

## The company

Market cap	Unlisted
Homepage	<a href="http://www.norgesgruppen.no">www.norgesgruppen.no</a>
Company CEO	Sverre Leiro
Country	Norway

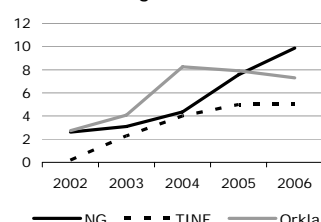
## Company Statistics

### NorgesGruppen

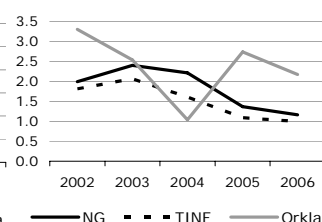
NOKm	2002	2003	2004	2005	2006
<b>Income</b>					
Revenue	24,814	26,919	28,148	31,531	36,632
EBIT	604	626	766	1,101	1,300
EBIT margin	2.4%	2.3%	2.7%	3.5%	3.5%
EBITDA	1,043	1,138	1,204	1,459	1,812
EBITDA margin	4.6%	4.5%	5.2%	5.7%	5.8%
Net profit	218	349	432	700	866
<b>Balance sheet</b>					
Total assets	9,273	10,454	11,474	12,194	13,872
Cash and cash equivalents	288	174	152	133	199
Shareholders' equity	3,140	3,917	4,202	4,662	5,156
Total debt	2,552	3,061	3,376	2,604	2,648
<b>Cash flow</b>					
FFO	885	1,061	1,226	1,711	1,875
Operating cash flow	1,084	941	1,243	1,935	1,644
Capex	-813	-907	-915	-1,063	-1,433
Free operating cash flow	271	34	328	871	211
Dividend	0	-92	-123	-198	-255
Retained cash flow	271	-58	205	674	-45
<b>Adjusted key ratios</b>					
Net debt	2263	2886	3224	2471	2448
Total debt	2552	3061	3376	2604	2648
Total debt to capitalisation	45%	44%	45%	36%	34%
Net debt to EBITDA	199%	240%	221%	136%	116%
Interest coverage	2.61	3.09	4.36	7.57	9.88
EBITDA to interest expense	4.19	5.40	7.88	12.08	15.65
Capex to sales	3%	3%	3%	3%	4%
FFO/total debt	35%	35%	36%	66%	71%
Return on equity	8%	11%	11%	16%	18%

Notes:  
Adjusted for operational leases  
Equity including minority interests

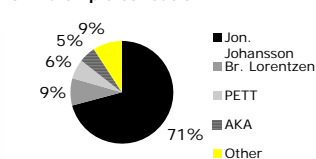
#### Interest coverage



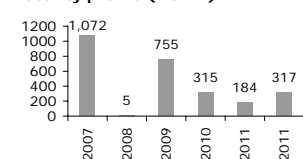
#### Net debt/EBITDA



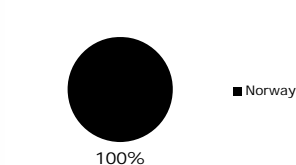
#### Ownership distribution



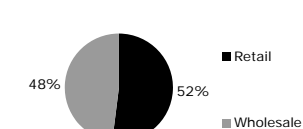
#### Maturity profile (NOKm)



#### Revenue distribution



#### Revenue distribution



## Ratings

	Moody's	S&P	Fitch	Nordea
Long-term debt	n.r.	n.r.	n.r.	A-
Short-term debt				
Outlook				Stable

## Nordea rating considerations

NorgesGruppen (NG) is Norway's leading food retail and food wholesale group. NG's share of the food retail market (including franchise stores) increased by 1.2% to 37.9% in 2006. The market position in food wholesaling is even stronger.

The Norwegian food retail market is attractive as it is resilient to economic downturns, has significant barriers to entry and is relatively concentrated with four incumbent players. The incumbents have withstood competition from the German low-price chain Lidl better than initially expected. NG has been able to more than offset price pressure through efficiency improvements and increased scale. The EBIT margin has improved markedly in the past few years, although from a low level.

The group strategy has been mildly revised. Continued growth is part of the strategy but the potential in the core food wholesale and retail activities is somewhat limited due to the group's high market shares. NG is expected to concentrate in the food retail market. In addition, NG seeks careful expansion in other retailing. In March 2007 NG acquired Libris, Norway's largest book retailer and Kontorspar, an office supplier. The idea is to utilise NG's competence in logistics and in operating retail chains.

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.

## 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

## Debt structure

Two NOK-denominated bonds maturing in 2009 and 2012, with NOK 750m and NOK 300m, respectively, outstanding. NOK 400m domestic CP.

NOK 826m in bank loans and NOK 209m in other loans. Unutilised facilities of NOK 2.2bn.

## Credit products recommendations distribution table

Recommendation	Count	% of total
Outperform	17	13%
Market perform	85	66%
Underperform	26	20%
<b>Total</b>	<b>128</b>	<b>100%</b>

As of 6/11/07

Credit products refer to both credit default swaps and bond issues for covered companies. For credit default swaps the 5 year maturity is included.

## Recommendations definitions

### Outperform

Over the next three months, the fixed income instrument's total return is expected to exceed the total return of the relevant benchmark.

### Market perform

Over the next three months, the fixed income instrument's total return is expected to be in line with the total return of the relevant benchmark.

### Underperform

Over the next three months, the fixed income instrument's total return is expected to be below the total return of the relevant benchmark.

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