How to successfully enter Norway

Green Seed Nordic
Jakob True, Managing Director

May 23rd , 2013

"It is better to be prepared for an opportunity and not have one than to have an opportunity and not be prepared".

Whitney M Young Jr.

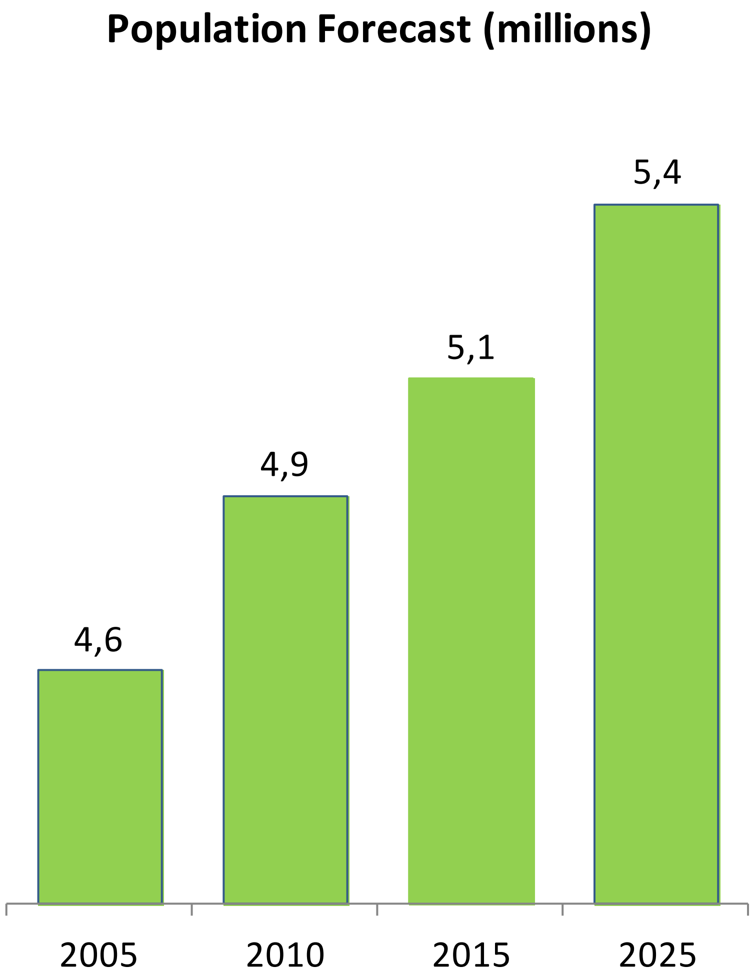
Contents

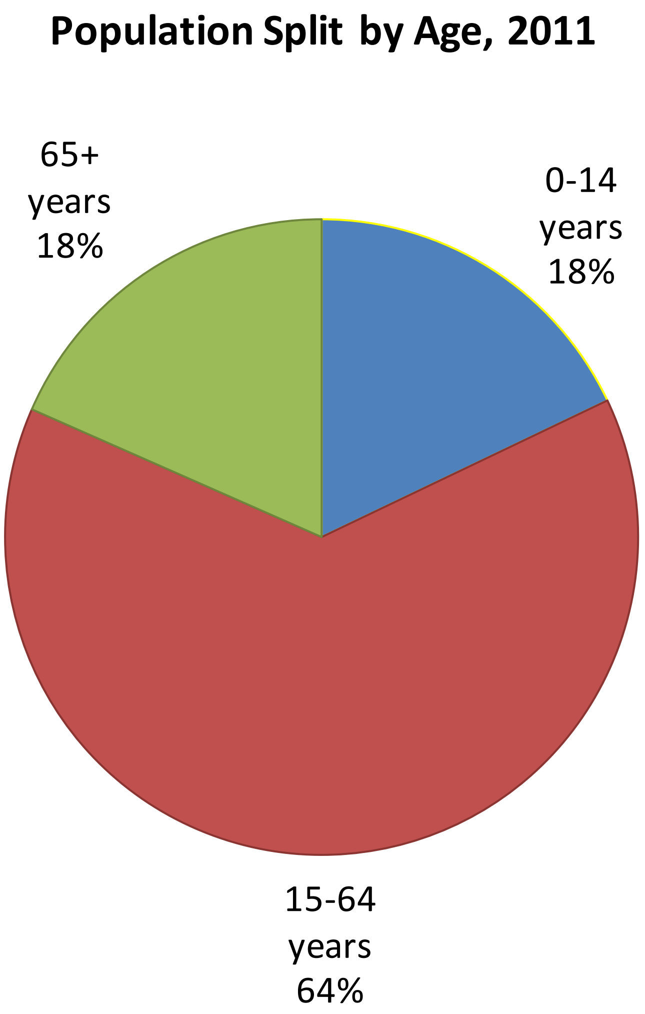
Country overview

- Capital: Oslo
- Currency: NOK / Belgium: Euro
- Population :4.9mio /Belgium: 10.5mio
- Size:323.759 sqkm / Belgium:30.528sqkm
- Coastline 25.148km / Belgium: 66,5km
- Population density: 15.1 people/sq. km
- Head of State: King Harald V
- Ruling party: The Labour Party
- Prime Minister: Jens Stoltenberg
- Major Oil producing country
- Many Raw Materials
- International Food presence:Salmon, Orkla, Jarlsberg
- EEA agreem. w. EU s.1994

