

Europpris

EUROPRIS ASA



HIGHLIGHTS



SECOND QUARTER 2017

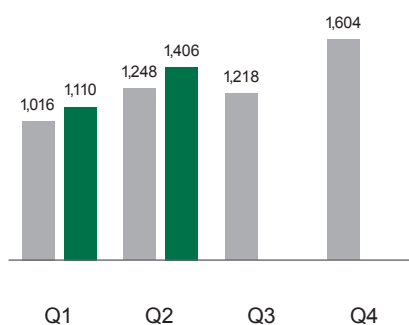
- Group revenues increased 12.7 per cent to NOK 1,406 million (1,248 million)
 - » 5.7 per cent growth on a like-for-like basis primarily driven by volume
 - » Well above market decline of -0.5 per cent
- Strong seasonal execution
 - » Improvement in range, campaigns and implementation in stores throughout the spring season
 - » High campaign sales during Easter affecting quarterly gross margin
- Adjusted EBITDA up 6.9 per cent to NOK 205 million

FIRST HALF 2017

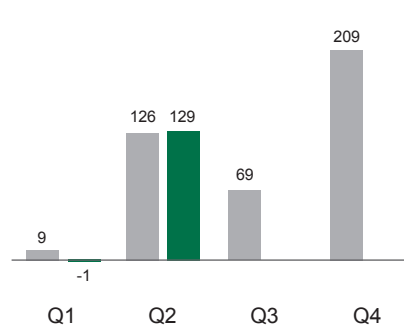
- Group revenues increased 11.1 per cent to NOK 2,516 million (2,264 million)
 - » Eight franchise takeovers
- Organic growth in line with historic average
 - » 8.9 per cent growth in retail sales
 - » 5.2 per cent on a like-for-like basis, compared to market of 0.3 per cent
 - » Five new store openings
- NOK 12.4 million in one-off costs related to franchise takeovers and 25th year anniversary (not reported as nonrecurring)
- Adjusted net profit of NOK 128 million (136 million)

Figures for the corresponding period of last year in brackets. The figures are unaudited.
For non-IFRS figures (e.g adjusted figures), see page 18 for definitions.

Group revenue, NOK million



Adjusted net profit, NOK million



■ 2016 ■ 2017

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Figures are stated in NOK million

	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FY 2016
CHAIN KEY FIGURES					
Total retail sales	1,539.9	1,409.4	2,705.5	2,485.3	5,524.8
Growth (%)	9.3%	13.5%	8.9%	8.3%	7.7%
Like for like sales growth (%)	5.7%	10.0%	5.2%	5.1%	4.1%
Total number of stores at end of period	244	236	244	236	239
- Directly operated stores	198	176	198	176	185
- Franchise stores	46	60	46	60	54

	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FY 2016
GROUP KEY INCOME STATEMENT FIGURES					
Sales directly operated stores	1,196.0	997.2	2,089.7	1,762.8	3,987.5
Sales from wholesale to franchise stores	186.5	226.3	383.4	452.8	993.1
Franchise fees and other income	23.8	24.3	42.8	48.2	104.6
Group revenue	1,406.3	1,247.9	2,516.0	2,263.8	5,085.2
% growth	12.7%	13.4%	11.1%	8.5%	9.8%
COGS excluding unrealised foreign exchange effects	803.7	707.2	1,459.9	1,299.9	2,901.2
Gross profit	602.6	540.7	1,056.0	963.8	2,184.0
% margin	42.9%	43.3%	42.0%	42.6%	42.9%
Opex	398.1	349.5	817.5	716.7	1,517.1
Nonrecurring items	-	-	-	-	-
Opex excluding nonrecurring items	398.1	349.5	817.5	716.7	1,517.1
% of group revenue	28.3%	28.0%	32.5%	31.7%	29.8%
Adjusted EBITDA	204.5	191.3	238.5	247.1	667.0
Adjusted EBIT	183.8	172.6	197.7	210.3	591.9
Adjusted profit before tax	169.7	168.6	168.5	180.6	548.9
Adjusted net profit	129.0	126.5	128.0	135.5	413.7
Adjusted earnings per share (167 million shares)	0.77	0.76	0.77	0.81	2.48
GROUP KEY CASH FLOW AND BALANCE SHEET FIGURES					
Net change in working capital			(249.7)	(119.0)	(42.5)
Capital expenditure			56.4	48.4	89.9
Financial debt			1,647.6	1,655.7	1,648.1
Cash and cash equivalents			15.7	166.7	577.0
Net debt			1,631.9	1,489.0	1,071.1

