

# Steady growth for Europris and ÖoB integration proceeding according to plan

2024-10-31

The group had higher sales with an organic sales growth of 4.4 per cent in the third quarter. In an economy posing challenges to many consumers, the group is pleased to have witnessed higher footfall as customers continued to value Europris' attractive campaigns, and its broad and relevant product range offered at low prices. The main sales growth drivers were campaigns and consumables while higher costs for inbound freight and the impact from a continued weak Norwegian krone put pressure on the gross margin. Europris delivered a lower cost increase than previously anticipated for the quarter as the group remains highly attentive to its operating costs.

The transformation of ÖoB and the integration process with Europris progressed according to plan. Like-for-like sales and footfall in ÖoB were flat in the third quarter, which was an improvement from the development in the first half of the year. A revival of top-line growth and an improvement of the gross margin for the existing store portfolio are the main value drivers for ÖoB going forward.

Financial highlights for the third 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 3,238 million, up 50.4 per cent
- Sales growth of 4.4 per cent excluding the acquisition of ÖoB (organic)

- Gross margin of 39.7 per cent (45.3 per cent)
- Organic gross margin of 43.7 per cent (45.3 per cent)
- Opex-to-sales ratio of 26.5 per cent (26.5 per cent)
- Organic opex-to-sales ratio of 26.6 per cent (26.5 per cent)
- EBIT of NOK 168 million (NOK 234 million) and EBIT margin of 5.2 per cent (10.9 per cent)
- Organic EBIT of NOK 212 million (NOK 234 million) and organic EBIT margin of 9.5 per cent (10.9 per cent)
- Net profit of NOK 84 million (NOK 144 million) attributable to parent
- Negative EBIT from ÖoB of NOK 45 million
- Negative impact from interest rate swaps of NOK 12 million this year compared to a positive impact of NOK 2 million last year

"As we navigate in a tough retail environment, we're confident that Europris is well-positioned for long-term growth and value creation. Integrating ÖoB into our operations represents a significant opportunity for us to expand our footprint in the Nordic market. While the turnaround in ÖoB will take time, we're taking deliberate steps to modernise stores, improve the product mix, and drive operational efficiencies.

Our core business remains robust and as inflation slows down and consumer confidence strengthens, we're optimistic about our mid-term growth prospects. Our commitment to delivering long-term shareholder value remains unwavering, and we look forward to realising the full potential of Europris with ÖoB onboard", comments CEO Espen Eldal.

Total operating income amounted to NOK 3,238 million in the third quarter (NOK 2,152 million), up 50.4 per cent year-on-year. Organic sales, excluding the acquisition of ÖoB, increased by 4.4 per cent.

Gross profit amounted to NOK 1,286 million (NOK 975 million), with a gross margin of 39.7 per cent (45.3 per cent). Organic gross margin was 43.7 per cent, down 1.6 percentage points. The group recognised a net unrealised loss of NOK 7 million on hedging contracts and accounts payable, compared to a net unrealised gain of NOK 2 million in the same period last year - impacting the gross margin change negatively by 0.3 percentage points.

Operating expenditure (Opex) was NOK 859 million (NOK 571 million). Organic opex was NOK 597 million, up 4.6 per cent, partly explained by the increase from 255 to 259 directly operated stores. The opex-to-sales ratio was 26.5 per cent (26.5 per cent), with an organic opex-to-sales ratio of 26.6 per cent.

EBIT amounted to NOK 168 million (NOK 234 million). The organic EBIT was NOK 212 million, a decline of NOK 22 million or 9.3 per cent. The EBIT margin was 5.2 per cent (10.9 per cent), while the organic EBIT margin was 9.5 per cent.

Net debt amounted to NOK 5,091 million at 30 September 2024 (NOK 3,852 million). Adjusted for lease liabilities, net debt was NOK 1,614 million (NOK 1,256 million). Cash and liquidity reserves for the group amounted to NOK 1,360 million at 30 September 2024 (NOK 1,363 million).

## Outlook

Many consumers are in a tough financial situation after a longer period with high inflation and higher interest rates and have become more price conscious and cautious about their spending. Europris sees this trend being reflected in an increasing share of sales from campaigns and a higher share of sales from consumables, while consumers are holding back on investment purchases. Campaigns and consumables help drive sales, but these trends also put pressure on the gross margin.

Inflation is now coming down in both Sweden and Norway. Interest rates have already been lowered in Sweden, and the Norwegian central bank expects to reduce rates during 2025. In combination with higher wage increases, this offers an improving outlook for the consumer sentiment in both countries, although it will likely take some time until higher purchasing power translates into higher sales volumes. Both Europris and ÖoB are well positioned and their relevant concepts continue to attract customers in these market conditions.

The group is looking forward to the important upcoming Christmas season and has secured sufficient inventory of seasonal items.

Europris has started the process to turn around ÖoB and is progressing according to plan. While it will take time to harmonise categories and product range and improve the customer experience, the group is confident in its long-term ambitions for ÖoB to reach a top line of SEK 5 billion by the end of 2028 and 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.europris.no>.

CEO Espen Eldal and CFO Stina C Byre will present the group's results at 08:30 CET at ABG Sundal Collier's, Ruseløkkveien 26, 8th 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.europris.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 282 stores throughout Norway. Of these, 259 are directly owned by the group and 23 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 94 stores in Sweden. In addition, Europris is full or partial owner of the e-commerce companies Lekekassen, Strikkemekka, Designhandel and Lunehjem. 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 Engløyken, head of investor relations at Europris ASA, on 31 October 2024 at 07:00 CET.

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