

Creating a pan-Nordic platform

June 2018



**Norway's leading
discount variety retailer**

Europris
MER TIL OVERS

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Achieving international competitiveness with a solid Nordic footprint

“Bringing the segment’s two strong players in Norway and Sweden together, leveraging a significantly overlapping assortment, deep retail know-how and a common strategic agenda to create a robust Nordic constellation in discount variety retail”

Euopris

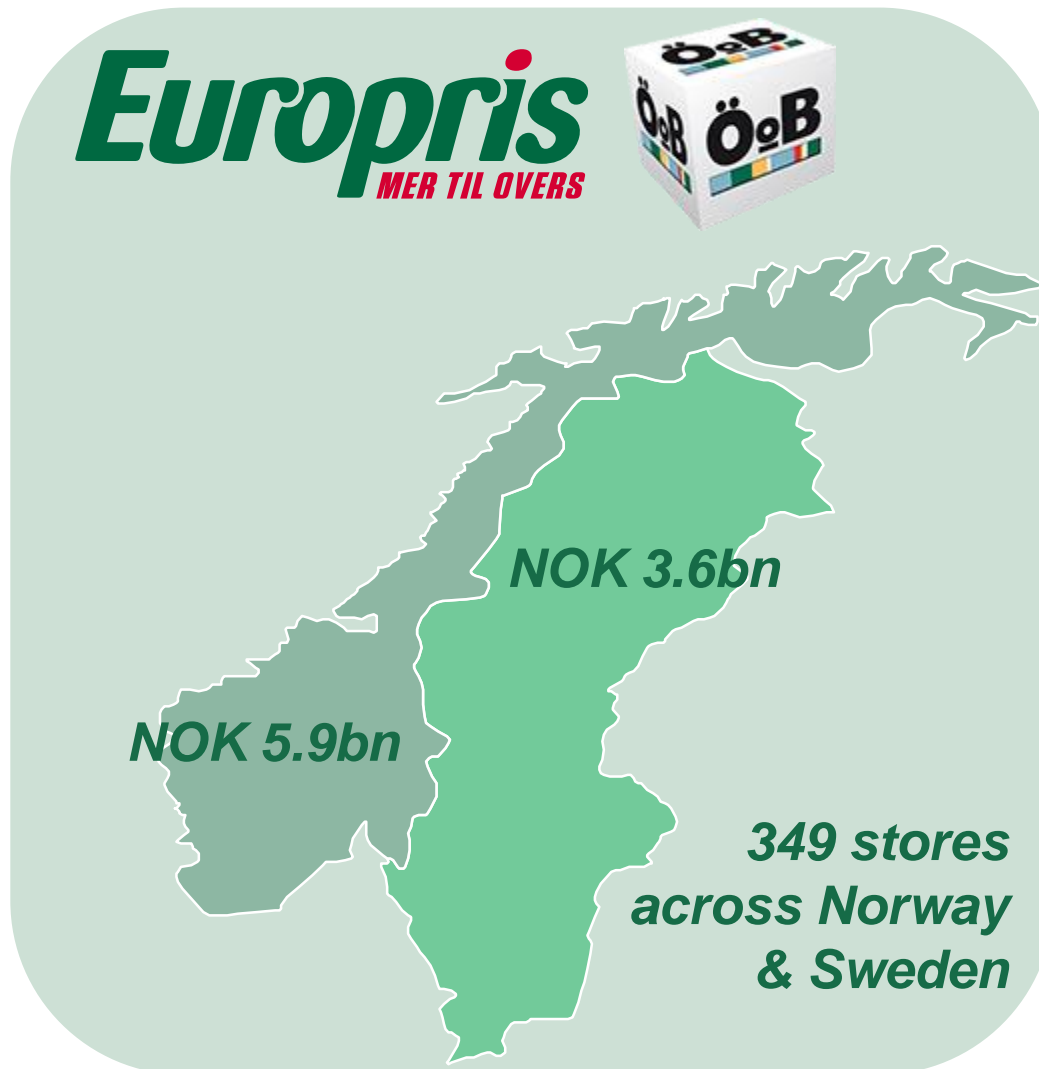


# of stores	255
Retail sales 2017A	NOK 5.9bn

# of stores	94
Retail sales 2017A	NOK 3.6bn

Creating a pan-Nordic platform in discount variety retail

Euoppris
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...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

Partners with strategic potential on a European scale...

