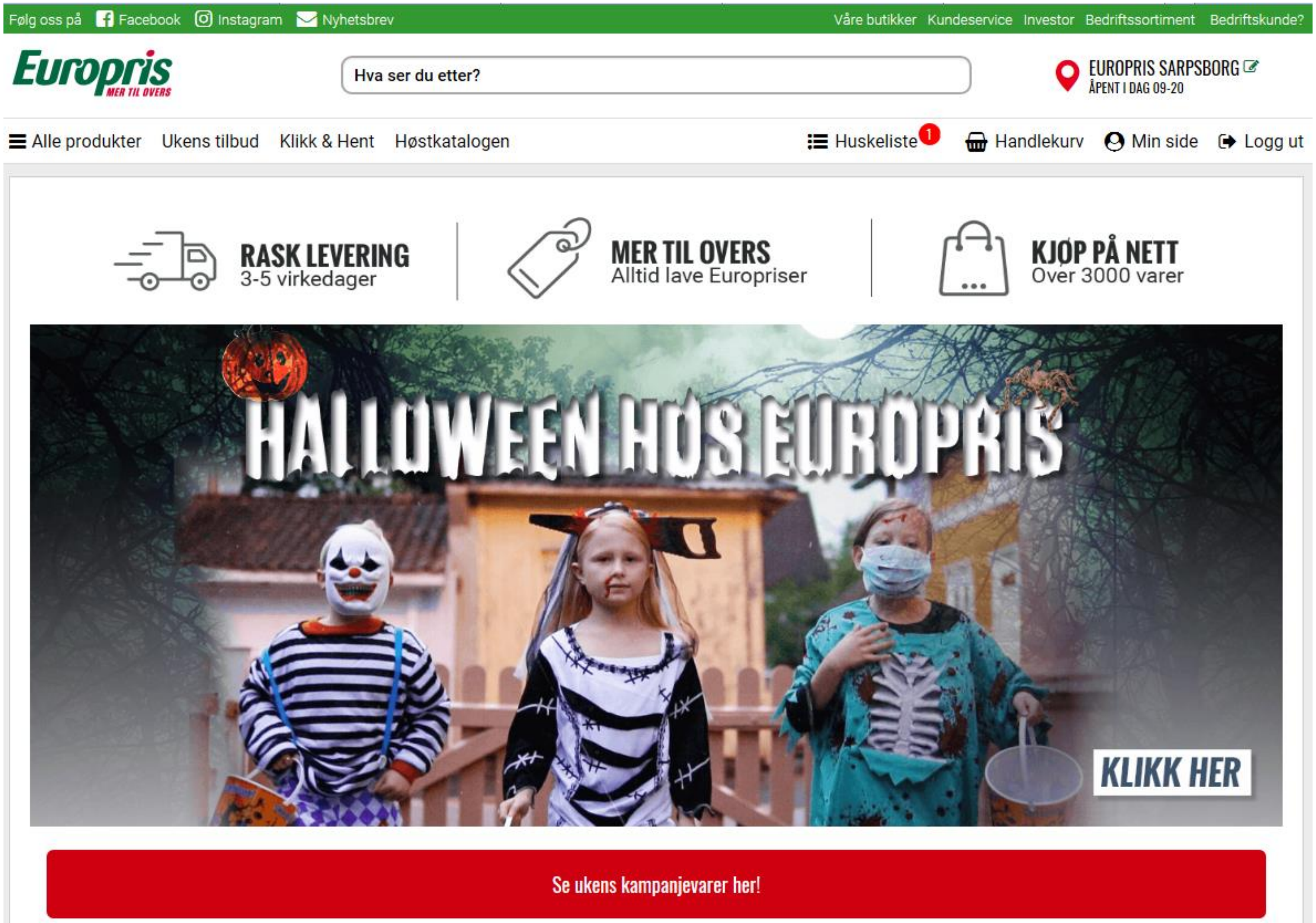
% points Europris growth rate in excess of market growth rate in the period