PERIOD REVIEW



SECOND QUARTER

Europris secured a solid second quarter, increasing group revenue by 12.7 per cent to NOK 1,406 million (1,248 million).

Sales in the quarter got off to a strong start with a successful Easter period. The remaining part of the quarter was characterised by good seasonal execution. This included an improved range of products that was well presented through carefully planned and integrated sales campaigns. The team's efforts resulted in significant and mainly volume driven like-for-like performance of 5.7 per cent.

High campaign sales, especially during Easter, had a negative effect on gross margin. The topline success of the campaigns is a demonstration of the good category and concept development as well as marketing work that has been undertaken. However, the relative campaign mix and the potential for additional sourcing benefits will be evaluated in order to secure an improved profit margin going forward.

FIRST HALF

Celebrating its 25th year anniversary in 2017, the group continued the historic growth trend in the first half of the year. Group revenues increased by 11.1 per cent to NOK 2,516 million (2,264 million).

This represents a like-for-like performance of 5.2 per cent, compared with first half last year.

Europris' key focus on new store roll-out and expansion continued during the period. The group opened five new stores and concluded eight franchise takeovers during the first half year. The number of directly operated stores increased by 22 to 198 stores, compared with the corresponding period last year.

This represents 81 per cent of the total store base (244 stores) on 30 June.

The group's inventory level has increased because of the higher number of directly operated stores. In addition, the level of seasonal- and base assortment held at the central warehouse is increased.

SALES PERFORMANCE

Europris has delivered notable topline development so far this year. The group's like-for-like performance of 5.7 per cent during the second quarter was strong, especially considering the 10.0 per cent like-for-like growth during the same period last year. The market, according to Kvarud Analyse, had a negative like-for-like development of -0.5 per cent in the quarter.¹ There were four fewer selling days in the second quarter this year compared with last year, as a result of the timing of Easter.

Solid Easter sales secured a kick-start to the second quarter, lifting the important seasonal sales by 28.9 per cent on a like-for-like basis. The successful Easter period was followed by a well-executed spring season showing improvements in the product range, as well as better and more integrated sales campaigns to help consolidate the seasonal offerings. Careful planning and relentless focus over time have ensured that Europris is now well established as a destination store for the important spring season.

The campaign share has increased over time and has put some pressure on gross margin. Europris believes this is due to a combination of better campaign implementation in stores and more price conscious consumers. Both campaign intensity as well as sourcing conditions will be evaluated in order to improve campaign margin going forward.

Following two years of price driven organic growth on the back of significant global currency movements, performance in the final quarter of 2016 and the first half of 2017 was mainly driven by volume. Europris believes the performance reflects the underlying strength and relative resistance of the concept and the underlying retail segment.

LFL growth – split by price and volume

	YTD 2017	2016	2015	2014
Price	0.8%	3.3%	5.9%	-0.4%
Volume	4.5%	0.8%	-0.5%	7.4%
Total LFL growth	5.2%	4.1%	5.4%	7.0%

¹ According to Kvarud Analyse, Shopping Centre Index, June 2017; report analyses the performance of the 237 largest shopping centres in Norway.

