

Solid performance in the important fourth quarter

2025-01-29

Europris saw a strong finish to the year in Norway, with sales growth exceeding the retail market growth and with an improved gross margin both year-on-year and compared to the preceding quarters.

Europris delivered solid execution throughout the quarter, by balancing sales and margins both for the important campaigns during Black Week and through the Christmas sales period. Good seasonal performance supported sales of non-food items, while consumables were negatively impacted by intense price competition from grocery stores.

The trend with sales moving from December to November has been evident for some years, partly due to an increasing focus on Black Week campaigns. This strengthened further this year, both for Europris and for the overall physical retail market.

In Sweden, the transformation process of ÖoB is on track and in the fourth quarter, ÖoB carried out a clearance sale ahead of planned product upgrades in 2025.

Financial highlights for the fourth quarter 2024:

Please note that financials for the new segment Sweden have been included with effect from 1 May 2024. Comparisons on an organic level exclude the acquisition of ÖoB, meaning that organic figures this year are comparable to last year's group figures.

- Group sales of NOK 4,378 million, up 42.5 per cent
- Organic sales growth of 4.9 per cent

- Gross margin of 42.5 per cent (43.9 per cent)
- Organic gross margin of 46.1 per cent (43.9 per cent). Improvement excluding unrealised currency effects of 1.4 per cent points
- Opex-to-sales ratio of 22.3 per cent (20.3 per cent)
- Organic opex-to-sales ratio of 20.0 per cent (20.3 per cent)
- EBIT of NOK 624 million (NOK 554 million) and EBIT margin of 14.3 per cent (18.0 per cent)
- Organic EBIT of NOK 665 million (NOK 554 million) and organic EBIT margin of 20.6 per cent (18.0 per cent)
- Negative EBIT from ÖoB of NOK 41 million
- Net profit of NOK 443 million (NOK 434 million) attributable to parent
- Net positive impact of NOK 60 million last year from the 20 per cent stake in ÖoB and the remeasurement of the option to acquire the remaining 80 per cent
- Unrealised gain on interest rate swaps of NOK 8 million this year compared to an unrealised loss of NOK 24 million last year

Financial highlights for the full year 2024

- Group sales of NOK 12,750 million, up 34.7 per cent
- Organic sales growth of 4.3 per cent
- Gross margin of 41.7 per cent (44.3)
- Organic gross margin of 44.7 per cent (44.3). Improvement excluding unrealised currency effects of 0.1 percentage points
- Opex-to-sales ratio of 24.7 per cent (23.5)
- Organic opex-to-sales ratio of 24.1 per cent (23.5)
- EBIT of NOK 1,237 million (1,295) and EBIT margin of 9.7 per cent (13.7)
- Organic EBIT of NOK 1,339 million (1,295) and organic EBIT margin of 13.6 per cent (13.7)
- Negative EBIT from ÖoB of NOK 102 million
- Net profit attributable to parent of NOK 839 million (908)
- Net debt excluding lease liabilities increased to NOK 720 million (371)
- The board of directors proposes a dividend per share of NOK 3.50 (3.25)

"I'm pleased with our fourth quarter performance. By anticipating customer needs, securing timely supply, and optimising campaigns, we successfully captured the shift in shopping habits toward earlier seasonal purchases, the sales growth exceeded the market, and we also improved the gross margin", comments CEO Espen Eldal.

"The integration of ÖoB into the Europris framework has progressed well in the

quarter and we remain confident in the transformation programme", he adds.

"For the full year, I'm pleased to see our strategic focus on affordability and relevance resonated with consumers navigating inflation and rising interest rates, thereby driving a 13 per cent growth in the Mer membership club and solidifying our position as a trusted choice".

Total operating income amounted to NOK 4,378 million in the fourth quarter (3,072), up 42.5 per cent. Organic sales amounted to NOK 3,223 million, an increase of 4.9 per cent. There was one extra sales day in Norway in the fourth quarter compared to last year.

