

NORGESGRUPPEN ASA

Fresh coffee from green roasting

NorgesGruppen's strong business risk profile is supported by its leading position as a vertically integrated wholesale and retail company with diverse chain brands covering different segments of the concentrated Norwegian grocery market. 2020 benefited from one-off effects from the Covid-19 pandemic due to fewer restaurant visits and reduced travel-induced retail trade leakage. We do not expect an announced possible fine to constitute a significant threat to NorgesGruppen's solid credit quality.

The biggest news is the announcement of a possible fine from Norwegian competition authorities (15 December) to all of the three largest participants in the Norwegian grocery market. We believe this process will take a long time, and that any result will be appealed. In the end, we believe the proposed fines would have to be significantly reduced from the indicated NOK8.8bn for NorgesGruppen (NG), NOK7.4bn for Rema and NOK4.8bn for Coop.

Worldwide, food prices increased by 16% in 2020, according to the UN World Food Programme, in line with other commodity prices. Unsurprisingly, NG's revenues rose by 12% in 2020 compared to 2019.

Going green. NG has reduced food waste by 38% in 2020 compared to 2015, and 12% of NG's energy consumption is now produced 'in-house' and from renewables (up from 4.5% in 2018). Green initiatives in 2020 include a new coffee roasting factory and the new autonomous electric cargo freight line across the Oslo fjord from the main logistics site in Vestby, southeast of Oslo. NG aims to be climate-neutral by 2030.

The announced senior unsecured green bond issue will be used to refinance an existing bond issue.

Balance sheet effects from IFRS16 as of 2019. Total assets and total interest-bearing debt (TIBD) have increased by more than NOK19bn due to lease liabilities being recognised on the balance sheet. Historical key ratios have been adjusted accordingly.

Key financial figures - NorgesGruppen ASA (Consolidated figures EOY, in NOKm)

	2014	2015	2016	2017	2018	2019	2020
Total revenues	71,391	76,224	80,162	85,632	87,813	90,326	101,385
EBITDA	4,357	4,729	4,846	5,238	4,992	7,546	9,726
TIBD	8,460	8,203	7,200	6,041	6,315	26,173	24,565
Cash & cash equivalents	400	505	707	1,090	1,778	1,631	2,524
Total assets	33,515	35,104	36,382	37,678	39,171	59,960	62,949
EBITDA margin (adj.) (%)	6.1	6.2	6.0	6.1	5.7	8.4	9.6
TIBD/EBITDA (adj.) (x)	3.7	3.5	3.3	2.8	4.2	3.5	2.6
TIBD/capital (adj.) (%)	55.1	52.9	49.1	44.7	51.4	55.1	51.3

Source: Company (historical figures), DNB Markets (estimates)

THIS DOCUMENT MAY NOT BE DISTRIBUTED IN OR INTO THE UNITED STATES, CANADA, JAPAN OR AUSTRALIA

ISSUER RATING

Moody's	Not rated
S&P	Not rated
Fitch	Not rated

BLOOMBERG IDENTIFIERS

Equity ticker	
Bond ticker	NORGRU Corp

CAPITAL STRUCTURE

Market cap. (NOKm)	
NIBD (NOKm)	22,041
Enterprise value (NOKm)	
Bond debt outstanding (NOKm)	3,350

MANAGEMENT

CEO	Runar Hollevik
CFO	Mette Lier
CoB	Knut Hartvig Johannson

RISK ASSESSMENT 1-6

	Risk
Country	Very low 1
Industry	Intermediate 3
Country & Industry	Intermediate 3
Competitive position	Strong 2
Business risk	Strong 2
Financial	Intermediate 3

Source: DNB Markets (assessment)

Note: Unless otherwise stated, the security prices in this note are the last closing price.

This report has been commissioned and paid for by the company in conjunction with the issue, and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II.

DNB Markets is acting as Lead Manager in the contemplated green bond issue by NorgesGruppen ASA.