Total growth in the Norwegian retail market during the first half year continued the slightly soft trend indicated by market performance in the first quarter this year.² Kvarud and Statistics Norway (SSB) figures report growth of 1.6 per cent and 1.9 per cent in Norwegian shopping centres and the total retail market, respectively. Europris believes that overall market growth has been reduced in line with lower inflation so far this year, following significant currency driven price inflation in 2015 and parts of 2016.

E-commerce and the discount variety retail segment were the key growth drivers in the Norwegian retail market in the first half of 2017. The discount variety retail segment grew by 7.5 per cent (May year-to-date), as reported by Statistics Norway. Europris remains well placed within the segment. The group continues to take market share, growing retail sales by 8.9 per cent for the first half year.

	YTD 2017 total growth	2016 total growth
Kvarud Shopping Centre Index ²	1.6%	3.0%
SSB: total retail ²	1.9%	3.2%
SSB: wide assortment – other ²	7.5%	4.8%
Europris chain	8.9%	7.7%

Europris and Kvarud: YTD June (one fewer sales day)

SSB: YTD May (same number of sales days)

OPERATIONAL REVIEW

Growing store estate

Europris opened two new stores in the second quarter, at Kokstad and Tasta, in the counties of Hordaland and Rogaland, respectively. These stores add to the three stores opened in the first quarter. At the beginning of the second quarter, there were three stores in the pipeline for 2017 that were subject to municipal zoning regulations. The zoning process has been completed and approved for two of the abovementioned stores, however both have been delayed until the first half of 2018. The zoning process for the third store is still pending, and the store will be delayed.

New store openings

Month	Store	County
February	Gran	Oppland
March	Rælingen	Akershus
March	Brekstad	Sør-Trøndelag
April	Kokstad	Hordaland
April	Tasta	Rogaland

At the end of June, the total number of stores in the chain was 244, comprising 198 directly operated and 46 franchise stores. This represents an increase of 22 directly operated stores compared with the same period last year.

Procurement

Procurement and category development remain two of the group's key success factors. Europris has enjoyed a successful sourcing relationship with Tokmanni since the establishment of a joint sourcing office in Shanghai in 2013. Combining the volumes of Europris and Tokmanni has ensured increased relevance and leverage vis-à-vis suppliers, as well as facilitated more direct sourcing relationships with product manufacturers.

The Shanghai office employs 21 highly skilled staff, and sourcing now amounts to almost USD 100 million, up by more than 80 per cent in the last 24 months.

On 1st July, the joint sourcing office appointed a new managing director. A Hong Kong national, Mrs. Cze Wan Cheng was appointed in an effort to further build on the significant achievements to date, as well as to secure the ambitious goals set out in the Shanghai sourcing office's 2020 strategy plan. Mrs. Cheng has previously gained significant experience in various senior management positions within procurement, including at CASH Retail Management Group and Li & Fung (trading) Ltd.



² Based on market data available, year-to-date May, from Statistics Norway and year-to-date June, Kvarud.

Inventory management

Inventory has increased as a result of store expansions and a higher number of directly operated stores, both through new store openings and franchise takeovers.

The mild winter resulted in surplus stock of seasonal items, which will be held in the stores and at the central warehouse until the next winter season. The goods are merchantable and represent a low risk for obsolescence.

At the end of the first half, the central warehouse had a higher inventory of seasonal items for the summer season than at the same time last year. This will ensure good supply to the stores throughout the season. In addition, the level of base assortment to be used in sales campaigns has increased at the central warehouse.

The increase in inventory has affected cash-flow and creates some operational difficulties at the central warehouse due to the high fill rate. Actions in order to improve inventory turnover have been taken and results are expected towards the end of the year.

Other developments

Final approval of the new zoning regulation in connection with the group's new warehouse was granted in early May. In line with previous



communication, the group acquired the land area adjacent to the new warehouse in order to secure future expansion. Europris has entered a long term rental agreement with Moss Harbour for the majority of the land area.

