

Q2 2003

expert 

Second Quarter

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Highlights

- The group's operating revenues in the second quarter was NOK 745 million, which was NOK 110.5 million more than during the corresponding period in 2002, compared to continuing operations. After a period that has seen a downturn in the Norwegian market, it is encouraging that this trend turned around in May. Similar shops in Norway showed an increase of approximately 2 per cent. However, this increase should be seen in the context of the acquisitions of Expert Danmark AS, Expert Island HF, Finesco AS (Estonia) and Coop Power Norway.

- Operating profit in the second quarter was NOK 12.3 million compared to NOK 19.4 in the second quarter last year for continuing operations.

- The group's profit before taxes in the second quarter was NOK 2.7 million, compared to NOK 19.2 million in the same period last year on continuing operations.

- As a consequence of a difficult market during the first half of the year the group has undergone cost reduction measures and consolidation of activities.

- Liquidity in Expert shares has improved considerably compared to last year. 6.3 million shares were traded in the period compared to 1.1 million in the same period last year.

Norway

The operating revenues in Norway was NOK 611.8 million in the second quarter compared to NOK 579.5 million during the same period last year – an increase of 5.6 per cent. Adjusted for new shops, similar shops indicate an increase of approximately 2 per cent. Operating profit was NOK 16.1 million compared to NOK 18.3 million in the second quarter of 2002.

The period was characterised by a difficult market in April, but the market returned to normal in May and June.

During the period, Expert effectuated considerable reductions in manpower in administration and in shops. These reductions will have an effect from the third and fourth quarter this year.

Outlook

After a decrease of 6 per cent in the sound and vision products market in Norway during the first quarter, according to our calculations the market has improved somewhat with an increase of approximately 1.5 per cent in the second quarter. In total the market fell 2.5 per cent during the first half of the year.

The market for TV, which is the largest product group within sound and vision, fell in the first half of the year by 3 per cent, however sales of DVD players and digital camcorders increased.

Figures for the first half of the year also indicate a strong increase in sales of mobile phones due to intense focus on MMS from service providers. It is expected that this growth will continue throughout the autumn (*source: The Norwegian Electro and Electronics Trade*).

The market for white goods fell by 4 per cent during the first half of the year (*source: NEL*).

Expert anticipates that the Norwegian market will improve somewhat during the second half of the year. Nonetheless it is expected that increased unemployment and uncertainty will continue to influence the market. However lower interest levels may help the market improve.

The Nordic Region

Denmark

Operating revenues for Expert Danmark totalled NOK 101.1 million in the second quarter of 2003.

Business is developing well and in the first half of the year seven shops from competing chains became affiliated with Expert, and merged with existing franchises. During the period, two new shops also opened.

Expert in Denmark is developing in accordance with the expectations which formed the basis for the acquisition, in spite of the fact that the market is weak with a decline of 8 per cent in sound and vision products during the first six months. Expert in Denmark sells only sound and vision products.

Sweden

Operating revenues for Power Hemelektronik was NOK 116 million in the second quarter of 2003. The company is booked as an affiliated company (TS) and has been operative since February 2003. Expert's profit share in the second quarter was NOK -5.4 million compared to NOK -3.4 million in February and March (first quarter).

Product line and operation systems have been implemented. The market is still weak.

Estonia

Operating revenues for Expert in Estonia was NOK 11.3 million in the second quarter of 2003. The company is developing according to plan.

Iceland

Operating revenues for Expert Island was NOK 13 million in the second quarter of 2003. The development on Iceland is weaker and operations are more demanding than expected. Measures are being effected continuously in order to improve operations. A deficit is expected for Iceland for 2003. The objective is to go break even from the second half of 2004.

Financial matters

At the end of the second quarter Expert had net interest-bearing liabilities of NOK 155.9 million.

Net cash flow from operational activities in the second quarter was NOK 24.9 million, while the total reserves of cash and cash equivalents increased by NOK 12.3 million.

Ordinary dividends of NOK 30.8 million were paid during the second quarter. In addition extraordinary dividends of NOK 184 million were paid in the first quarter.

Book equity was NOK 784.2 million (51.1 per cent). The market capitalisation of the company at the end of the second quarter was NOK 675 million.