ANALYSTS

Ole Einar Stokstad
 ole.einar.stokstad@dnb.no
 +47 24 16 90 48

Please see the last pages for important information.

The Norwegian grocery champion

NorgesGruppen is a privately owned grocery retail company with its roots dating back to 1866 when the wholesale company Joh. Johansson was established. NorgesGruppen was established in 1994 as a joint venture between Asko (Joh. Johansson) and several grocery retailers. The company is still majority owned (c74%) by the founding family (fourth and fifth generation).

The Norwegian grocery market is a +NOK200bn market as of end-2020, according to retail research company Nielsen. NG is the largest participant with a 44.1% market share, according to Nielsen, while Coop had 29.3% and Rema has 23.2% in 2020.

Credit considerations

Low downside risk in our view

Given our assessment indicating a 'strong' business risk profile and an 'intermediate' financial risk profile, we believe that NorgesGruppen will remain a solid investment grade issuer with a significant margin in the years to come.

Key strengths

- **Non-cyclical industry characteristics.** Grocery retail is associated with low risk relative to other industries as it represents a high share of non-discretionary spending.
- **The Norwegian grocery market is consolidated.** The low number of grocery retailers in Norway (three) has tilted the power between suppliers and retailers in the favour of the latter. This has created high entry barriers through significant economies of scale, use of private labels, and high focus on the discount segment. The use of private labels has increased, which raises the chains' bargaining power further.
- **High trade tariffs.** High tariffs on many foreign food items in Norway are favouring domestic over foreign retailers.
- **Dominant market position.** NorgesGruppen is no.1 within grocery retail (44%) and wholesale (36%) in Norway by a solid margin. It has a vast store, logistics and distribution network all over the country.
- **Broad market presence, including online.** Discount (Kiwi), local stores (Joker), supermarkets (Spar/Eurospar/Meny/Jacobs/CC), hypermarket (Eurocash), wholesale (Asko/Storcash), convenience (MIX, Tiger, Deli de Luca), restaurants (Jafs, Kaffebrenneriet, Big Horn Steak House Norge) and brands (Unil/Bakehuset/ Matbørsen/Joh. Johansson Kaffe). NorgesGruppen offers online orders and home delivery through its supermarket chains Meny and Spar in addition to Joker.

Source: DNB Markets

Key weaknesses

- **Regulatory risk.** Stricter market regulation, or other measures imposed by the Norwegian government to increase competition in the Norwegian grocery market.
- **Potentially changing retail landscape to e-commerce.** However, we consider this risk lower for grocery retail, in particular in Norway with its high share of discount stores.
- **Limited geographical diversification.** Almost all of NorgesGruppen's revenues are generated in Norway.
- **High price competition and operational gearing.** Grocery retail generally is characterised by intense price competition, and Norway is no exception. However, operating margins in Norway are at the high end of the global average for grocery retailers.
- **Limited organic growth possibilities in Norway.** Growth through acquisitions within its core market is probably the most likely source of future growth (restaurants, other related retail such as pharmacies, etc.).
- **Limited investor protection in bond loan agreements.** The bond loan agreements contain limited investor protection besides change-of-control and negative pledge with carve-out.

Source: DNB Markets

Proposed fines not a near-term risk

Norwegian competition authorities announced possible fines to all of the three largest participants in the Norwegian grocery market on 15 December. We believe this process will take a long time, and that any result will be appealed. In the end, we believe the proposed fines would have to be significantly reduced from the indicated NOK8.8bn for NG, NOK 7.4bn for Rema and NOK4.8bn for Coop – as they may drive NG's two smaller competitors out of business if enforced. NG, on the other hand, would be resilient enough in our view to weather even such a high fine. In fact, NG is the only group that would be able to afford such a material fine, as the fine would demolish 'only' about one third of the equity including one extra year of

earnings (2019 figures), while the equities of Rema 1000 and Coop would be almost depleted (see table below). Note that we find it highly unlikely that the competition authorities would want to kill off the two smallest of the three competitors in the concentrated Norwegian grocery market.