Construction on the new central warehouse has started, with initial focus on excavation and levelling. The project is progressing as planned.



PROFIT AND LOSS - SECOND QUARTER

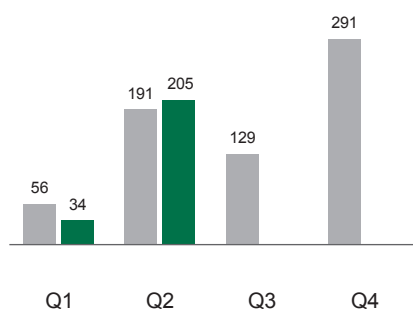
Group revenue in the second quarter of 2017 amounted to NOK 1,406 million (1,248 million), up by 12.7 per cent. The key drivers for revenue growth was the strong seasonal execution resulting in a like-for-like growth of 5.7 per cent for the chain, new store openings and franchise takeovers.

Gross profit for the group was NOK 603 million (541 million). The gross margin was 42.9 per cent in the second quarter of 2017, compared with 43.3 per cent in the same period last year. Significant campaign sales during Easter had a negative effect on gross margin.

Operating expenditure (opex) excluding nonrecurring items in the second quarter came to NOK 398 million (350 million). This represented an increase of 13.9 per cent from the same period last year. Opex was impacted by the increase in number of directly operated stores, which increased from 176 to 198. Relative to group revenue, operating expenses was 28.3 per cent (28.0 per cent). Some extra costs incurred related to certain planned operational initiatives, as changed distribution from sea to road and increased focus on digital channels.

The group maintained strong cost control through focus on efficiency throughout the value chain.

Adjusted EBITDA was NOK 205 million (191 million) in the second quarter, up by 6.9 per cent compared with last year. The Adjusted EBITDA margin was 14.5 per cent (15.3 per cent). The margin was impacted by reduction in gross margin due to high campaign sales during Easter.



■ 2016 ■ 2017

Adjusted profit before tax was NOK 170 million (169 million). The group recorded an unrealised loss of NOK 4 million on currency hedging contracts and on accounts payable in foreign currencies in the quarter. Last year, the group recorded an unrealised gain of NOK 6 million in the corresponding period.

Adjusted net profit for the second quarter of 2017 was NOK 129 million (127 million), up by 2 per cent.

PROFIT AND LOSS - FIRST HALF

Group revenue for the first half of 2017 amounted to NOK 2,516 million (2,264 million), up by 11.1 per cent. The key drivers for revenue growth was the like-for-like growth of 5.2 per cent, opening of new stores and franchise takeovers.

Gross profit for the group was NOK 1,056 million (964 million). The gross margin was 42.0 per cent in the first half of 2017, compared with 42.6 per cent in the same period last year. The margin decrease is explained by significant Easter campaign sales, which had a negative effect on gross profit. In addition, the group had a one-off impact on gross profit of NOK 7.8 million related to franchise takeovers in the first quarter.

Opex excluding nonrecurring items in the first half came to NOK 818 million (717 million). This represented an increase of 14.1 per cent from the same period last year. Relative to group revenue, operating expenses were 32.5 per cent (31.7 per cent). Opex in the first half were impacted by an increase in the number of directly operated stores, and planned operational initiatives related to change in distribution model and focus on digital channels.

Adjusted EBITDA was NOK 239 million (247 million) in the first half, down by NOK 8.6 million compared with last year. The Adjusted EBITDA margin was 9.5 per cent (10.9 per cent).



Adjusted EBITDA includes NOK 12.4 million in one-off costs related to franchise takeovers and celebration of 25th year anniversary. The one-off costs are not reported as nonrecurring.

Adjusted net profit for the first half of 2017 was NOK 128 million (136 million).

CASH FLOW

Net change in working capital was negative NOK 250 million in the period that ended 30 June 2017 (negative 119 million). The change is due to higher inventory levels, which results from an increased number of directly operated stores and increased inventory at the central warehouse. The volume of seasonal goods has increased and a larger stock of base assortment, to be used in sales campaigns, is held at the central warehouse.