During the period 6,330,000 Expert shares were traded compared to 1,097,000 shares during the same period last year. This amounts to 19.7 per cent of the number of issued Expert shares.

The stock price at the beginning of the period was NOK 20.00 and at the end of the period was NOK 21.00.

As at 30 June 2003 there were 2,178 shareholders in Expert ASA.

Profit and loss account

All figures in NOK million	Q2 2003		Q2 2002		Acc. 30. June 2003	Acc. 30. June 2002			Full year 2002		
	Total	Cont.	Disc.	Total	Total	Cont.	Disc.	Total	Cont.	Disc.	Total
Operating revenues	745,0	634,5	463,3	1 097,8	1 575,2	1 278,7	914,1	2192,8	3 235,3	914,1	4 149,3
Cost of goods sold	567,0	488,4	356,4	844,8	1 205,4	988,8	695,3	1684,1	2 490,3	695,3	3 185,6
Wages and other personnel costs	59,8	45,4	31,3	76,7	132,1	98,2	76,6	174,8	243,9	76,6	320,5
Other sales and administr. costs	83,0	64,5	44,1	108,6	177,9	120,8	91,5	212,4	331,0	97,8	428,7
Ordinary depreciation	22,9	16,8	8,0	24,8	45,7	31,5	16,0	47,4	74,0	16,0	90,0
Total operating expenses	732,7	615,1	439,8	1 054,9	1 561,1	1 239,2	879,5	2118,7	3 139,2	885,7	4 024,9
Operating profit	12,3	19,4	23,5	42,9	14,1	39,5	34,6	74,1	96,0	28,4	124,4
Share of profit from associated companies	-5,4	0,0	0,0	0,0	-8,8	0,0	0,0	0,0	-4,0	0,0	-4,0
Net financial items	-4,2	-0,2	-7,3	-7,5	1,2	-1,9	-15,4	-17,3	-6,9	-15,4	-22,3
Ord. profit before tax	2,7	19,2	16,2	35,4	6,5	37,6	19,2	56,8	85,2	12,9	98,1
Tax charge on ord. profit	-6,8	-5,7	-4,5	-10,2	-9,3	-10,9	-5,4	-16,3	-24,7	-3,6	-28,3
Profit before extraord. items	-4,1	13,5	11,7	25,2	-2,8	26,8	13,8	40,5	60,5	9,3	69,8
Extraordinary income	0,0	0,0	0,0	0,0	15,0	0,0	0,0	0,0	0,0	0,0	0,0
Tax charge on extraord. items	0,0	0,0	0,0	0,0	-4,2	0,0	0,0	0,0	0,0	0,0	0,0
Net profit	-4,1	13,5	11,7	25,2	8,0	26,8	13,8	40,5	60,5	9,3	69,8
Of which minority interests	-2,6	-0,6	0,0	-0,6	-3,7	-0,7	0,0	-0,7	-2,0	0,0	-2,0

Balance sheet

All figures in Nok Million	30. June		31. Dec.
	2003	2002	2002
Assets			
Total intangible assets	327,4	553,7	337,5
Total property, plant and equipment	296,4	390,9	380,2
Total financial assets	221,2	135,7	170,2
Total fixed assets	844,9	1 080,3	887,9
Current assets	641,0	1 222,0	834,1
Bank deposits, cash and cash equivalents	50,3	95,6	162,0
Total current assets	691,3	1 317,7	996,0
Total assets	1 536,2	2 398,0	1 883,9
Equity and Liabilities			
Total paid-in capital/earned equity	780,2	1 004,4	763,3
Minority interests	4,0	3,3	4,0
Total shareholders' equity	784,2	1 007,6	767,3
Deferred tax liabilities	0,0	18,0	0,0
Other long-term liabilities	167,7	533,5	307,8
Total long-term liabilities	167,7	551,6	307,8
Overdraft facilities	211,8	215,6	20,2
Other short-term liabilities	372,4	623,2	788,7
Total short-term liabilities	584,2	838,8	808,8
Total Equity and Liabilities	1 536,2	2 398,0	1 883,9