Figure 1: The proposed fine would hit competitors much harder than NorgesGruppen, due to NG's strong equity

The Norwegian Competition Authority may wipe out the Equity of Rema 1000 and almost Coop Norge			
NOK billion (consolidated figures)	NorgesGruppen ASA	Coop Norge SA	Rema 1000 AS
Proposed fine	8.8	4.8	7.4
Revenues 2019	90.3	50.0	56.2
Fine in % of revenues	10 %	10 %	13 %
Profit after tax 2019	2.43	0.40	1.03
Fine in % of profit	362 %	1200 %	718 %
Assets 2019	60.0		35.8
Fine in % of assets	15 %		21 %
Equity 2019	21.6	6.0	7.3
Fine in % of equity	41 %	80 %	102 %
Fine in % of equity and 1 year profit	37 %	75 %	89 %

Source: Companies* (historical figures, DNB Markets (calculations)

* For Coop, the figures are collected from an article on the topic in Finansavisen 15 December 2020. The article includes comments from competition specialist Odd Gisholt, associate dean for retail management at BI Norwegian Business School.

A series of significant efforts to reduce waste and carbon footprint have resulted in 38% lower food waste in 2020 compared to 2015, and 12% of NG's energy consumption is now produced 'in-house' by NG and from renewables (up from 4.5% in 2018). Green initiatives in 2020 include the new coffee roasting factory (with all energy consumption coming from renewable sources) and the new autonomous, electric cargo freight line across the Oslo fjord from the main logistics site in Vestby, southeast of Oslo. NG aims to be climate-neutral by 2030.

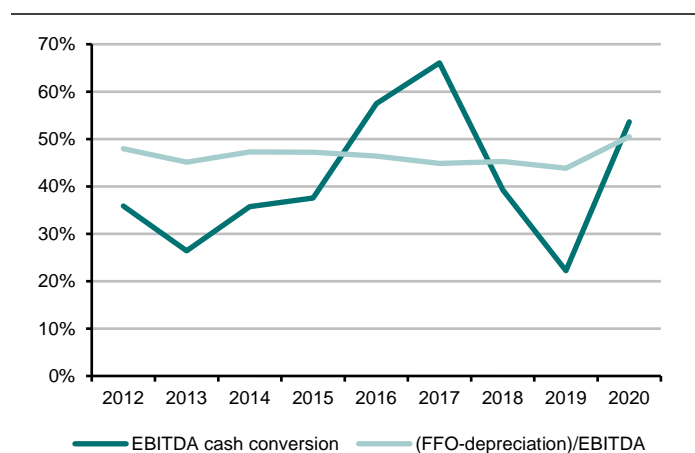
As an example of NG assuming greater responsibility, the upscale chain brand, Meny, paid NOK10m to small-scale producers in 2020 to help them get through the Covid-19 crisis.

Disruptions in the Norwegian grocery market are met through adaption of NG's offerings including online shopping options in many parts of the country.

Customer behaviour is driven mainly by store locations. Still, the quality of the offerings and prices also matter. NG's low-price chain, KIWI, has been the outperformer in increased market share in recent years, together with Coop's Extra chain. Overall, NG has been the, relative success, at the expense of Rema and Coop. NG's loyalty programme, Trumf, is probably the second-most attractive loyalty programme after Coop's membership programme – Coop being a member-owned cooperative. NG returned NOK1.45bn (c1.4% of total revenues) in bonus to its Trumf members in 2020.