CIA FACTBOOK 2013

Demographics





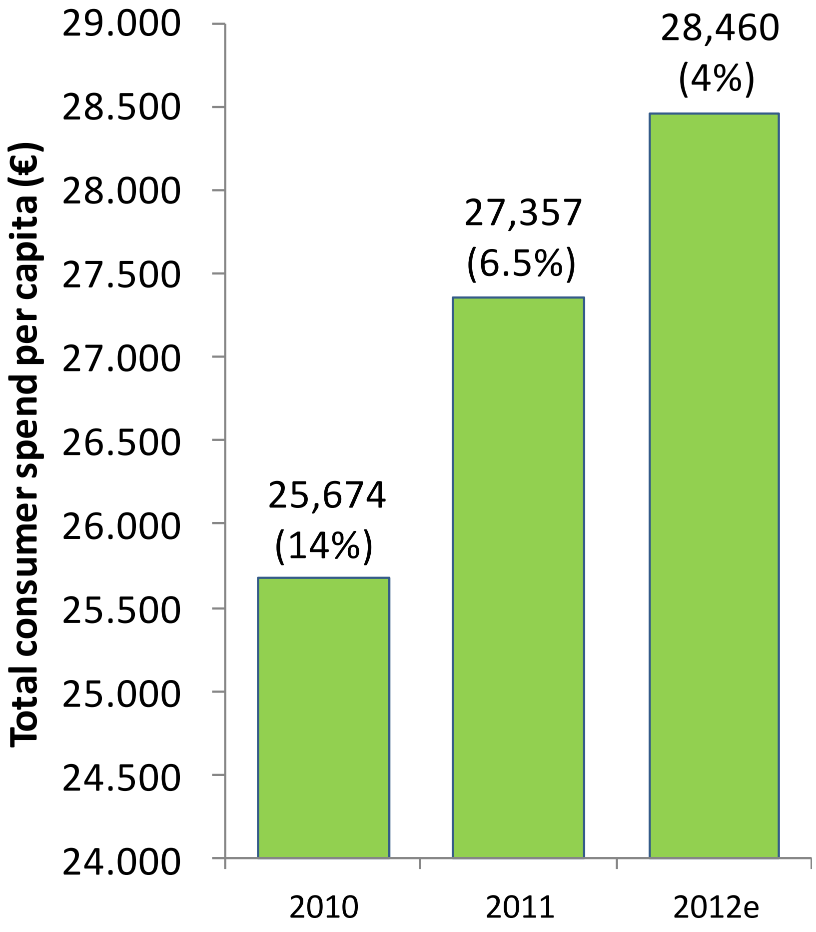
UN Population Division

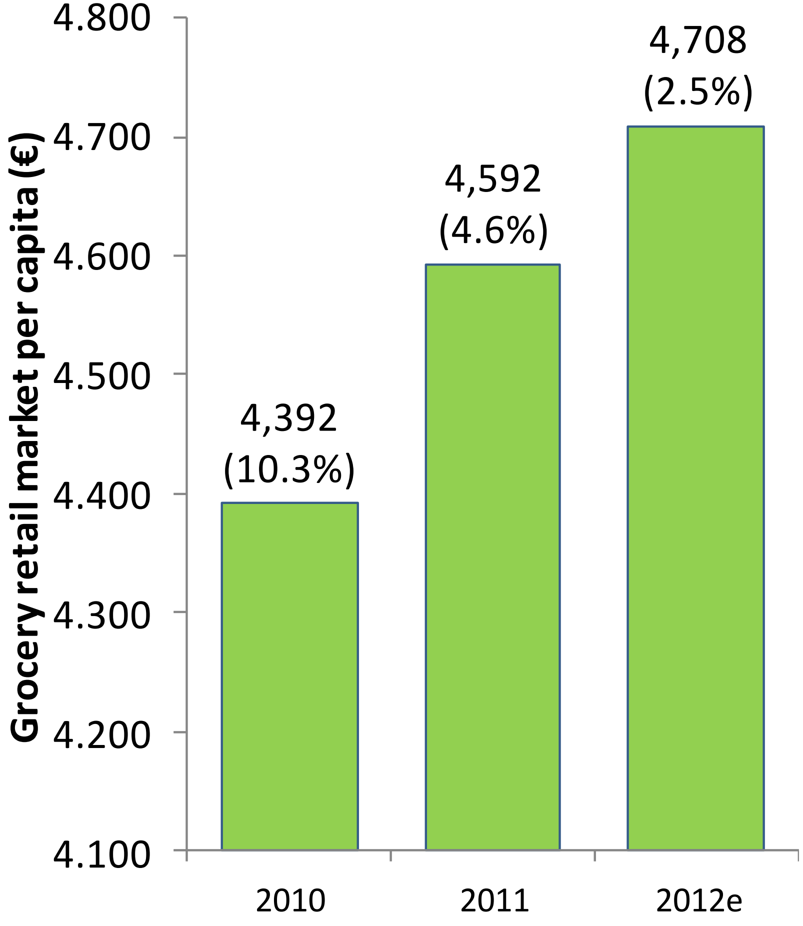
Economic overview

	2008	2009	2010	2011	2012
GDP (Nominal €bn)	311.7	269.8	314.8	343.4	361.6
Real GDP growth	0.7%	-1.7%	0.4%	1.7%	2.5%
Nominal GDP per capita (€)	65,198	55,854	64,507	69,804	72,897
Unemployment rate	2.6%	3.2%	3.6%	3.6%	3.5%
Consumer price inflation	3.8%	2.2%	2.4%	1.7%	2.2%