The Euopris & ÖoB partnership emerges among the top three major European structures in the fast growing discount variety retail sector



Estimated combined partnership numbers

- Chain sales: NOK 9.5bn
- EBITDA: NOK 720m
- Stores: 349
- 2 countries: Norway and Sweden



- Chain sales: NOK 33bn
- EBITDA: NOK 3.7bn
- Stores: 1,095
- 7 countries: Benelux, Germany, France, Austria, Poland



- Chain sales: NOK 33bn
- EBITDA: NOK 3.0bn
- Stores: 927
- 2 countries: United Kingdom and Germany



Not PF for Hong Kong

- Chain sales: NOK 4bn
- EBITDA: NOK 271m
- Stores: 101
- 4 countries: Norway, Sweden, Finland, Germany

...in a retail segment that experiences solid growth across all Western geographies

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18%

Average '12-'17
Sales CAGR

**five
BELOW**



DOLLAR TREE

DOLLARAMA



**DOLLAR
GENERAL**

22%

Average '12-'17
Sales CAGR

ACTION

Poundland



10%

Average '12-'17
Sales CAGR

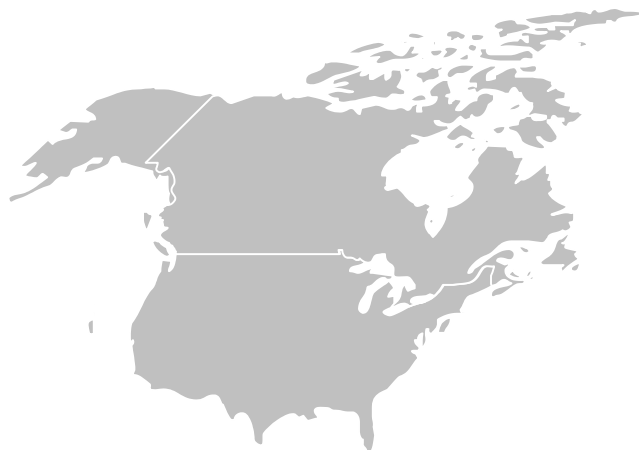
Europris

RUSTA

DOLLAR\$TORE
Mighty fine prices Every Day



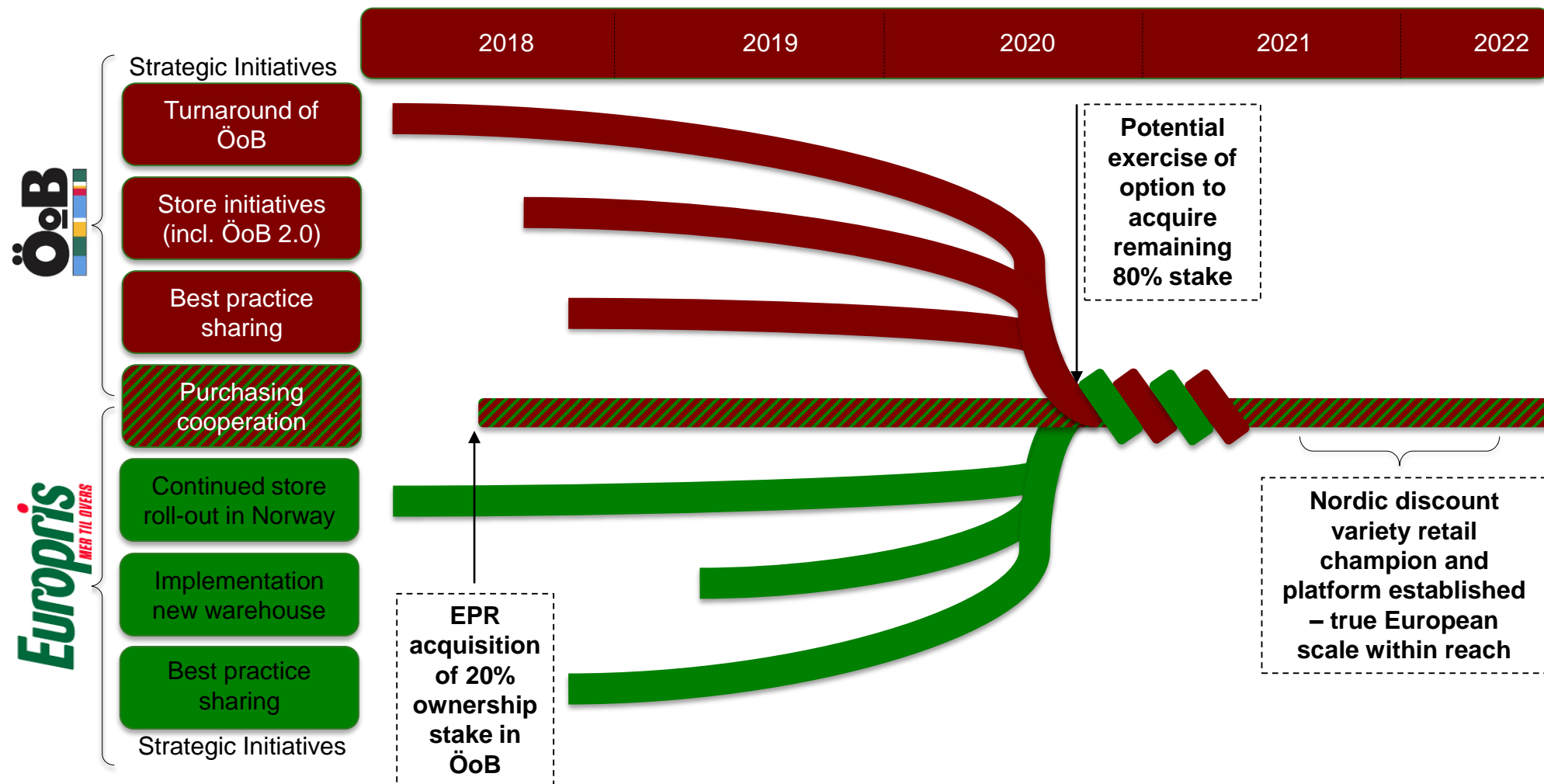
TOKMANNI



Source: 3i Capital Markets Day presentation 2018, 9th March 2018; OC&C research; company information; and Europris estimates

Note: Sales CAGRs for each region denotes the straight average of the respective companies highlighted for the relevant years

A low-risk synergistic partnership today – potential for true European scale tomorrow



Transaction highlights