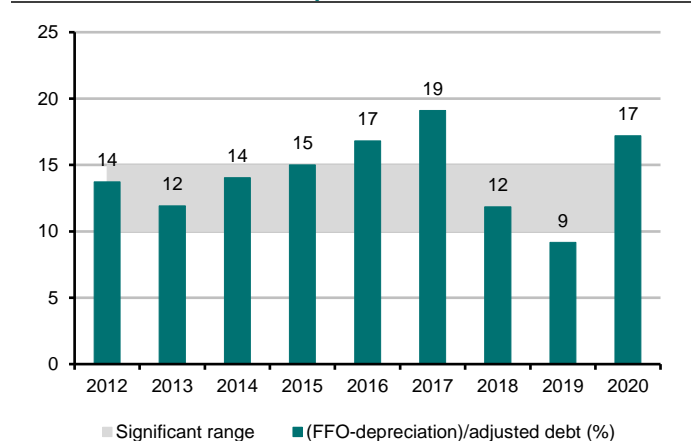
Cash flow conversion is adequate, in our view. See charts below highlighting the fact that even after investments, the cash flow has been sufficient, at least in the good years, to put the financial risk profile in the 'intermediate' category, which is one step above the 'significant' category (grey area below, right).

Figure 2: Cash flow conversion – using actual capex and depreciation as a proxy, respectively



Source: Company (historical figures), DNB Markets (calculations)

Figure 3: Even after deducting depreciation as a proxy for maintenance capex, the FFO/debt is commensurate with an intermediate financial risk profile



Source: Company (historical figures), DNB Markets (calculations)

Capital structure

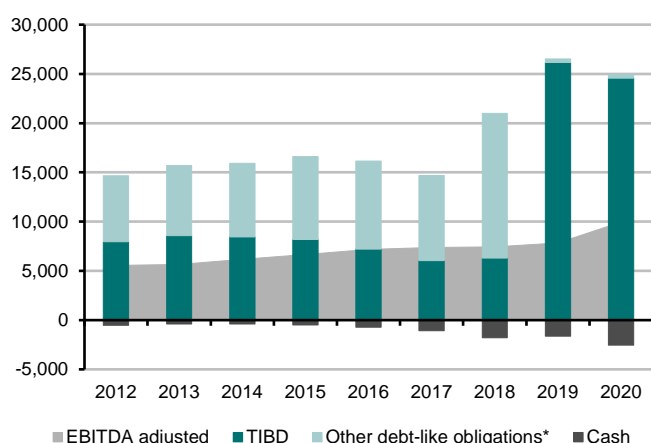
Debt portfolio

Traditional on-balance sheet interest-bearing debt constitutes a minor part of the book interest-bearing debt as of end-2019 and end-2020. Senior unsecured bond debt including short-term maturities constituted NOK3.35bn by end-2020.

Total assets and total interest-bearing debt (TIBD) have increased by more than NOK19bn due to lease liabilities being recognised on the balance sheet following the implementation of IFRS16 from 1 January 2019*. Historical key ratios have been adjusted accordingly. See chart below, where we show our estimates of the off-balance sheet lease liabilities pre-IFRS16 (light-green columns), while book TIBD increases from 2019 (dark green columns).

Liquidity is strong with more than NOK2bn in cash in addition to unutilised long-term credit facilities in excess of NOK3bn.

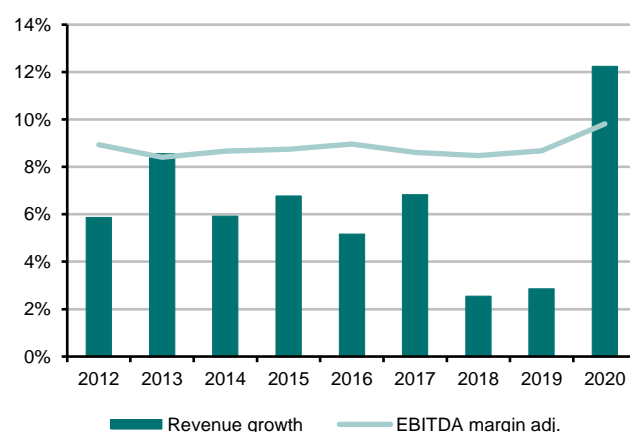
Figure 4: Debt* and EBITDA trends



Source: Company (historical figures), DNB Markets (calculations)