IGD data Center

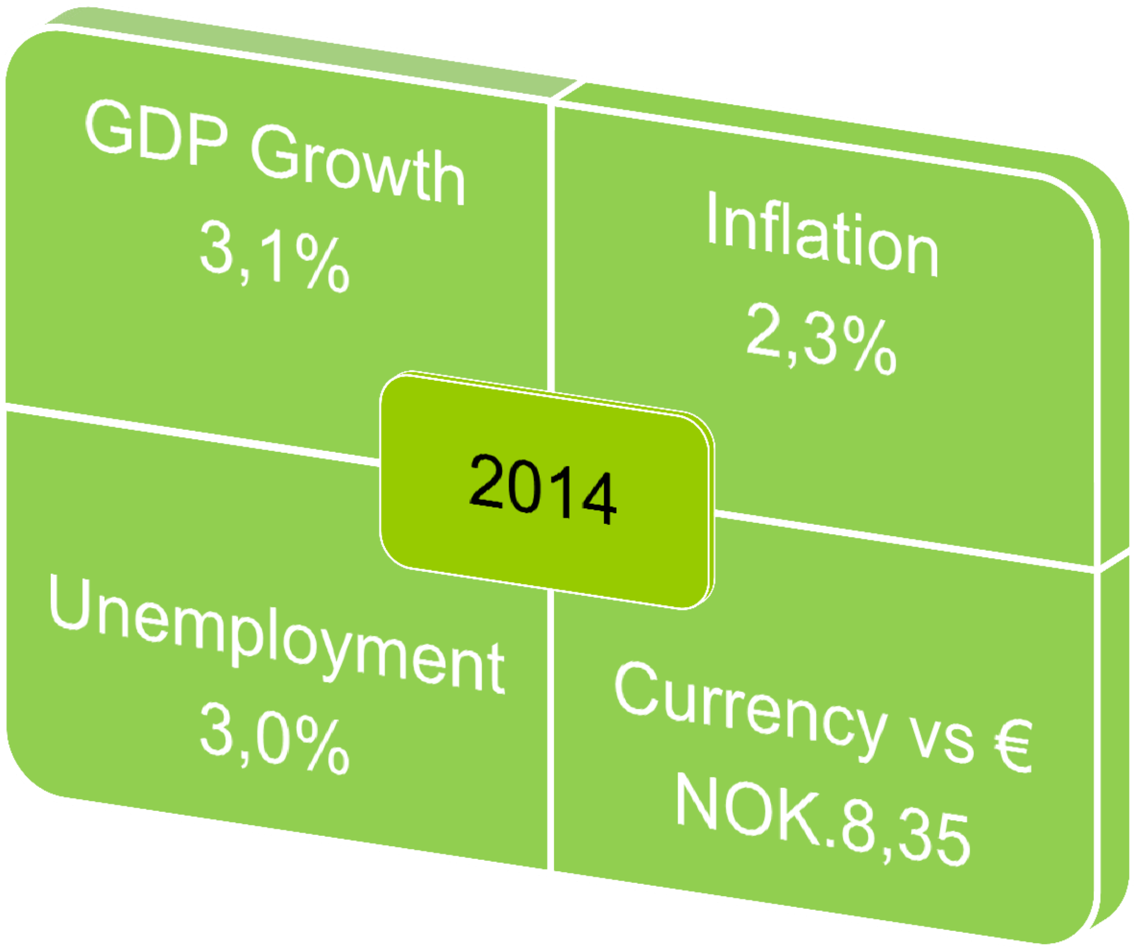
Spending power





IGD data Center

Economic Growth Indicators



OECD

Outlook

Structural

- Norway is not to be a member of the European Union.However, through the EEA-Agreement, Norway is obliged to implement all EU legislation.
- This seems to work more in favour of Norway than in favour of EU at least in the food and drink sector.
- Lack of competition in Norway leads to +75% market shares of local manufacturers.
- Norway is among worlds top producers of Oil and demand for luxury and variety is growing.
- “Wild West” of the Nordics.

Economic