20% initial stake in Runsvengruppen AB

- Based on EV using fixed multiple of 7.7x actual EBITDA 2018
- Expected price of c. NOK 200m, assuming budgeted EBITDA of SEK 164m
- Share for share transaction
- Vendor note issued at closing – conversion to Europris shares post agreement on actual 2018 EBITDA
- Transaction costs (non-recurring) of c. NOK 2-3m expected for Q2 2018

Ownership in Europris

- 4.5% ownership stake in Europris assuming current share price and achievement of budgeted 2018 EBITDA¹

Option to acquire remaining 80% stake

- Exercisable in 2020, based on EV using fixed multiple of 7.7x average 2019 and 2020 EBITDA
- Share for share transaction

Lock-up

- Shares issued to sellers of ÖoB are subject to lock-up – until mid 2021 if option is exercised

1) Calculated using EPR share price of NOK 25,75 as of Friday, 8th June 2018

ÖoB is a household name, well established across Sweden

Overview

- Swedish discount variety retailer founded by Rune Svensson in 1948
 - Started as wholesale operation in Linköping
 - Several acquisitions until early nineties
 - Överskottsbolaget acquired in 1992 – 9 stores
- 94 stores across Sweden – all branded ÖoB
- Headquartered in Skänninge, 2.5 hours south of Stockholm
 - 1,800 employees
- 100% owned by 2nd and 3rd generation of the Svensson family – 7 owners in total

Store estate and central warehouse

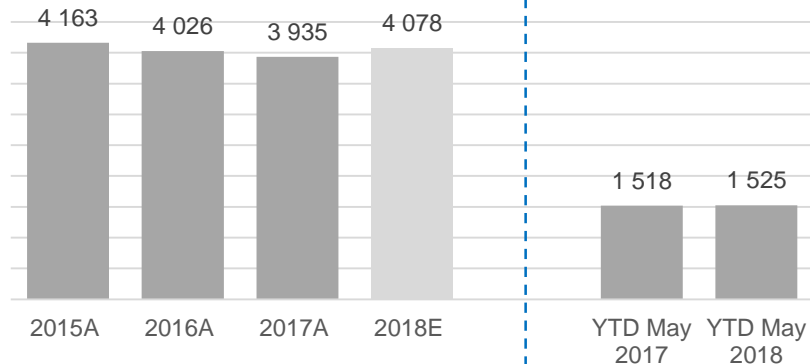


- 94 stores across Sweden
- Central warehouse in Skänninge
 - 70,000m² traditional storage