* Lease obligations pre IFRS16 + Pensions

Figure 5: Revenue growth and EBITDA-margin



Source: Company (historical figures), DNB Markets (calculations)

Summary of financial accounts - NorgesGruppen ASA (Consolidated figures EOY, in NOKm)

Profit & Loss	2013	2014	2015	2016	2017	2018	2019	2020
Total operating revenues	67,396	71,391	76,224	80,162	85,632	87,813	90,326	101,385
Total operating costs	-63,497	-67,034	-71,495	-75,316	-80,393	-82,821	-82,780	-91,659
EBITDA	3,899	4,357	4,729	4,846	5,238	4,992	7,546	9,726
Depreciation & amortisation	-1,430	-1,570	-1,664	-1,752	-1,928	-2,151	-3,754	-4,245
EBIT	2,469	2,788	3,065	3,094	3,310	2,840	3,792	5,481
Income from associates	362	266	289	245	-69	300	472	284
Sale of assets								
One-offs, write-downs, impairments	-195	-109	-184	-73	-188	0	0	0
Net interest	-256	-241	-164	-137	-125	-89	-1,151	-1,162
Net other financials	25	-87	-5	36	-149	6	-74	-20
Pre-tax profit	2,405	2,616	3,001	3,164	2,778	3,057	3,039	4,583
Tax	-612	-686	-640	-699	-688	-647	-614	-1,057
Net profit	1,793	1,930	2,361	2,465	2,090	2,410	2,426	3,526
Balance sheet	2013	2014	2015	2016	2017	2018	2019	2020
Tangible fixed assets	12,669	13,756	14,587	15,778	16,102	16,872	18,642	19,455
Investments in associates	2,556	2,600	2,966	2,851	3,042	3,436	3,593	4,020
Intangible assets	4,813	4,760	4,905	4,895	4,832	4,873	5,338	5,007
Other non-current assets	1,131	1,500	1,678	1,515	1,215	1,578	19,383	20,242
Cash & cash equivalents	403	400	505	707	1,090	1,778	1,631	2,524
Other current assets	9,342	10,499	10,463	10,636	11,397	10,634	11,373	11,702
Total assets	30,914	33,515	35,104	36,382	37,678	39,171	59,960	62,949
Interest-bearing long-term debt	4,929	5,622	6,206	6,025	4,661	4,333	21,784	21,660
Other non-current liabilities	1,356	1,585	1,430	1,495	1,516	1,526	1,337	1,652
Interest-bearing short-term debt	3,644	2,837	1,997	1,175	1,380	1,981	4,389	2,904
Other current liabilities	9,529	10,463	10,651	10,959	11,986	11,489	10,841	12,999
Total liabilities	19,459	20,508	20,284	19,654	19,543	19,329	38,351	39,215
Equity	11,455	13,007	14,820	16,728	18,135	19,843	21,610	23,735
Total equity and liabilities	30,914	33,515	35,104	36,382	37,678	39,171	59,961	62,950
Net interest-bearing debt	8,171	8,060	7,698	6,492	4,952	4,536	24,542	22,041
Total interest-bearing debt	8,573	8,460	8,203	7,200	6,041	6,315	26,173	24,565
Cash flow	2013	2014	2015	2016	2017	2018	2019	2020
EBITDA	3,866	4,278	4,585	4,844	5,034	4,966	7,546	9,726
Dividends from associates	143	206	196	279	266	256	291	226
Net cash tax	-555	-546	-590	-677	-684	-707	-647	-682
Net cash interest	-256	-241	-164	-137	-125	-89	-1,151	-1,162
Funds from operations (FFO)	3,198	3,696	4,028	4,309	4,492	4,425	6,039	8,108
Changes in working capital	-346	-448	-363	291	690	-176	-1,101	-502
Other cash flow from operations								
Cash flow from operations (CFO)	2,852	3,248	3,665	4,600	5,182	4,249	4,938	7,606
Investments	-3,473	-3,131	-4,115	-3,281	-3,534	-4,050	-4,668	-3,682
Divestments	617	385	1,259	389	840	371	321	254
Other cash flow investments	-410	-237	-356	222	187	41	0	0
Free operating cash flow (FOCF)	-415	265	452	1,931	2,675	610	590	4,178
Debt instalments	0	0	0	0	0	0	0	0
Debt principal	-634	-2,154	-5,319	-7,306	-6,585	-4,280	-8,590	-6,693
Dividends	-537	-299	-540	-612	-704	-653	-672	-791
Funding surplus	-1,585	-2,188	-5,407	-5,987	-4,614	-4,323	-8,671	-3,306
New debt	1,454	2,185	5,512	6,190	4,996	5,023	8,140	3,926
New equity	0	0	0	0	0	0	0	0
Other cash from financing	0	0	0	0	0	-11	0	0
Net cash flow	-131	-3	105	202	382	689	-531	620
Other adjustments	0	0	0	0	0	0	383	274
Change in cash	-131	-3	105	202	382	689	-148	894