Capital expenditure was NOK 56 million (48 million). The increase from last year is explained by investments of NOK 18 million for land area adjacent to the new warehouse in Moss, offset by fewer store relocations and fewer new stores opened.

FINANCIAL POSITION AND LIQUIDITY

Financial debt was NOK 1,648 million at the end of the second quarter (1,656 million).

Cash and cash equivalents for the group at 30 June 2017 were NOK 16 million (167 million). A total dividend of NOK 334 million was paid out in the second quarter, up by NOK 100 million compared with last year.

The group's liquidity reserves are satisfactory and were unused at the end of the second quarter.

Net debt at 30 June 2017 was NOK 1,632 million (1,489 million).

RISK FACTORS

The Europris group is exposed to a variety of risks as described in the annual report for 2016 under the section "Directors' report" and note 2 of the consolidated financial statements.

RELATED PARTIES

Related parties of the Europris group include its associates, key management personnel, directors and major shareholders. There have been no significant transactions with related parties in the first half of 2017.

OUTLOOK

Management expects continued growth in revenue and profits going forward.

The group continues to have a healthy pipeline of new stores. Europris has opened five new stores so far this year, and plans to open another six stores during the course of the year. Two of the three stores that remained subject to municipal zoning regulations have now been approved. The zoning process for the third store is still pending. All three stores will be delayed until 2018. The pipeline for 2018 is promising at this early stage with six new stores confirmed so far. The group has no plans to close any stores in 2017.

Europris expects an additional 2-4 franchise takeovers during the rest of the year with corresponding accounting effects as those taken over in the first quarter. Europris is already planning to take over one franchise store during the third quarter.

The measures that were initiated in order to improve inventory turnover are underway. Management expects to see improvements towards the end of the year.

STATEMENT BY THE BOARD OF DIRECTORS

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2017, have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. We also confirm that the board of directors' report includes a true and fair review of the development and performance of the group, together with the risks and uncertainties facing the group.

Fredrikstad, 13 July 2017

THE BOARD OF DIRECTORS OF EUROPRIS ASA

Tom Vidar Rygh
Chair

Hege Bømark

Claus Juel-Jensen

Bente Sollid Storehaug

Tone Fintland

Christian W Jansson

Pål Wibe
CEO

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS



Figures are stated in NOK 1,000	Notes	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FY 2016
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total operating income (group revenue)		1,406,304	1,247,908	2,515,975	2,263,793	5,085,205
Cost of goods sold (COGS)		807,675	701,074	1,468,908	1,306,224	2,903,030
Employee benefits expense		185,395	163,497	391,314	340,511	752,498
Depreciation	5	20,695	18,660	40,819	36,864	75,089
Other operating expenses		212,748	185,991	426,226	376,193	764,590
Operating profit		179,792	178,686	188,709	204,001	589,998
Net financial income (expense)		(10,080)	(10,040)	(20,237)	(23,377)	(41,052)
Profit before tax		169,712	168,646	168,471	180,624	548,946
Income tax expense		40,731	42,162	40,433	45,156	135,285
Profit for the period		128,981	126,485	128,038	135,468	413,661
Attributable to the equity holders of the parent		128,981	126,485	128,038	135,468	413,661
Interim condensed consolidated statement of comprehensive income						
Profit for the period		128,981	126,485	128,038	135,468	413,661
Total comprehensive income		128,981	126,485	128,038	135,468	413,661
Attributable to the equity holders of the parent		128,981	126,485	128,038	135,468	413,661

