

# 01

1st Quarter

# First Quarter Report 2001

## *Expert Eilag's best ever first quarter performance*

Expert Eilag's profit in the first quarter was the best the Group has ever achieved. Operating profit totalled NOK 41.9 million, compared with NOK 25.9 million last year. Pre-tax profit also improved significantly, from NOK 19.0 million in 2000 to NOK 31.4 million this year. This was also a clear improvement on the record year 1999.

Growth was slow on the Group's markets in the first quarter. In this situation, Expert Eilag nevertheless increased its sales and won new market shares. In comparison with the first quarter of 2000, operating revenues increased by NOK 222 million, equivalent to approximately 25%, reaching NOK 1,128 million. In addition to organic growth, the Group has achieved strong growth due to the acquisitions of its subsidiary, Eilag Teknikk, and the establishment of new businesses and the acquisition of consumer electronics superstores by its subsidiary, Expert Norge.

The Group's financial soundness was further strengthened in the first quarter, both due to its profit performance and due to reductions in inventories and customer receivables. The equity ratio was 46,3% compared with 38,3% at the end of last year.

In the first quarter, the Group continued to implement restructuring programmes in both its business areas.

## *Consolidation in Eilag Teknikk*

The restructuring process, the costs of which were charged against income in the fourth quarter of 2000, continued in 2001. The measures that have been implemented so far have been successful. Sales have increased more than planned. The company's position as market leader in Norway has therefore been further confirmed.

Company operating revenues totalled NOK 447 million in the first quarter of 2001, compared with NOK 265 million last year. This is equivalent to 69% growth and illustrates the fact that Eilag Teknikk has managed to maintain the market positions of the acquired companies. The trend for operating profit was also positive. In the first quarter, Eilag Teknikk reported operating profit of NOK 9.8 million, compared with NOK 5.8 million last year.

Inventories were reduced according to plan and work is now in progress on other measures to reduce the company's tied-up capital.

## *Strong profit growth for Expert Norge*

Expert Norge's operating revenues totalled NOK 681 million in the first quarter, more than 6% up on the previous year. This growth took place on a market that had otherwise flattened out. Expert Norge achieved strong profit growth in the period and operating profit totalled NOK 29.2 million, compared with NOK 17.0 million the previous year.

This has been achieved at the same time as the company was undergoing a comprehensive restructuring process, including re-profiling the company's superstores from Bonus to Expert, and implementing a new retailer strategy. New and significantly improved purchasing agreements have taken effect from 1 April.

In the first months of the year, the company took over two superstores from local dealers in Hamar and Ski. New Expert superstores are planned to open in Sandvika, Fredrikstad and Lillehammer later this year. Expert Norge has also entered into co-ownership agreements with stores in Tønsberg, Larvik and Holmestrand.

A new agreement has been introduced with the associated stores which will generate value for both the members of the chain and the central organisation. Among other features, the new agreement ensures improved purchasing terms for the stores.

Expert Eilag ASA is also in the process of realising its strategic plan for expansion in the Nordic region. In April the company acquired an 11% stake in Expert Danmark and will complete merger negotiations with this company in the course of the year.

## *Outlook*

The Group's strong performance in the first quarter of 2001 has laid a good foundation for the future.

Eilag Teknikk is the clear market leader and has already used its market strength to secure several major long-term contracts. The company's market position will be utilised to generate further dynamism in this sector. The ongoing efforts to rationalise operations are expected to have an impact on profitability. By establishing new businesses, restructuring its own operations, increasing its consumer focus and improving the terms of trade for members of the chain, Expert Norge has laid a good foundation for achieving its goal of becoming the clear market leader in the consumer electronics sector in Norway. These measures are also expected to result in more efficient operations within the Expert Norge organisation.

## Profit and Loss Account

All figures in NOK 1000

	Q1 2001	Q2. 2000		Acc. 2001	Acc. 2000	Acc. 1999
	1 127 939	906 057	Operating revenues	1 127 939	906 057	800 660
	872 344	733 463	Cost of goods	872 344	733 463	672 624
	91 127	61 335	Wages and other personnel costs	91 127	61 335	38 946
	102 781	72 067	Other sales and administr. costs	102 781	72 067	47 045
	19 802	13 266	Ordinary depreciation	19 802	13 266	8 132
	<b>1 086 054</b>	<b>880 131</b>	<b>Total operating expenses</b>	<b>1 086 054</b>	<b>880 131</b>	<b>766 747</b>
	<b>41 885</b>	<b>25 926</b>	<b>Operating profit</b>	<b>41 885</b>	<b>25 926</b>	<b>33 913</b>
	0	0	Share of profit from associated companies	0	0	-417
	-10 479	-6 907	Net financial items	-10 479	-6 907	-6 768
	<b>31 406</b>	<b>19 019</b>	<b>Profit before tax</b>	<b>31 406</b>	<b>19 019</b>	<b>26 728</b>
	8 880	5 325	Tax charge	8 880	5 325	7 484
	<b>22 526</b>	<b>13 694</b>	<b>Profit</b>	<b>22 526</b>	<b>13 694</b>	<b>19 244</b>

(For Expert Norge's share of the accounts, pro forma figures have been used for 1999)

### Key figures:

Equity ratio <sup>1</sup>	46,3 %	33,6 %	31,1 %
Total interest-bearing liabilities	346 741	209 160	188 688