Gross profit amounted to NOK 1,862 million (1,348), with a gross margin of 42.5 per cent (43.9). The group recognised a net unrealised gain of NOK 15 million on hedging contracts and accounts payable, compared to a net unrealised loss of NOK 14 million in the same period last year. This impacted the gross margin change positively by 0.8 percentage points. The margin decline reflected the inclusion of ÖoB that has a lower gross margin than Europris. The gross margin in ÖoB was also negatively impacted by clearance sales ahead of category upgrades in 2025. Organic gross margin was 46.1 per cent (43.9). Good seasonal execution and higher share of sales of non-food items and private labels contributed positively to the margin increase in Norway.

Operating expenditure (Opex) was NOK 978 million (625), with organic opex increasing 3.4 per cent to NOK 646 million. The number of directly operated stores increased from 257 to 260. Opex was somewhat positively impacted by the timing of costs and accruals, with NOK 20 million lower costs in the fourth quarter this year. The opex-to-sales ratio was 22.3 per cent (20.3), with the organic opex-to-sales ratio improving to 20.0 per cent (20.3).

EBIT amounted to NOK 624 million (554), corresponding to an EBIT margin of 14.3 per cent (18.0). Organic EBIT was NOK 665 million, an increase of NOK 112 million or 20.2 per cent. The organic EBIT margin was 20.6 per cent (18.0).

Net debt amounted to NOK 4,181 million at 31 December 2024 (3,039). Adjusted for lease liabilities, net debt was NOK 720 million (371). Cash and liquidity reserves for the group amounted to NOK 2,244 million at 31 December 2024 (2,205).

The board of Europris ASA proposes a dividend of NOK 3.50 per share for 2024, representing an increase of 7.7 per cent from the dividend of NOK 3.25 for 2023. The dividend amounts to NOK 573 million excluding treasury shares (523) and represents a pay-out ratio of 68.2 per cent of the majority's share of the profit (57.6).

Outlook

The economic outlook is becoming more attractive as inflation is coming down in

both Sweden and Norway, and the average consumer is seeing improving real wages. Interest rates have already been lowered in Sweden, and the Norwegian central bank has signalled interest rate reductions during 2025. This offers an improving outlook for consumer sentiment in both countries.

In Sweden, the integration of ÖoB is progressing according to plan. Several non-food categories will be upgraded in 2025 and the efforts to upgrade the concept and categories will continue through 2025 and 2026 to improve the customer experience and attract new customer segments. The group remains confident in its long-term ambitions to grow ÖoB to SEK 5 billion in revenue by the end of 2028, with an EBIT margin of 5 per cent for the existing store portfolio.

Practical details:

The quarterly report, presentation materials and spreadsheet with key figures will also be available on the website <https://investor.euopris.no>. CEO Espen Eldal and CFO Stina C Byre will present the group's results at 08:30 CET at the Carnegie office, Fjordalleen 16, 5th floor in Oslo. The presentation will be held in English and transferred via live webcast and will be made available through the website at <https://investor.euopris.no>. It will be possible to ask questions via the web.

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About Europris:

Europris is Norway's largest discount variety retailer by sales. The group offers its customers a broad range of quality owned brands and brand name merchandise. Its merchandise is sold through the Europris chain, which consists of a network of 283 stores throughout Norway. Of these, 262 are directly owned by the group and 21 operate as franchise stores. In May 2024, the group took full ownership of the Swedish discount variety retailer ÖoB, which consists of a network of 93 stores in Sweden. In addition, Europris is full or partial owner of the e-commerce companies Lekekassen, Strikkemekka and Designhandel. The group's head office is located in Fredrikstad, Norway.

This information is considered to be inside information pursuant to the EU Market Abuse Regulation and is subject to the disclosure requirements pursuant to section 5-12 the Norwegian Securities Trading Act.

This stock exchange announcement was published by Trine Engløkken, head of investor relations at Europris ASA, on 29 January 2025 at 07:00 CET.

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