The strategic turnaround has improved financial performance

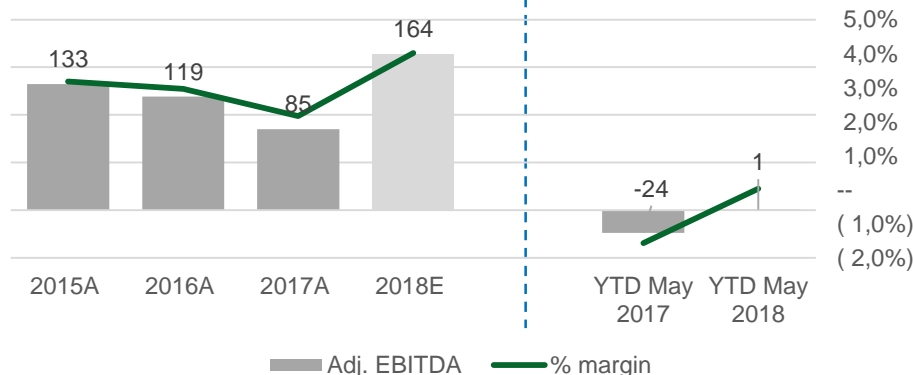
Revenue

SEKm



Adj. EBITDA

SEKm



Comment

- ÖoB emerging from strategic turnaround process
 - New management team
 - Clearly defined strategy of store modernisation and assortment rebalancing
 - Path to margin improvement established
- Supported by already implemented operational measures
 - Exit from unprofitable stores
 - Re-positioning of cost base
 - 30% headcount reduction (head office) completed
- Expected to drive revenue and EBITDA rebound from 2018
 - YTD performance confirming positive impact

Source: Runsvengruppen information

Note: Adjusted EBITDA adjusted for non-recurring items related to turnaround process of SEK 24m and SEK 27m in 2016 and 2017, respectively. In addition, Adjusted EBITDA adjusted for similar non-recurring items of SEK 6m and SEK 1m in YTD May 2017 and YTD 2018, respectively. Estimated 2018 numbers based on ÖoB Business Plan.

Highly competent management team



Fredrik Söderberg

- Chief Executive Officer (since 2017)
- 25 years of experience in Swedish retail and pharmacy business, latest at ICA as Director of Sales & Operations



Mikael Demitz-Helin

- Chief Procurement & Logistics Officer (since 2017)
- 25 years of experience in Nordic and international retail, latest at Plantasjen



Meta Persdotter

- Chief Commercial Officer (since 2017)
- 25 years of experience in Nordic retail, latest as CCO at Rusta



Kent Sandin

- CFO (since 2015)
- 30 years of executive management positions in retail and FMCG



Eva Lundqvist

- Head of HR (since 2009)
- 30 years of experience in IT and HR positions



Working together as two independent retailers with a common strategic agenda

- Joint purchasing to commence immediately
- Sharing of best practice and experience
- Companies to be run independently and by separate management teams
- Board participation

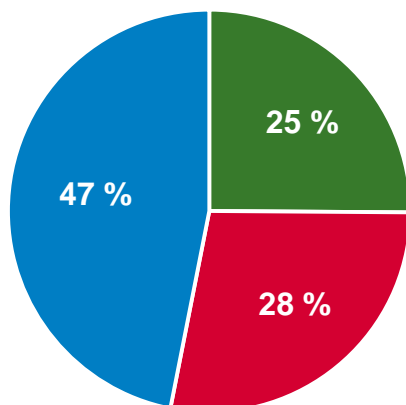
Laying the foundation for a potential combined long-term future

Significant assortment and supplier overlap presents opportunity for realising synergies

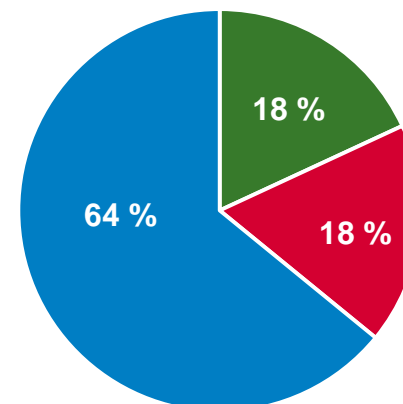
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NOK: 5.9bn



NOK 3.6bn



■ General merchandise ■ Speciality retail ■ Groceries

Source: Based on Euopris and Runsvengruppen 2017 revenue

Note: Numbers for Runsvengruppen converted to NOK using SEK / NOK rate as of Friday, 8th June 2018

Overlapping concepts catering for upside in exploiting best practice

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Euopris



Euopris version 5.1



ÖoB New concept store

Investing together to develop exciting innovations for the future

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VIL DU HA ENDA
MER
TIL OVERS?

