

**The company**

Market cap	Not listed
Homepage	www.norgesgruppen.no
Company CEO	Sverre Leiro
Country	Norway

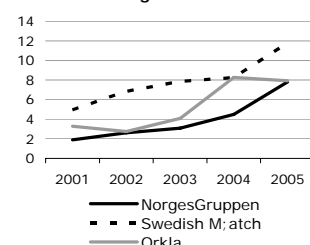
**Company Statistics**

**NorgesGruppen**

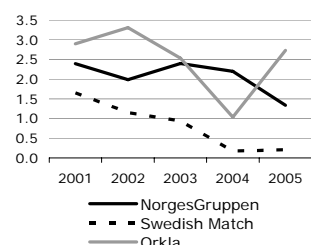
NOKm					
Income	2001	2002	2003	2004	2005
Revenue	23,357	24,814	26,919	28,148	31,531
EBIT	540	604	626	790	1,137
EBIT margin	2.3%	2.4%	2.3%	2.8%	3.6%
EBITDA	770	1,043	1,138	1,204	1,459
EBITDA Margin	4.5%	4.6%	4.5%	5.2%	5.7%
Net profit	208	218	349	432	700
Balance sheet					
Total assets	9,493	9,273	10,454	11,474	12,194
Cash and cash equivalents	556	288	174	152	133
Shareholders equity	2,944	3,140	3,917	4,202	4,662
Total debt	3,051	2,552	3,061	3,360	2,554
Cash flow					
FFO	609	756	815	1,087	1,550
Operating cash flow	880	955	696	1,131	1,820
Capex	-568	-813	-907	-915	-1,063
Free operating cash flow	312	142	-211	216	757
Dividend	0	0	-92	-123	-198
Retained cash flow	312	142	-303	93	559
Adjusted key ratios					
Net debt	2495	2263	2886	3208	2422
Total debt	3051	2552	3061	3360	2554
Total debt to capitalisation	51%	45%	44%	44%	35%
Net debt to EBITDA	239%	199%	240%	220%	134%
Interest coverage	1.90	2.61	3.09	4.49	7.82
EBITDA to interest expense	2.68	4.19	5.40	7.88	12.08
Capex to sales	2%	3%	3%	3%	3%
FFO/total debt	20%	30%	27%	32%	61%
Return on equity	8%	8%	11%	11%	16%

Notes:  
Adjusted for operational leases  
Equity including minority interest

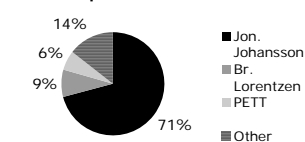
**Interest coverage**



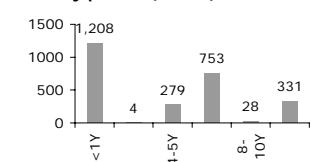
**Net debt/EBITDA**



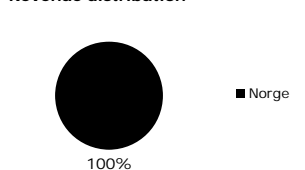
**Ownership distribution**



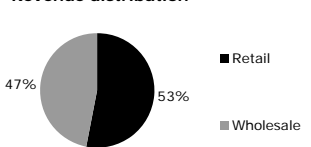
**Maturity profile (NOKm)**



**Revenue distribution**



**Revenue distribution**



**Credit ratings** Moody's S&P Fitch Nordea

Long term debt				A-
Short term debt				
Outlook				Stable

**Nordea rating considerations**

NorgesGruppen (NG) is Norway's leading food retail and wholesale group. NG holds commanding market shares with 36.7% of the food retail market (including franchise stores) and 65% of the food wholesale market. The Norwegian food retail market is above average attractive as it is resilient to economic downturns, has significant barriers to entry and is relatively concentrated with four incumbent players. However, the incumbent players are facing increasing competition from the German low-price chain Lidl. Lidl's entrance has put pressure on industry prices and margins, but so far NG has been able to more than offset the margin pressure with internal efficiency improvements. Actually, the EBIT margin reached 3.6% in 2005, which is a significant improvement from the 2.3% to 2.4% in the years 2001 to 2003.

NG's credit metrics have improved substantially in recent years due to a combination of improved profitability and reduced debt. We upgraded our Nordea rating to A- in 2005. Yet, credit metrics are strong for the rating category.

A question mark relates to the strategy to concentrate purely on the Norwegian market. The industry consolidation, so far mainly on a Nordic level, leads to economies of scale for instance in purchasing and the possibility to offer private label goods. With a conservative private ownership, we see little risk for rapid acquisitive growth. We expect NG to continue to seek co-operations within for instance purchasing rather than major acquisitions.

**Credit supportive**

- Strong positions in the Norwegian food retail and wholesale markets.
- High barriers to entry.
- Resilient industry characteristics.
- Low leverage and strong coverage ratios.

**Credit concerns**

- Low cost competition erodes margins.
- Geographically undiversified.
- Relatively low operating margin.

**Company calendar 2006**

NG reports semi-annually.

**Debt structure**

Two NOK denominated bonds maturing in 2009 and 2012, with NOK 750m and NOK 300, respectively, outstanding. NOK 550m in domestic CP.

NOK 580m in long-term bank loans and NOK 219m in other loans.

Unutilized facilities amount to NOK 2.2bn with varying maturities.