Source: Company (historical figures), DNB Markets (estimates)

Key credit metrics (adjusted) - NorgesGruppen ASA (EOY)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
FFO/TIBD (%)			20.4	23.2	24.2	26.7	30.6	21.1	22.8	32.5
TIBD/EBITDA (x)			4.0	3.7	3.5	3.3	2.8	4.2	3.5	2.6
NIBD/EBITDA (x)			3.9	3.6	3.4	3.2	2.6	3.8	3.3	2.3
EBITDA/interest (x)			15.3	18.1	28.9	35.3	41.8	56.0	6.6	8.4
CFO/TIBD (%)			18.2	20.4	22.1	28.5	35.3	20.3	18.6	30.5
FOCF/TIBD (%)			-2.6	1.7	2.7	12.0	18.2	2.9	2.2	16.7
DCF/TIBD (%)			-6.1	-0.2	-0.5	8.2	13.4	-0.2	-0.3	13.6
TIBD/capital (adj.) (%)	nm	nm	57.8	55.1	52.9	49.1	44.7	51.4	55.1	51.3

Source: Company (historical figures), DNB Markets (estimates)

Profitability (adjusted) - NorgesGruppen ASA (EOY)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EBITDA margin (%)			5.8	6.1	6.2	6.0	6.1	5.7	8.4	9.6
EBIT margin (%)			3.7	3.9	4.0	3.9	3.9	3.2	4.2	5.4
Profit margin (%)			2.7	2.7	3.1	3.1	2.4	2.7	2.7	3.5
EBIT/assets (%)			6.5	6.8	7.0	6.8	7.1	5.3	6.3	8.7

Source: Company (historical figures), DNB Markets (estimates)

IMPORTANT/DISCLAIMER

General

This pre-issue (the "Report") has been prepared by DNB Markets, a division of DNB Bank ASA. DNB Bank ASA is a part of the DNB Group. This Report is based on information obtained from public sources that DNB Markets believes to be reliable but which DNB Markets has not independently verified, and DNB Markets makes no guarantee, representation or warranty as to its accuracy or completeness.

This Report does not, and does not attempt to, contain everything material which there is to be said about the Company. Any opinions expressed herein reflect DNB Markets' judgement at the time the Report was prepared and are subject to change without notice. The Report is not planned to be updated.

Any use of non-DNB logos in this report is solely for the purpose of assisting in identifying the relevant issuer. DNB is not affiliated with any such issuer.