HVA FÅR DU
SOM MER-KUNDE?

- Kundeavis, tilbud og kupp FØR alle andre
- Tips, råd og inspirasjon
- Lag din egen handleliste
- Spennende konkurranser og unike tilbud
- Kjøp nå – betal senere

REGISTRER DEG I KASSEN!

Bli MER-kunde i dag
og få et gavekort til
en verdi på kr 50.-

Gavekortet kan brukes
ved kjøp over kr 300.-
i en av våre 240 butikker.

Euopris
MER
TIL OVERS

Bli MER-kunde i dag
og få et gavekort med
en verdi på kr 50.-

Gavekortet kan brukes
ved kjøp over kr 300.-
i en av våre 240 butikker.



KJØP PÅ NETT
- hjem på døren
eller post-i-butikk

EUOPRIS HAR ÅPNET NETTBUTIKK!

MER TIL OVERS
- HELT HJEM PÅ DØREN!



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ÖoB
@ÖoB.se

Startside

Innlegg
Steder
Bilder
Arrangementer
Om
Kundtjänst
Nyhetsbrev
Lediga jobb
Filmer
Videoer

**PRISER
ÄR SKILLNADEN!**

**LÅGT PRIS
-JA TALK!**

Varje krona räknas!

ÖoB
Varemagasin

Why it makes commercial sense

Sourcing synergies

- Significant overall synergy potential in sourcing from wide assortment overlap – in the range of NOK 60-80m combined
- Generally long lead times on sourcing – initial synergies expected late 2019, with full effect in the years thereafter

Concept overlap

- Extensive concept alignment – exploiting best practice and knowledge sharing across geographies

Strong management

- Highly competent, experienced and committed ÖoB management team in place to complement well-established Euopris management team
- Full alignment with Euopris on key focus areas and key factors for continued growth and success

Economies of scale

- Economies of scale across a range of cost sharing and knowledge sharing initiatives (e.g. e-CRM, e-commerce, automation, AI solutions, etc.)

Significant structural optionality

- Low-risk international expansion
- Strategic control for limited financial exposure

Creating a pan-Nordic stronghold and platform for further growth

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Appendix – additional transaction details

Additional key transaction details

- Share for share transaction – shares to be transferred to the Svensson family's holding company RuNor AS
 - Closing expected end June 2018
 - Vendor note issued at closing to be converted to Europris shares following agreement on 2018 actual EBITDA for ÖoB
 - Number of Europris shares based on VWAP share price in 60 day period prior to conversion
 - Share settlement can be capped at a 4% ownership in EPR at Europris' discretion and any additional consideration can be settled in cash
- Option can be exercised in 6 month period following agreement on 2019 EBITDA (Option Period)
 - Two-staged transaction – initial transaction based on 2019 EBITDA only; any additional value settled after agreement on 2020 EBITDA in 2021
- Europris will appoint one board member in ÖoB following closing of initial 20% stake
- Europris will propose to the next AGM to appoint one representative from RuNor AS to Europris' Board of Directors

- Extensive analysis of product and supplier overlap conducted in close cooperation between the two companies' respective procurement teams
- Estimation of synergy potential from a representative selection of categories and products
- Shared prioritisation of supplier and category focus
- Overall synergy potential estimated to be in the range of NOK 60-80m on a combined basis
 - Relatively even distribution of synergies between the two companies
- Staged realisation of synergies in line with procurement calendars and agreed prioritisations
 - Initial synergies likely in late 2019, however experience dictates full realisation will take 2-3 years

