Creating a pan-Nordic platform

June 2018

Norway’s leading discount variety retailer
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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”

<table>
<thead>
<tr>
<th># of stores</th>
<th>255</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail sales 2017A</td>
<td>NOK 5.9bn</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th># of stores</th>
<th>94</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail sales 2017A</td>
<td>NOK 3.6bn</td>
</tr>
</tbody>
</table>

Note: Numbers for Runsvengruppen converted to NOK using SEK / NOK rate as of Friday, 8th June 2018
Creating a pan-Nordic platform in discount variety retail

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

Representing sales of NOK 17.1bn

349 stores across Norway & Sweden

NOK 5.9bn

NOK 3.6bn

NOK 7.6bn

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

<table>
<thead>
<tr>
<th>Partnership</th>
<th>Chain sales:</th>
<th>EBITDA:</th>
<th>Stores:</th>
<th>Countries:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europris &amp; ÖoB</td>
<td>NOK 9.5bn</td>
<td>NOK 720m</td>
<td>349</td>
<td>Norway and Sweden</td>
</tr>
<tr>
<td>ACTION</td>
<td>NOK 33bn</td>
<td>NOK 3.7bn</td>
<td>1,095</td>
<td>Benelux, Germany, France, Austria, Poland</td>
</tr>
<tr>
<td>b&amp;m</td>
<td>NOK 33bn</td>
<td>NOK 3.0bn</td>
<td>927</td>
<td>United Kingdom and Germany</td>
</tr>
<tr>
<td>RUSTA</td>
<td>NOK 4bn</td>
<td>NOK 271m</td>
<td>101</td>
<td>Norway, Sweden, Finland, Germany</td>
</tr>
</tbody>
</table>

Note: Combined 2017 revenue for Europris / ÖoB. Actual 2017 Adj. EBITDA for Europris and ÖoB (excluding non-recurring items). Rusta figures not adjusted for acquisition of Hong Kong in Finland.
in a retail segment that experiences solid growth across all Western geographies

18%  
Average ‘12-‘17 Sales CAGR

22%  
Average ‘12-‘17 Sales CAGR

10%  
Average ‘12-‘17 Sales CAGR

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

Strategic Initiatives
- Turnaround of ÖoB
- Store initiatives (incl. ÖoB 2.0)
- Best practice sharing
- Purchasing cooperation

2018
- Continued store roll-out in Norway

2019
- Implementation new warehouse
- Best practice sharing

2020
- EPR acquisition of 20% ownership stake in ÖoB

2021
- Potential exercise of option to acquire remaining 80% stake

2022
- Nordic discount variety retail champion and platform established – true European scale within reach
Transaction highlights

20% initial stake in Runsven-gruppen 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 EBITDA

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
OoB 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 OoB

- 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

Source: Runsvengruppen information
The strategic turnaround has improved financial performance

Revenue

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SEKm</td>
<td>4,163</td>
<td>4,026</td>
<td>3,935</td>
<td>4,078</td>
</tr>
<tr>
<td>YTD May 2017</td>
<td>1,518</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>YTD May 2018</td>
<td>1,525</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Adj. EBITDA

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SEKm</td>
<td>133</td>
<td>119</td>
<td>85</td>
<td>164</td>
</tr>
<tr>
<td>YTD May 2017</td>
<td></td>
<td></td>
<td>-24</td>
<td></td>
</tr>
<tr>
<td>YTD May 2018</td>
<td></td>
<td></td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

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: Rungsengruppen 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

NOK: 5.9bn

General merchandise: 47%
Speciality retail: 28%
Groceries: 25%

NOK 3.6bn

General merchandise: 64%
Speciality retail: 18%
Groceries: 18%

Source: Based on Europris 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
Investing together to develop exciting innovations for the future
## 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 Europris management team  
• Full alignment with Europris 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
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
Procurement synergy overview

- 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
## Consolidated income statement

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

### Bridge to Adjusted EBITDA

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>(3,7)</td>
<td>29,6</td>
</tr>
<tr>
<td>Depreciation</td>
<td>62,0</td>
<td>65,9</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>58,3</strong></td>
<td><strong>95,5</strong></td>
</tr>
<tr>
<td>Non-recurring items</td>
<td>27,0</td>
<td>23,7</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td><strong>85,3</strong></td>
<td><strong>119,2</strong></td>
</tr>
</tbody>
</table>

## Consolidated balance sheet

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

Source: Runsengruppen AB 2017 annual report
ÖoB current ownership structure

Ownership structure

- 100% owned by the Svensson family
- Runsven AB: Procurement, warehousing and logistics
- Commercial operations

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)
Nyt sommeren
med Europriser!