Source: Kvarud analyse, Shopping Centre Index, September 2018; Europris analysis

Increased and enhanced central control of spacing and volumes

Significant initiatives in category development – coffee, tea and accessories

Gradually developing e-commerce

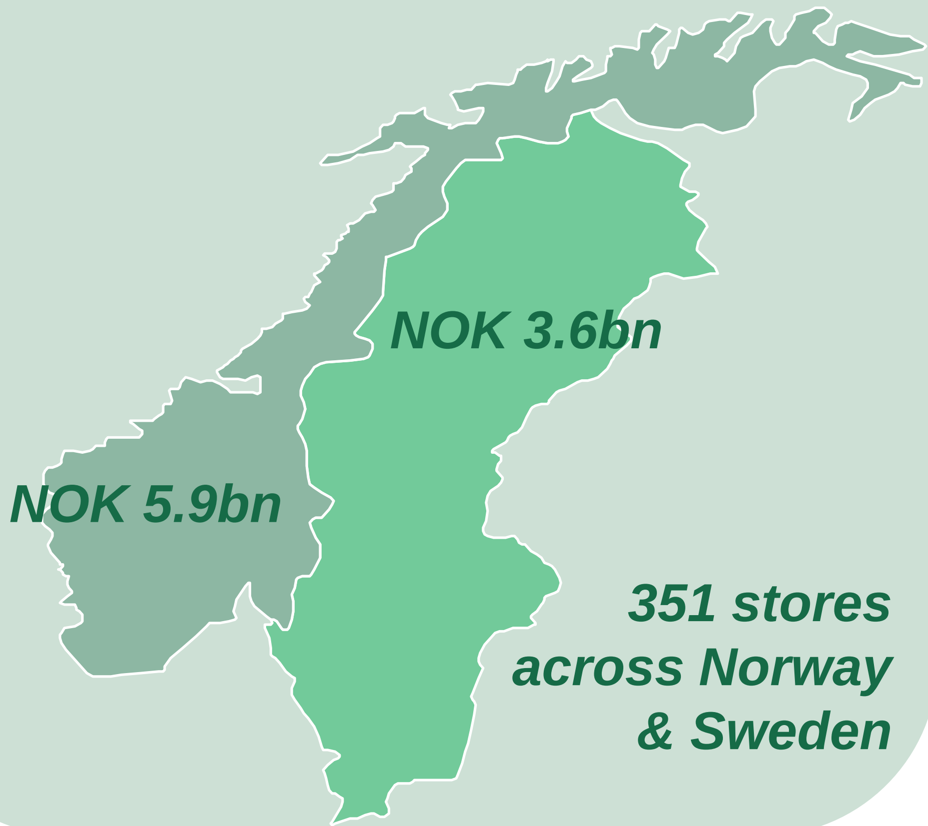


Robust pipeline of new stores

- New store openings on track
- One store opened during Q3
  - Lura in Sandnes
- Two new stores and one store closure scheduled for the rest of the year, eight net new stores in total for 2018
- Twelve stores in pipeline for 2019 and beyond
  - Three of the stores are subject to municipal zoning regulations

The team in Europris Lura

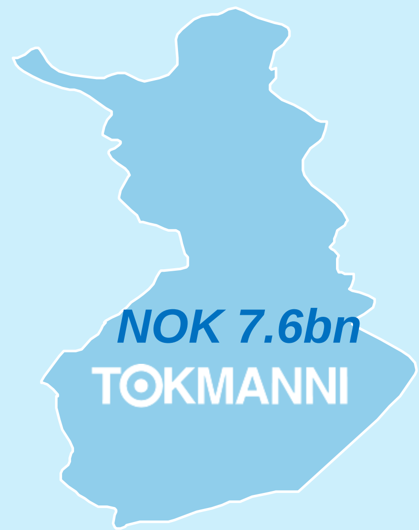
Creating a pan-Nordic platform in discount variety retail



351 stores across Norway & Sweden

…with sourcing power to reflect an even larger grouping (through Shanghai JV with Tokmanni)

Representing sales of NOK 17.1bn



Note: Numbers based on each company's 2017A revenue numbers, converted to NOK as of Friday, 8th June 2018