### Definitions:

<sup>1</sup> Equity divided by total assets

# Balance Sheet

All figures in NOK 1000

	<u>31.03.01</u>	<u>31.03.00</u>	<u>31.03.99</u>
<b>ASSETS</b>			
<b>Immaterial assets</b>			
Deferred tax	0	0	2 555
Goodwill	446 094	168 110	91 273
<b>Total immaterial assets</b>	<b>446 094</b>	<b>168 110</b>	<b>93 828</b>
<b>Fixed assets</b>			
Sites, buildings and other real estate	219 005	195 069	174 269
Vehicles, fixtures and fittings, office machines	141 332	98 551	35 248
<b>Total fixed assets</b>	<b>360 337</b>	<b>293 620</b>	<b>209 517</b>
<b>Financial assets</b>			
Long-term receivables	100 501	67 480	57 970
Shares in associated companies	8 805	1 195	44 253
Investments in shares and units	1 001	4 100	76
<b>Total financial assets</b>	<b>110 307</b>	<b>72 775</b>	<b>102 299</b>
<b>Total fixed assets</b>	<b>916 738</b>	<b>534 505</b>	<b>405 644</b>
<b>Current assets</b>			
<b>Inventories</b>	<b>487 597</b>	<b>343 636</b>	<b>255 530</b>
<b>Receivables</b>			
Customer receivables	419 128	295 360	264 938
Other receivables	24 613	23 407	19 959
Issued, not paid-in capital	0	0	15 750
<b>Total receivables</b>	<b>443 741</b>	<b>318 767</b>	<b>300 647</b>
<b>Short-term financial investments</b>	<b>21 429</b>	<b>0</b>	<b>0</b>
<b>Bank deposits, cash, etc.</b>	<b>74 419</b>	<b>111 473</b>	<b>35 192</b>
<b>Total current assets</b>	<b>1 027 186</b>	<b>773 876</b>	<b>591 369</b>
<b>TOTAL ASSETS</b>	<b>1 943 924</b>	<b>1 308 381</b>	<b>997 013</b>

	<u>31.03.01</u>	<u>31.03.00</u>	<u>31.03.99</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity capital</b>			
<b>Paid-in capital</b>			
Share capital	160 724	118 945	106 400
Own shares	-7 131	-52	0
<b>Total paid-in capital</b>	<b>153 593</b>	<b>118 893</b>	<b>106 400</b>
<b>Earned capital</b>			
Other capital	746 122	320 021	203 779
<b>Total earned capital</b>	<b>746 122</b>	<b>320 021</b>	<b>203 779</b>
<b>Total equity capital</b>	<b>899 715</b>	<b>438 914</b>	<b>310 179</b>
<b>Liabilities</b>			
Deferred tax	26 447	19 183	2 716
Other long-term liabilities	542 808	379 294	215 626
<b>Total long-term liabilities</b>	<b>569 255</b>	<b>398 477</b>	<b>218 342</b>
<b>Short-term liabilities</b>			
Overdraft facility	282	8 819	66 224
Accounts payable	196 300	206 823	146 910
Tax payable	27 493	15 183	26 201
Government taxes payable	97 766	71 388	48 820
Dividend	24 109	14 273	8 008
Other short-term liabilities	129 004	154 504	172 329
<b>Total short-term liabilities</b>	<b>474 954</b>	<b>470 990</b>	<b>468 492</b>
<b>Total liabilities</b>	<b>1 044 209</b>	<b>869 467</b>	<b>686 834</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 943 924</b>	<b>1 308 381</b>	<b>997 013</b>

## Expert Eilag ASA

Q1 2001	Q2 2001	Q3 2001	Q4 2001	Total 2001		Q1 2000	Q2 2000	Q3 2000	Q4 2000	Total 2000
1 127 939					<b>Operating revenues</b>	906 057	805 264	897 582	1 377 331	3 986 234
872 344					Cost of goods	733 463	623 535	711 666	1 105 866	3 174 530
193 908					Other operating costs	133 402	136 597	135 213	194 781	599 993
19 802					Depreciation	13 266	15 342	15 096	19 851	63 555
<b>41 885</b>					<b>Operating profit</b>	<b>25 926</b>	<b>29 790</b>	<b>35 607</b>	<b>56 833</b>	<b>148 156</b>
<b>3.7 %</b>					<b>Operating margin</b>	<b>2.9 %</b>	<b>3.7 %</b>	<b>4.0 %</b>	<b>4.1 %</b>	<b>3.7 %</b>

## Expert Norge AS

Q1 2001	Q2 2001	Q3 2001	Q4 2001	Total 2001		Q1 2000	Q2 2000	Q3 2000	Q4 2000	Total 2000
680 775					<b>Operating revenues</b>	640 124	547 390	641 115	888 859	2 717 488
<b>29 163</b>					<b>Operating profit</b>	<b>16 960</b>	<b>24 660</b>	<b>25 248</b>	<b>47 212</b>	<b>114 080</b>
<b>4.3 %</b>					<b>Operating margin</b>	<b>2.6 %</b>	<b>4.5 %</b>	<b>3.9 %</b>	<b>5.3 %</b>	<b>4.2 %</b>

## Eilag Teknikk AS

Q1 2001	Q2 2001	Q3 2001	Q4 2001	Total 2001		Q1 2000	Q2 2000	Q3 2000	Q4 2000	Total 2000
447 164					<b>Operating revenues</b>	264 760	249 842	264 701	489 443	1 268 746
<b>9 765</b>					<b>Operating profit</b>	<b>5 805</b>	<b>1 912</b>	<b>6 565</b>	<b>8 650</b>	<b>22 932</b>
<b>2.2 %</b>					<b>Operating margin</b>	<b>2.2 %</b>	<b>0.8 %</b>	<b>2.5 %</b>	<b>1.8 %</b>	<b>1.8 %</b>