Cash flow statement

All figures in NOK million	Q2		Accumulated 30. June		Full year
	2003	2002	2003	2002	2002
Net cash flow from operating activities	24,9	106,5	40,4	277,3	712,3
Net cash flow from investing activities	-27,9	-126,4	18,8	-142,8	-11,8
Net cash flow from financing activities	15,3	85,0	-170,9	-92,9	-592,6
Net change in cash and cash equivalents	12,3	65,0	-111,7	41,5	107,9
Cash and cash equivalents 31.03	37,9	30,6	162,0	54,1	54,1
Cash and cash equivalents 30.06	50,3	95,6	50,3	95,6	162,0

Interim results

(Continued operations)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	2001	2001	2001	2001	2002	2002	2002	2002	2003	2003
Operating revenues	680,8	510,6	686,7	857,8	644,3	634,5	846,4	1 110,1	830,2	745,0
Gross margin (NOK)	145,6	120,0	154,3	214,7	144,0	146,0	191,8	263,2	191,8	178,0
EBITDA	44,5	27,1	44,8	73,9	34,8	36,2	40,5	58,7	24,6	35,2
Operating profit (EBIT)	32,1	14,3	31,9	59,7	20,1	19,4	20,3	36,3	1,8	12,3
Sales growth (%)	6,2 %	-8,1 %	8,5 %	-3,4 %	-5,4 %	24,3 %	23,2 %	29,4 %	28,9 %	17,4 %
Gross margin (%)	21,4 %	23,5 %	22,5 %	25,0 %	22,4 %	23,0 %	22,7 %	23,7 %	23,1 %	23,9 %
Operating margin (%)	4,7 %	2,8 %	4,7 %	7,0 %	3,1 %	3,1 %	2,4 %	3,3 %	0,2 %	1,7 %
Earnings per share (NOK)	0,74	0,07	0,71	0,86	0,52	0,84	0,32	0,61	0,39	-0,13
Net interest-bearing debt	382,9	638,0	507,5	816,7	579,1	580,6	0,0	31,8	121,2	155,9
Equity ratio	46,3 %	43,1 %	43,7 %	38,8 %	42,2 %	42,0 %	57,8 %	40,7 %	50,2 %	51,1 %

Equity

Equity 31.12.2002	767,3
Net profit	8,0
Purchase/sale of own shares	-0,2
Translation differences	7,8
Dividend received from own shares	1,4
Equity 30.06.2003	784,2

Expert ASA Group

Q1 2003	Q2 2003	Q3 2003	Q4 2003	Total 2003	Q1 2002	Q2 2002	Q3 2002	Q4 2002	Total 2002	
830,2	745,0				Operating revenues	1 095,0	1 097,8	846,4	1 110,1	4 149,3
638,4	567,0				Cost of goods sold	839,3	844,8	654,6	846,9	3 185,6
167,2	142,8				Other operating cost	201,9	185,3	157,5	204,6	749,3
22,8	22,9				Depreciation	22,7	24,8	20,2	22,4	90,0
1,8	12,3				Operating profit	31,1	42,9	14,2	36,3	124,4
0,2 %	1,7 %				Operating margin	2,8 %	3,9 %	1,7 %	3,3 %	3,0 %

Expert Norway

Q1 2003	Q2 2003	Q3 2003	Q4 2003	Total 2003	Q1 2002	Q2 2002	Q3 2002	Q4 2002	Total 2002	
685,0	611,8				Operating revenues	646,7	579,5	723,8	922,5	2 872,5
5,4	16,1				Operating profit	15,1	18,3	20,6	36,1	90,1
0,8 %	2,6 %				Operating margin	2,3 %	3,2 %	2,8 %	3,9 %	3,1 %

Expert - Nordic countries

Q1 2003	Q2 2003	Q3 2003	Q4 2003	Total 2003	Q1 2002	Q2 2002	Q3 2002	Q4 2002	Total 2002	
137,0	125,4				Operating revenues	0,0	56,1	117,7	176,0	349,8
-5,3	-4,6				Operating profit	0,0	-2,6	-3,0	1,5	-4,0
-3,9 %	-3,7 %				Operating margin	0,0 %	-4,6 %	-2,5 %	0,9 %	-1,1 %

Eilag Teknikk AS

	Q1 2002	Q2 2002	Q3 2002	Q4 2002	Total 2002
Operating revenues	450,7	463,3	0,0	0,0	914,1
Operating profit	11,1	23,5	-6,3	0,0	28,3
Operating margin	2,5 %	5,1 %	0,0 %	0,0 %	3,1 %