Financial review

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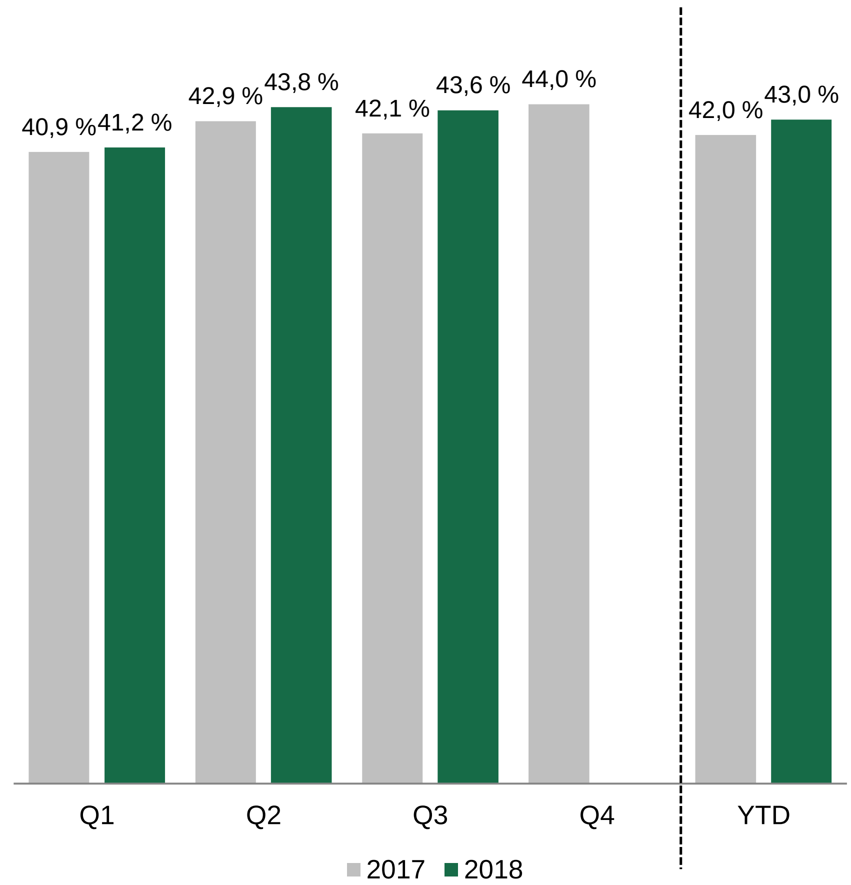
Gross margin development

- Gross margin was 43.6% in Q3 2018 vs. 42.1% in Q3 2017
- NOK 30m in positive calculation differences from the annual stocktaking in stores
  - App. NOK 24m relates to previous quarters
  - Shrinkage reduced by NOK 13m through shrinkage-reduction programme in 54 stores
  - Savings of NOK 12m (5m accrued in Q1) from purchases of sugar-taxable products in 2017
- Gross margin affected by one-off cost from two franchise takeovers
  - NOK 2m one-off effect (NOK 1m)
- Adjusting for stocktaking and one-off costs for franchise takeovers, gross margin was 42.0% (42.2%)