The analyst hereby certifies that (i) the views expressed in this Report accurately reflect that research analyst's personal views, and (ii) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the views expressed by that research analyst in this Report. DNB Markets employees, including research analysts, may receive compensation that is generated by overall firm profitability.

Please contact DNB Markets at 08940 (+47 915 08940) for further information and inquiries regarding this Report.

Legal Basis

This Report constitutes an acceptable minor non-monetary benefit (i.e. not investment research) as defined in MiFID II and is not investment advice as defined in the Norwegian securities trading act (Norwegian verdipapirhandelloven).

Property rights

This Report is for clients only, and not for publication, and has been prepared for information purposes only by DNB Markets, a division of DNB Bank ASA.

This Report is the property of DNB Markets. DNB Markets retains all intellectual property rights (including, but not limited to, copyright) relating to the Report. Sell-side investment firms are not allowed any commercial use (including, but not limited to, reproduction and redistribution) of the Report contents, either partially or in full, without DNB Markets' explicit and prior written consent. However, buy-side investment firms may use the Report when making investment decisions, and may also base investment advice given to clients on the Report. Such use is dependent on the buy-side investment firm citing DNB Markets as the source.

The Bank is under supervision

The Report has been prepared by DNB Markets, a division of DNB Bank ASA, a Norwegian bank organized under the laws of the Kingdom of Norway (the "Bank") and under supervision by the Norwegian Financial Supervisory Authority, The Monetary Authority of Singapore, and on a limited basis by the Financial Conduct Authority and the Prudential Regulation Authority of the UK, and the Financial Supervisory Authority of Sweden. Details about the extent of our regulation by local authorities outside Norway are available from us on request.

THIS REPORT IS MADE FOR INFORMATION PURPOSES ONLY

THIS REPORT IS BEING SUPPLIED TO YOU SOLELY FOR YOUR INFORMATION AND MAY NOT BE REPRODUCED, REDISTRIBUTED OR PASSED ON, DIRECTLY OR INDIRECTLY, TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE. NEITHER THIS REPORT NOR ANY COPY OF IT MAY BE TAKEN OR TRANSMITTED INTO THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OR CANADA, OR DISTRIBUTED OR REDISTRIBUTED IN JAPAN, AUSTRALIA OR TO ANY RESIDENT THEREOF. THE DISTRIBUTION OF THIS REPORT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW, AND PERSONS INTO WHOSE POSSESSION THIS REPORT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS REPORT YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS

The Report does not constitute investment advice

This Report is made for information purposes only, and does not constitute and should not in any way be considered as an offer to buy or sell any securities or other financial instruments or to participate in any investment strategy. This Report has been prepared in conjunction with the issue and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II. This Report is not intended as a general or personal recommendation of particular financial instruments or strategies, and does not constitute personal investment advice as defined in the Norwegian securities trading act (Norwegian verdipapirhandelloven). Investors should therefore make their own assessments of whether any of the instruments described herein could be of interest to invest in based on the investor's knowledge and experience, financial situation and investment objectives.

Risk warning – generally high risk

The risk of investing in financial instruments is generally high. Past performance is not a reliable indicator of future performance, and estimates of future performance are based on assumptions that may not be realised. When investing in financial instruments, the value of the investment may increase or decrease, and the investor may lose all or part of the investments. Careful consideration for possible financial distress should be accounted for before investing in any financial instruments.

Risk assessment

Our credit risk assessment is based on widely accepted global principles. If you would like further guidance, please contact the relevant research analyst on the front page

No representations to the completeness of the Report

While the Report is based on information obtained from public sources that the Bank believes to be reliable, no representations are made to the accuracy, completeness, timeliness or availability of the Report. This Report does not, and does not attempt to, contain everything material which there is to be said about the Company. DNB Bank ASA, its affiliates and subsidiaries are not responsible for any errors or omissions, regardless of the cause, nor for the results obtained from the use of the Report, and shall in no event be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Report.