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION



Figures are stated in NOK 1,000		Notes	30 June 2017	30 June 2016	31 Dec 2016
			Unaudited	Unaudited	Audited
ASSETS					
Total intangible assets	5		2,016,969	2,006,119	2,016,904
Total fixed assets	5		275,053	246,309	246,377
Total financial assets	6		25,125	5,959	2,233
Total non-current assets			2,317,147	2,258,387	2,265,515
Inventories			1,456,484	1,149,209	1,324,103
Trade receivables			165,865	197,850	203,346
Other receivables	6		54,168	53,034	66,539
Cash			15,685	166,728	576,964
Total current assets			1,692,203	1,566,822	2,170,952
Total assets			4,009,350	3,825,209	4,436,467
EQUITY AND LIABILITIES					
Total paid-in capital			502,468	836,406	836,406
Total retained equity			1,000,005	593,773	871,966
Total shareholders' equity			1,502,473	1,430,178	1,708,372
Provisions			85,066	101,805	45,575
Borrowings	6		1,645,427	1,646,972	1,646,874
Other non-current liabilities	6		2,159	8,776	1,272
Total non-current liabilities			1,732,653	1,757,553	1,693,721
Accounts payable			404,966	369,849	555,651
Tax payable			44,592	15,471	145,446
Public duties payable			189,434	128,251	149,167
Other current liabilities	6		135,232	123,906	184,111
Total current liabilities			774,224	637,478	1,034,373
Total liabilities			2,506,877	2,395,031	2,728,095
Total equity and liabilities			4,009,350	3,825,209	4,436,467

Fredrikstad, 13 July 2017

THE BOARD OF DIRECTORS OF EUROPRIS ASA

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



Figures are stated in NOK 1,000

	Attributed to equity holders of the parent			
	Share capital	Share premium	Retained earnings	Total equity
At 1 January 2017	166,969	669,437	871,966	1,708,372
Profit for the period	-	-	128,038	128,038
Dividend		(333,938)		(333,938)
Other comprehensive income	-	-	-	-
At 30 June 2017	166,969	335,499	1,000,004	1,502,473
(unaudited)				

	Attributed to equity holders of the parent			
	Share capital	Share premium	Retained earnings	Total equity
At 1 January 2016	166,969	903,193	458,305	1,528,467
Profit for the period	-	-	135,468	135,468
Dividend		(233,756)		(233,756)
Other comprehensive income	-	-	-	-
At 30 June 2016	166,969	669,437	593,773	1,430,178
(unaudited)				

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS



Figures are stated in NOK 1,000

	Notes	YTD 2017	YTD 2016	FY 2016
		Unaudited	Unaudited	Audited
Cash flows from operating activities				
Profit before income tax		168,471	180,624	548,946
Adjusted for:				
Depreciation of fixed and intangible assets	5	40,819	36,864	75,089
Changes in net working capital		(249,664)	(118,991)	(42,517)
Income tax paid		(101,221)	(92,586)	(108,772)
Net cash generated from operating activities		(141,594)	5,911	472,746
Cash flows from investing activities				
Purchases of fixed and intangible assets	5	(56,429)	(48,401)	(89,935)
Acquisition of franchise stores		(24,954)	(1,382)	(11,229)
Net cash used in investing activities		(81,383)	(49,782)	(101,164)
Cash flows from financing activities				
Repayment of debt to financial institutions		(4,364)	(2,760)	(7,978)
Dividend		(333,938)	(233,756)	(233,756)
Net cash from financing activities		(338,302)	(236,516)	(241,734)
Net (decrease)/increase in cash		(561,279)	(280,388)	129,848
Cash at 1 January		576,964	447,116	447,116
Cash at end of period		15,685	166,728	576,964

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NOTES



NOTE 1 CORPORATE INFORMATION

The interim condensed consolidated financial statements of Europris ASA and its subsidiaries (collectively, the group) for the second quarter and the six months ended 30 June 2017 were authorised for issue by the board on 13 July 2017.

Europris ASA is domiciled in Norway. The group is a discount variety retailer with stores across Norway.

These condensed interim financial statements have not been audited.