ÖoB historic reported financials

Consolidated income statement

SEKm	2017	2016
Revenue	3 924,1	4 014,1
Other income	10,9	12,3
Total operating income	3 935,0	4 026,4
Cost of goods sold	(2 608,9)	(2 603,2)
Employee benefits expense	(643,3)	(668,5)
Depreciation	(62,0)	(65,9)
Other operating expenses	(624,5)	(659,2)
Total operating expenses	(3 938,7)	(3 996,8)
Operating profit	(3,7)	29,6
Net interest expense	(6,1)	(5,3)
Net other financial income (expense)	--	--
Net financial income (expense)	(6,1)	(5,3)
Profit before tax	(9,8)	24,3
Income tax expense	1,0	(6,2)
Profit for the year	(8,8)	18,1

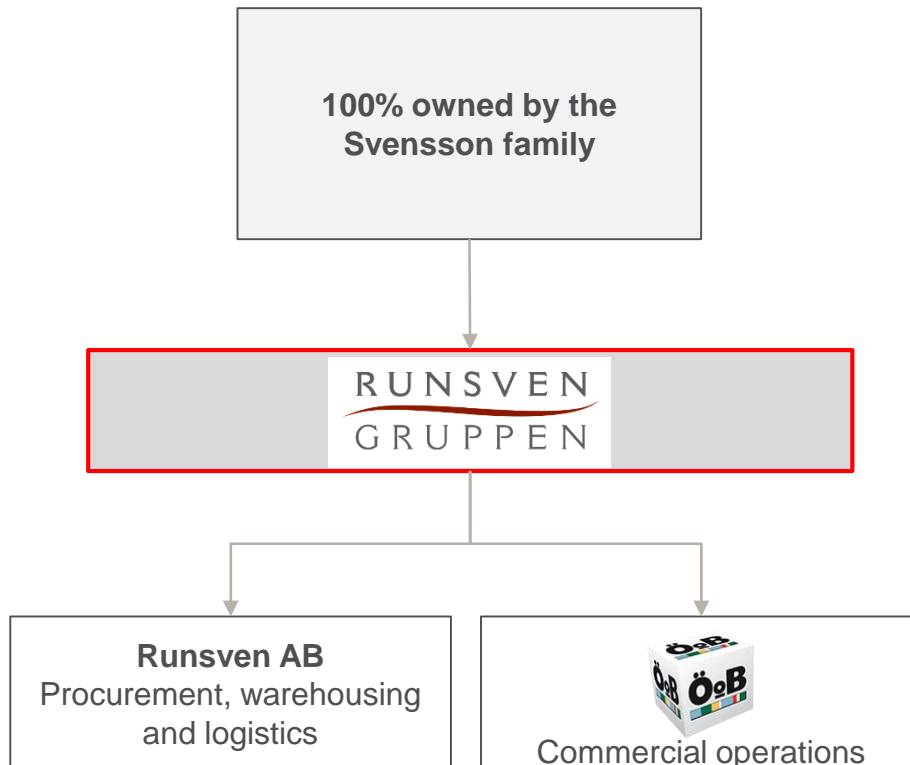
Bridge to Adjusted EBITDA

Operating profit	(3,7)	29,6
Depreciation	62,0	65,9
EBITDA	58,3	95,5
Non-recurring items	27,0	23,7
Adjusted EBITDA	85,3	119,2

Consolidated balance sheet

SEKm	2017	2016
Goodwill	4,3	4,3
Other intangible assets	34,4	31,7
Land and buildings	15,0	18,2
Fixtures and fittings	112,7	135,2
Other	0,6	0,6
Long term tax asset	10,4	9,4
Total fixed assets	177,4	199,4
Inventories	707,5	657,5
Trade receivables	54,5	40,6
Other receivables	115,1	129,5
Tax asset	22,5	15,9
Cash	28,8	27,1
Total current assets	928,4	870,6
Total assets	1 105,8	1 070,0
Total equity	388,2	416,2
Borrowings	161,0	214,2
Long term tax liability	26,8	36,1
Other non-current liabilities	16,1	11,6
Total non-current liabilities	203,9	261,9
Accounts payable	299,7	214,5
Other current liabilities	214,0	177,4
Total current liabilities	513,7	391,9
Total liabilities and equity	1 105,8	1 070,0

Ownership structure



Comment

- Svensson family in control since inception, some 70 years ago
- Ownership today divided between seven individuals from the 2nd and 3rd generations
- Board representation only – no currently active management participation
 - Oskar Svensson: Chairman of the board (former Group CEO)
 - Joakim Svensson: board member (former Group CEO)



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