

Gresvig

Gresvig Retail Group (GRG) is a nationwide chain of sporting goods stores comprising the retail chains G-SPORT / G-MAX, Intersport, and Sportshuset Outlet. GRG has a market share of just under 30 per cent. The network of stores numbers 210 sporting goods stores, of which 108 are company-owned and 102 are operated by franchisees. The company employs 1 250 man-years.

Results 2018

Net sales for all chain stores amounted to approximately NOK 4 169 million. This represent an increase of approximately 3.2 per cent on 2017.

Gresvig Retail Group recorded total operating revenues in 2018 of NOK 3 506 million and an operating loss (EBITDA) of NOK -232 million. This result was substantially poorer than the figure recorded in 2017. Realisation of surplus goods at lower margins has significantly impacted the company's EBITDA. Costs relating to reorganisation have been charged to the income statement (Other costs) for 2018 in the amount of NOK 248 million. This figure relates largely to the writing down of inventories and costs associated with provisions for lease liabilities on premises. In the autumn of 2018, the Group was refinanced with an injection of fresh equity capital.

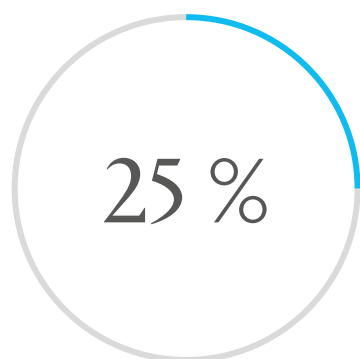
Persistent operating problems with the company's e-commerce solution during 2017 and most of 2018 served to reduce the top line as a result of lost online sales. Moreover, this also had a negative effect on footfall in the physical stores. Lower than expected turnover has resulted in inventory build-up. The company launched new e-commerce web pages in November 2018. The overall picture in terms of competition and the need for clearance sales of stocks of goods have resulted in reduced margins. The reduced margins and the operating problems encountered by the e-commerce solution are the primary reason for the poor performance recorded in 2018.

Over the last two years, changes have been made to the organisation and operating structure of the company. The chains have been rebranded with franchise operations in the Intersport business and self-owned operations in the G-SPORT / G-MAX businesses. Intersport has established a more clearly-defined position for itself in the market. During 2019, the positioning of G-SPORT / G-MAX in the market will be made more clearly-defined. The company has also strengthened management and organisation of Purchasing and Category as well as within IT and Digitalisation. In November 2018, Lars Kristian Lindberg was appointed the new Chief Executive Officer of the company. The retail trade is undergoing far-reaching changes and there will be a major shift in focus towards multichannel sales, marketing and store efficiency.

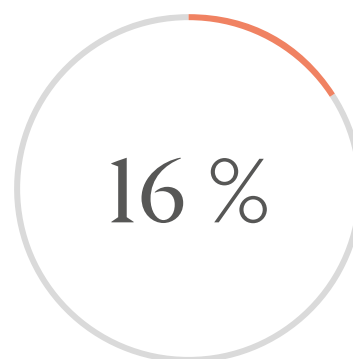
The outlet sector has developed well in Norway in recent years. GRG established a new business area in the form of Sportshuset Outlet in 2018 comprising 20 stores focusing on quality products at low prices and with low operating costs.

Outlook

The intensity of competition in the industry is expected to remain high, with an increasing proportion of sales and marketing occurring online. The company's new e-commerce solutions will enable a sharp growth in online sales. The company is also expecting to see the effects of the newly-established outlets and the associated impacts on the ability of the other chains to enhance their customer focus and achieve sustainable margins in 2019.



Share of total
revenues



Share of total
assets

Figures in NOK 1000

	2018	2017
Operating revenues	3 505 503	3 364 864
EBITDA	-232 478	-50 545
EBIT	-563 840	-123 879
EBT	-612 669	-193 518
Total assets	2 652 053	2 804 056
Equity	1 372 993	1 514 978
Net interest bearing debt	140 606	432 633
Total number of man-years worked	1 250	1 104

Unaudited group figures