NOTE 2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the second quarter and the six months ended 30 June 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements at 31 December 2016.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the group's annual consolidated financial statements for the year ended 31 December 2016. New standards and interpretations effective at 1 January 2017 do not impact the annual consolidated financial statements of the group or the interim condensed consolidated financial statements of the group.

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim condensed financial statements requires management to make accounting judgements and estimates that impact how accounting policies are applied and the reported amounts for assets, liabilities, income and expenses. Actual results may differ from these estimates. The critical accounting estimates and judgements are consistent with those in the consolidated financial statements for 2016.

NOTE 4 SEGMENT INFORMATION

The group management is the group's chief operating decision-maker. Reporting to the group management, which is responsible for evaluating profitability and achievements, is on a consolidated basis that forms the basis for the group management's assessment of profitability at a strategic level. The group as a whole is therefore defined and identified as one segment.

NOTE 5 FIXED AND INTANGIBLE ASSETS

Figures are stated in NOK 1,000	Fixtures and fittings	Land	Software	Trademarks	Goodwill	Total
Carrying amount 1 January 2017	246,377	-	39,929	387,573	1,589,402	2,263,281
Acquisition of subsidiaries	4,362	-	-	-	8,620	12,982
Additions	32,483	17,628	6,466	-	-	56,577
Disposals	-	-	-	-	-	-
Depreciation	(25,797)	-	(15,021)	-	-	(40,819)
Carrying amount 30 June 2017	257,424	17,628	31,374	387,573	1,598,022	2,292,021

Figures are stated in NOK 1,000	Fixtures and fittings	Land	Software	Trademarks	Goodwill	Total
Carrying amount 1 January 2016	225,178	-	40,744	387,573	1,582,487	2,235,982
Acquisition of subsidiaries	1,307	-	-	-	3,532	4,839
Additions	41,565	-	6,907	-	-	48,472
Disposals	-	-	-	-	-	-
Depreciation	(21,741)	-	(15,123)	-	-	(36,864)
Carrying amount 30 June 2016	246,309	-	32,528	387,573	1,586,019	2,252,429



NOTES

NOTE 6 FINANCIAL INSTRUMENTS - FAIR VALUE

Set out below is a comparison of the carrying amounts and fair values of financial assets and liabilities at 30 June 2017 and 31 December 2016:

Figures are stated in NOK 1,000

	30 June 2017		31 December 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and receivables				
Non-current receivables	23,914	23,914	1,808	1,808
Total	23,914	23,914	1,808	1,808
Financial liabilities				
Other financial liabilities				
Borrowings	1,645,427	1,645,427	1,646,874	1,646,874
Total	1,645,427	1,645,427	1,646,874	1,646,874
Financial instruments measured at fair value through profit and loss				
Derivatives - asset				
Interest rate swaps	836	836	51	51
Foreign exchange forward contracts	374	374	7,450	7,450
Total	1,210	1,210	7,501	7,501
Derivatives - liabilities				
Interest rate swaps	2,159	2,159	1,272	1,272
Foreign exchange forward contracts	3,715	3,715	261	261
Total	5,874	5,874	1,534	1,534

FAIR VALUE HIERARCHY

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

All the group's financial instruments measured at fair value are classified as level 2.

Specific valuation methods being used to value financial instruments include:

Specific valuation methods being used to value financial instruments include:

- fair value of interest rate swaps is measured as the net present value of estimated future cash flows based on observable yield curves
- fair value of foreign exchange forward contracts is measured by the net present value of the difference between the contractual forward rate and the forward rate of the currency at the balance sheet date, multiplied by the contractual volume in foreign currency.

FORWARD LOOKING STATEMENTS

The condensed interim report contains forward-looking statements, based on various assumptions. These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risk and uncertainties because they relate to events and depend on circumstances that will occur in the future. Although Europris believes that these assumptions were reasonable when made, it cannot provide assurances that its future results, level of activity or performances will meet these expectations.

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.

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