Conflicts of interest

Confidentiality rules and internal rules restrict the exchange of information between different parts of the Bank and this may prevent employees of DNB Markets who are preparing the Report from utilising or being aware of information available in DNB Markets/the Bank which may be relevant to the recipients of the Report.

Under normal market conditions, DNB Markets will quote prices for Norwegian bonds but has no legal obligation to act as Market Maker. DNB Markets will normally have its own portfolio of financial instruments issued by the Company as part of its investment services activity.

DNB group may have its own portfolio of financial instruments issued by the company.

People involved in the production of this credit note other than the analyst hold no positions in any of the addressed bonds.

The analyst or his/her close associates hold no positions in any of the addressed bonds.

DNB Markets has provided investment services and/or ancillary services to the company and received compensation for it during the past 12 months.

Readers should assume that DNB Markets may currently or may in the coming three months and beyond be providing or seeking to provide confidential investment banking services or other services to the company/companies

Share positions in the company:	Analyst*	Employees**	DNB***
Number of shares	0	0	0

*The analyst or any close associates. **Share positions include people involved in the production of credit and equity research, including people that could reasonably be expected to have access to it before distribution.

***Share positions as part of DNB Group. Holdings as part of DNB Markets investment services activity are not included.

Additional information for clients in Singapore

The Report has been distributed by the Singapore Branch of DNB Bank ASA. It is intended for general circulation and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. You should seek advice from a financial adviser regarding the suitability of any product referred to in the Report, taking into account your specific financial objectives, financial situation or particular needs before making a commitment to purchase any such product.

You have received a copy of the Report because you have been classified either as an accredited investor, an expert investor or as an institutional investor, as these terms have been defined under Singapore's Financial Advisers Act (Cap. 110) ("FAA") and/or the Financial Advisers Regulations ("FAR"). The Singapore Branch of DNB Bank ASA is a financial adviser exempt from licensing under the FAA but is otherwise subject to the legal requirements of the FAA and of the FAR. By virtue of your status as an accredited investor or as an expert investor, the Singapore Branch of DNB Bank ASA is, in respect of certain of its dealings with you or services rendered to you, exempt from having to comply with certain regulatory requirements of the FAA and FAR, including without limitation, sections 25, 27 and 36 of the FAA. Section 25 of the FAA requires a financial adviser to disclose material information concerning designated investment products which are recommended by the financial adviser to you as the client. Section 27 of the FAA requires a financial adviser to have a reasonable basis for making investment recommendations to you as the client. Section 36 of the FAA requires a financial adviser to include, within any circular or written communications in which he makes recommendations concerning securities, a statement of the nature of any interest which the financial adviser (and any person connected or associated with the financial adviser) might have in the securities.

Please contact the Singapore Branch of DNB Bank ASA at +65 6212 6144 in respect of any matters arising from, or in connection with, the Report.

The Report is intended for and is to be circulated only to persons who are classified as an accredited investor, an expert investor or an institutional investor. If you are not an accredited investor, an expert investor or an institutional investor, please contact the Singapore Branch of DNB Bank ASA at +65 6212 6144.

We, the DNB group, our associates, officers and/or employees may have interests in any products referred to in the Report by acting in various roles including as distributor, holder of principal positions, adviser or lender. We, the DNB group, our associates, officers and/or employees may receive fees, brokerage or commissions for acting in those capacities. In addition, we, the DNB group, our associates, officers and/or employees may buy or sell products as principal or agent and may effect transactions which are not consistent with the information set out in the Report.

In Brazil

The analyst or any close associates do not hold nor do they have any direct/indirect involvement in the acquisition, sale, or intermediation of the securities discussed herein. Any financial interests, not disclosed above, that the analyst or any close associates holds in the issuer discussed in the Report is limited to investment funds that do not mainly invest in the issuer or industry discussed in the Report and the management of which these persons cannot influence.