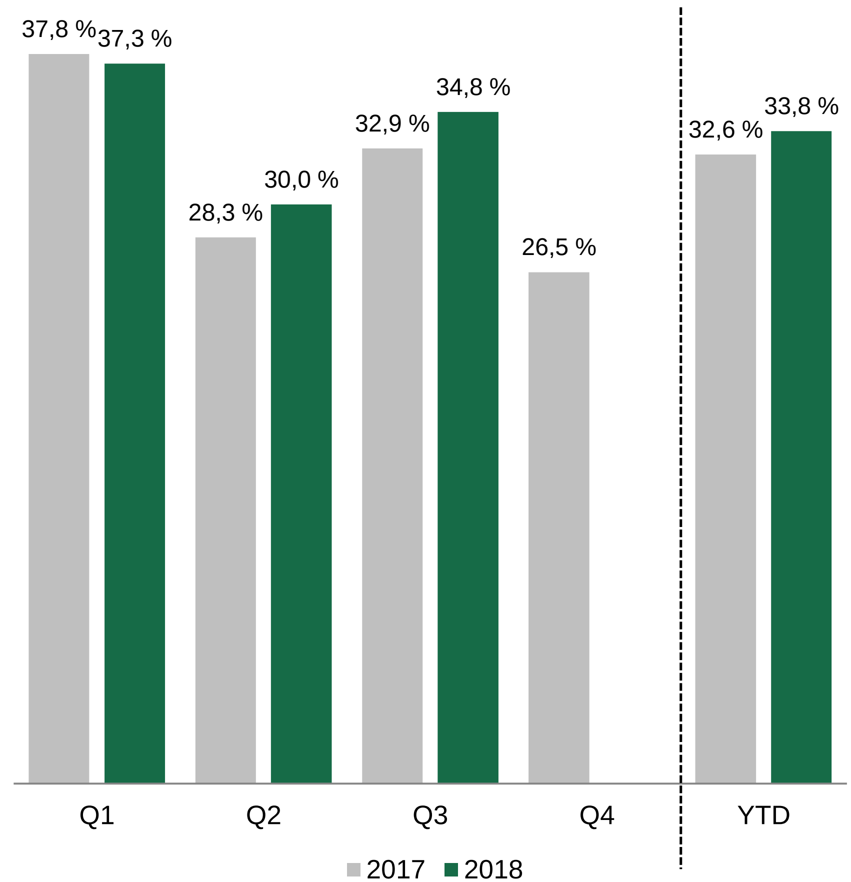
Gross margin



OPEX development

- OPEX in % of revenue was 34.8% in Q3 2018 vs. 32.9% in Q3 2017
- OPEX increased by NOK 14m following a one-off timing effect in accounting of freight costs
  - NOK 8m relates to 2017 and NOK 6m to 2018
- Annual provision of performance-based employee remuneration reduced by NOK 10m (NOK 10m)
- OPEX adjusted for extra freight cost up by 8.6% while directly operated stores rose by 9.5%
  - From 200 to 219 directly operated stores

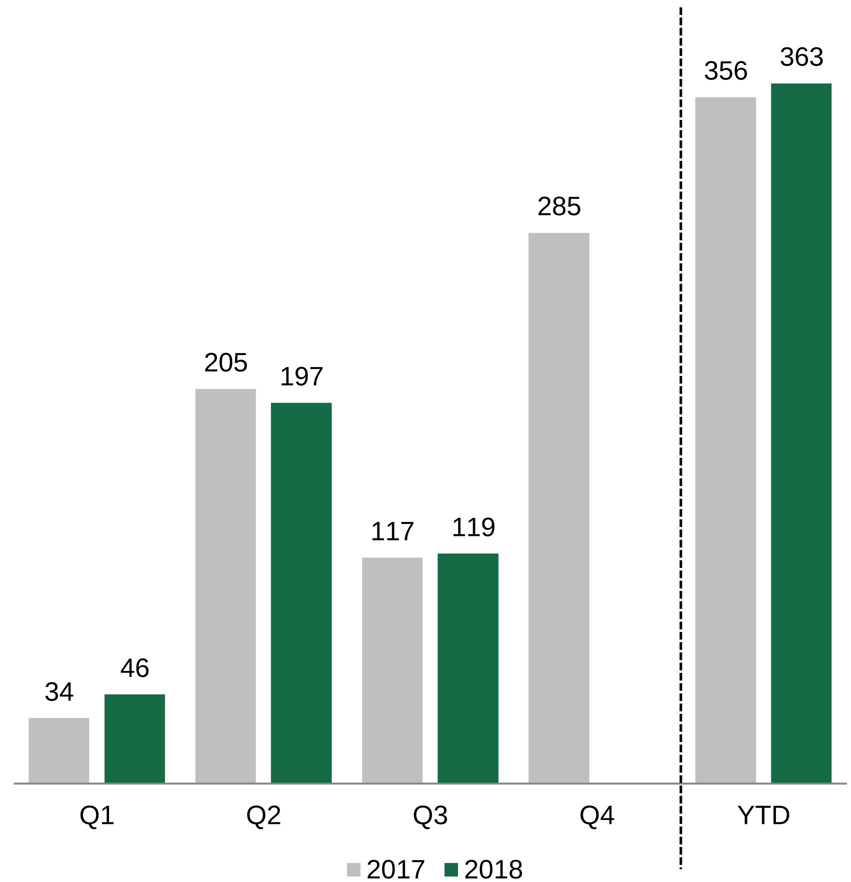
OPEX in % of group revenue



Adjusted EBITDA development

- Adjusted EBITDA was NOK 119m in Q3 2018 vs NOK 117m in Q3 2017
  - Adjusted EBITDA margin was 8.8% (9.2%)
- Adjusted EBITDA affected by
  - Improved gross margin through reduction of shrinkage in the stores
  - Increased number of directly operated stores
  - Extra freight costs