- Strong growth will continue during 2013 into 2014.
- Despite attempts to monitor lending, house prices have grown condiderably and this is the major risk for a credit crunch.
- The country benefits enormously from natural resources - petroleum, hydropower, fish, forests, and minerals.
- Norway uses it´s oil muscles to protect its own agricultural industry by keeping high agricultural duties on imported products
- However good opportunities for import as price level is high and competition low

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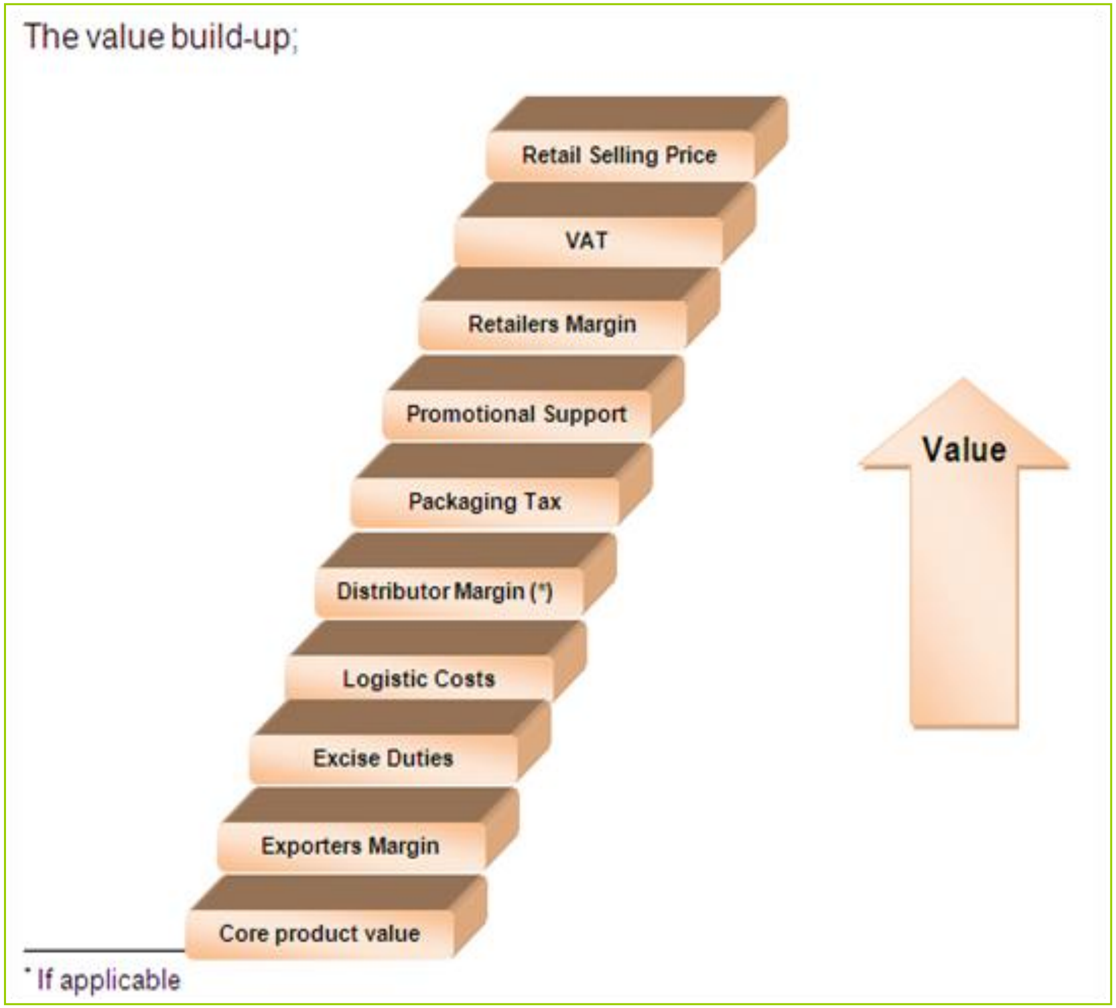
What you have to take into account for the Norwegian market

- Research (Is there a need for your product?)
- VAT rate of 15% (same for everybody, so not a cost for you)
- Labelling and legal aspects (must be checked)
- Local language is a must (develop Pan Nordic packaging)
- Logistics and Customer requirements
- Pallet standards (EUR)
- Duties and Agricultural elements
- Accreditations (BRC or similar)
- Detailed Product information (Inside and Outside)

Calculate the Value Chain



Easy steps to prepare yourselves

- Visit the market
- Check the Competitive situation
- Find out if your focus is Brand or Private Label
- Find out if you Do It Yourself or if you need Business facilitation
- Check Import Duties and Agricultural Elements
- Find out if there is a gap in the market for your products

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International context

Top 10 European markets 2011

Rank	Country	Grocery retail market (€bn)
1	Russia	227.0
2	France	214.6
3	Germany	166.0
4	United Kingdom	164.6
5	Italy	129.4
6	Spain	96.0
7	Turkey	61.6
8	Switzerland	44.6
9	Poland	38.0
10	Netherlands	35.1
15	**Norway**	**22.6**

Top 10 global markets 2011

Rank	Country	Grocery retail market (€bn)
1	China	697.6
2	USA	657.4
3	Japan	292.5
4	India	280.1
5	Brazil	243.7
6	Russia	227.0
7	France	214.6
8	Germany	166.0
9	United Kingdom	164.6
10	Italy	129.4
38	**Norway**	**22.6**