Adjusted EBITDA (NOK million)



Cash flow

- Cash flow for the quarter reduced from last year due to increased inventory
  - Significant inventory reduction last year
  - Earlier shipment of seasonal goods for Christmas this year
- Share buy-back programme of 2m shares amounted to NOK 43m

Cash flow, NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Cash from operating activities	24	211	(83)	69
Cash used in investing activities	(24)	(21)	(71)	(103)
Cash from financing activities	(44)	(1)	(335)	(339)
Net change in cash	**(44)**	**189**	**(489)**	**(373)**
Cash at beginning of period	136	16	582	577
Cash at end of period	93	204	93	204

Outlook

- Continued growth in long term revenue and profits supported by the group's leading position in an expanding retail segment
- Strong position in a changing retail landscape – partnership with ÖoB
- Share buy-back programme, up to 2.5 million shares
- Transforming Europris to an omni-channel retailer through e-commerce and e-crm
- Healthy pipeline of new stores
  - Two additional stores planned in 2018
  - Twelve stores planned for 2019 and beyond
- One store closure in the fourth quarter
- One franchise takeover completed on 1 October and 2-3 additional takeovers expected during 2018

Q & A

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Appendix

Additional materials

Number of sales days

Year	Q1	Q2	Q3	Q4	Total
2016	74	75	79	81	309
2017	77	71	79	79	306
2018	75	73	78	80	306
2019	76	71	79	80	306

Number of store projects (franchise projects in brackets)

2017	Q1	Q2	Q3	Q4	Total
New stores	3	2	1	5	11
Store closures	-	-	-	-	-
Relocations	(1)	1 (1)	1	4	6 (2)
Modernisations	9 (2)	5 (1)	3	2	19 (3)

2018E	Q1	Q2	Q3	Q4	Total
New stores	2	4	1	2	9
Store closures	-	-	-	1	1
Relocations	2	2 (1)	2 (1)	1	7 (2)
Modernisations	5	2	1	1	9

Note: Number of projects in 2018 is a moving target, and is subject to change during the year based on operational considerations. An updated view will be presented during the quarterly presentations going forward

Alternative Performance Measures

APMs are used by Europris for annual and periodic financial reporting in order to provide a better understanding of Europris' financial performance and are also used by management to measure operating performance. APMs are adjusted IFRS figures defined, calculated and used in a consistent and transparent manner.

- **Gross profit** represents group revenue less the cost of goods sold excluding unrealised foreign currency effects.
- **Opex** is the sum of employee benefits expense and other operating expenses.
- **EBITDA** (earnings before interest, tax, depreciation and amortisation) represents gross profit less Opex.
- **Adjusted EBITDA** is EBITDA adjusted for nonrecurring expenses.
- **Adjusted profit before tax** is net profit before tax adjusted for nonrecurring items.
- **Adjusted net profit** is net profit adjusted for nonrecurring items.
- **Adjusted earnings per share** is Adjusted net profit divided by the current number of shares (166,968,888).
- **Working capital** is the sum of inventories, trade receivables and other receivables less the sum of accounts payable and other current liabilities.
- **Capital expenditure** is the sum of purchases of fixed assets and intangible assets.
- **Net debt** is the sum of term loans and financial leases less bank deposits and cash.

Other definitions

- **Directly operated store** means a store owned and operated by the group.
- **Franchise store** means a store operated by a franchisee under a franchise agreement with the group.
- **Chain** means the sum of directly operated stores and franchise stores.
- **Like-for-like** are stores which have been open for every month of the current calendar year and for every month of the previous calendar year.

Capital Markets Day
5 December 2018

Presentation of results for fourth quarter 2018
31 January 2019