Retail Analysis Datacentre

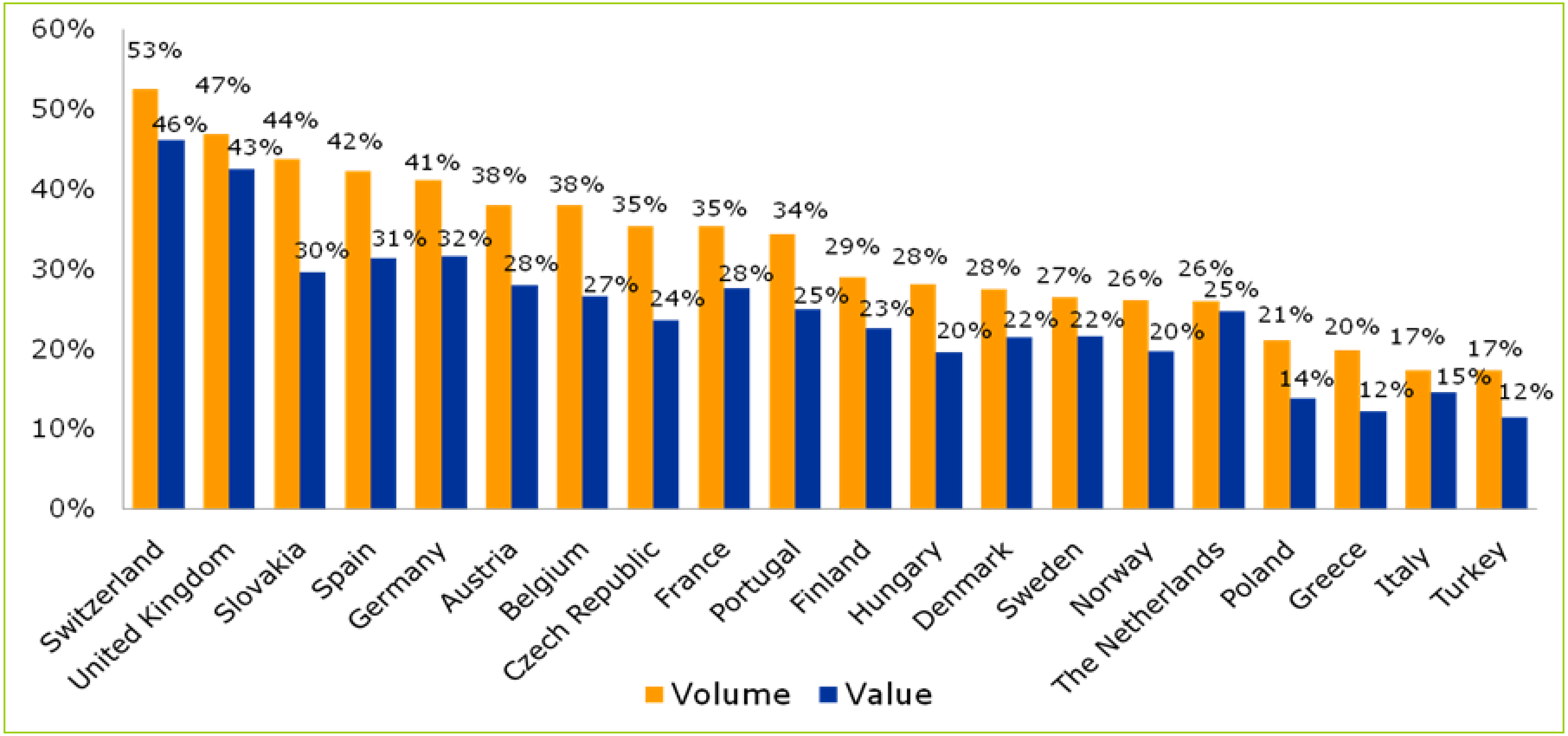
The retail market

	2008	2009	2010	2011	2012e
Consumer spend (€bn)	112.8	108.5	125.3	134.6	141.2
Total retail market (€bn)	41.8	40.7	45.3	47.6	49.0
Grocery retail market (€bn)	19.3	19.2	21.4	22.6	23.4
Grocery retail market/capita (€)	4,033	3,982	4,392	4,592	4,708
Grocery as a % of total retail	46.2%	47.1%	47.2%	47.5%	47.8%

IGD Grocery Retail Market corresponds to the total annual turnover (excluding VAT) of retail outlets predominantly selling food. It includes the sales of non-food articles (i.e. health & beauty, pet care, clothing, DIY etc) sold by hypermarkets, supermarkets, discounters, neighborhood stores, specialised food stores (bakeries, butchers, etc) and open markets. It excludes all cash & carry, delivered wholesale, foodservice and drugstores/chemists.

IGD Retail centre

Private Label



PLMA data

Trends

- **Convenience**
  - Deli de Luca
  - Reitan

- **LCHF**(Low Carb/High Fat)

- **Food on the Go**
  - Sushi
  - Coffee

- **Low prices**
  - Discounters growing

- **Trading up**
  - ”Presidents Choice”

Factors affecting the Norwegian market

- Smaller households, more travelling and less time to cook during the week
- Increased urbanization around larger cities and capitals in Norway(Oslo) leads to changed lifestyles affecting consumption
- Shrinking households
- Less time
- Older population with new demands for convenience, eating habits and demands for availability
- Multicultural product offerings
- Health awareness and source aspects are becoming important
- In summary, modern consumers are adopting a changed view towards consumption.

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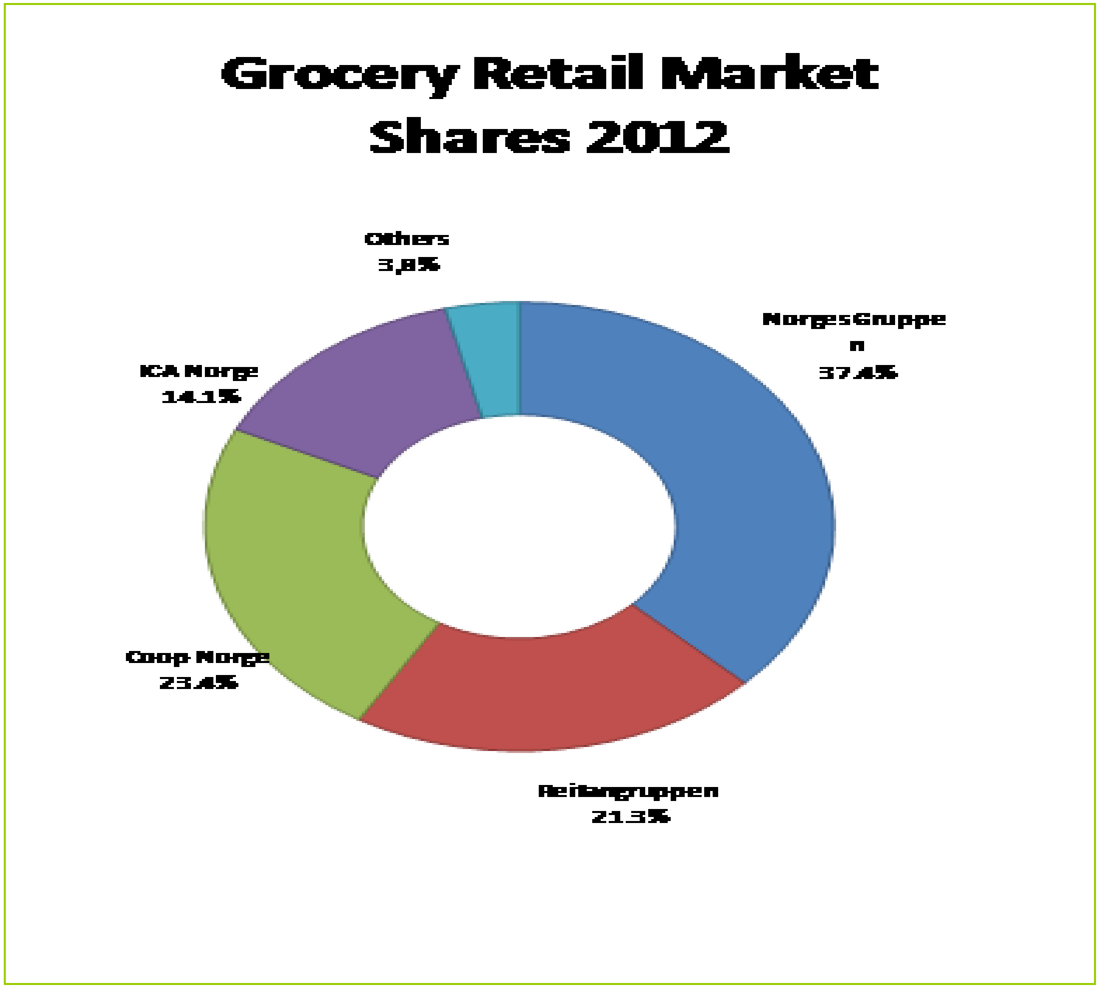
Market shares



Dagligvarehandelen, Leading Retail Trade publication

Norgesgruppen

- 2 business areas; wholesale and retail.
- Wholesale business is the Joh-AS System that delivers to three market segments; grocery retail , convenience as well as foodservice
- Retail business includes 3 national chain concepts, a nearbystore concept, a regional bigstore concept. Operation and development of chain concepts are in 3 units; Kiwi, Meny-Ultra and Merchant House. These "profile houses" have their own character based on range, price, culture and marketing.

Norgesgruppen			
Store concepts	Description	Assortment	Pricing
KIWI mini pris	Discountert	Narrow range of FMCG. Focus on Organic and Fruit/Vegetables	Low prices
MENY	Supermarkets	Wide range of products .	Average prices
SPAR	Supermarkets/ Neighbourhood stores	Moderate range of products	Higher prices
ULTRA MATVAREHUSET + Others	Fine Supermarkets Private ownership	Wide branded product range	High prices
centra + Others	Neighbourhood stores	Limited product range	High prices

Norgesgruppen

Banner	Total sales 2011 (€m)	Format	Number of stores 2011	Sales area (sqm)	Average sales area (sqm)
Eurospar, SPAR, Helgø matsenter, Meny	3,277	Superstores / Supermarkets	454	273,495	602
Bunnpris, Kiwi	2,365	Hard / Soft Discount	732	627,300	857
Joker, Naerbutikken, Butikkringen, Safari, C.C. Martn, Other, SPAR Express	1,274	Convenience & Forecourt	829	215,540	260
Centra, Ultra	476	Hypermarket	19	95,000	5,000

Norgesgruppen

- NorgesGruppen is the clear market leader in Norway
- NorgesGruppen’s retail operations are not its largest business. Its foodservice and wholesale business generates approximately 70% of its consolidated turnover.
- Supplying a variety of store formats from discount chains via convenience over to upgraded formats
- Extending partnership with Shell, in which it operates Fresh convenience stores on company-owned Shell sites.
- Owns the licence to supply and run SPAR stores in Norway
- Key player in Private Label ranging from discount to ”Presidents Choice”
- Had in the past a reputation of having closed doors to new supplliers. This has changed so that they are now openminded

Coop Norge

coop Norge

green seed International Food Consulting

- Coop is the only retail business trade, which is owned by consumers. One million members in Norway has stake in the group.
- Coop consists of different profile houses, which is organized each within their areas.
- Coop has central buying and central control of it´s stores. 3 years ago Coop acquired Smartclub

Coop Norge			
Store concepts	Description	Assortment	Pricing
coop prix	Discounters	Narrow range of FMCG.	Low prices
coop mega	Supermarkets	Wide range of products .	Average prices
coop obs! HYPERMARKED	Hypermarket	Wide range of products	Lower prices
coop marked	Local chains	Limited product range	High prices
coop extra	Hyper soft discounter	Wider product range	Low prices
Smart CLUB	Cash&Carry	Huge product range	Medium prices

Coop Norge

Banner	Total sales 2011 (€m)	Format	Number of stores 2011	Sales area (sqm)	Average sales area (sqm)
Coop Mega	1,680	Superstores / Supermarkets	149	208,600	1,400
Coop obs!, Smart Club	1,012	Hypermarkets	26	143,000	5,500
Coop Extra, Coop prix	418	Hard / Soft Discount	325	227,500	700
Coop Marked	110	Convenience & Forecourt	379	236,875	625

Coop Norge

- Formerly partowner of Coop Norden, Coop Norge is now a retailer in its own right.
- Coop stores are owned by co-operative member organisations and run as franchises.
- Market leader when it comes to soft values i.e. Organic, Co2
- Strong focus on Private Label
- Coop Norway is doing well and is the only alternative to Norgesgruppen
- No Foodservice operation
- Renewed focus on discount

Reitan

- Rema 1000 is owned by the Reitangroup, Norways most succesfull store concept and internationally appraised for it´s management of the Rema-philosophy – Act “simple, quickly and cheap” to be the best discount shop in the local area.
- Rema has stores in Denmark as well as in Eastern Europe and Reitan is a strong player in the international convenience store sector and has rights to the 7/11 concept in several European Countries. Central buying and franchised stores.

Rema1000			
Store concepts	Description	Assortment	Pricing
REMA 1000	Discounter franchise concept.	Limited range of FMCG. But still more than a hard discounter.	Low prices

Reitan

- Took over Lidl Norway 4 years ago
- Started in Denmark 2005, now 210 stores and growing fast
- Partowner of Swedish Axfood chain
- Franchise Concept makes store owners ”run their own business”
- Huge volumen potential for suppliers

Banner	Total sales 2011 (€m)	Format	Number of stores 2011	Sales area (sqm)	Average sales area (sqm)
Rema 1000	3,932	Hard / Soft Discount	504	403,200	800
7-Eleven, YX, Uno X, Narvesan, Pressbyrån	1,474	Convenience & Forecourt	1,536	1229,892	907

ICA Norge

- ICA Norway is owned by ICA Sweden. Ica Norway has central buying independently from ICA Sweden.
- ICA is selling off it´s hypermarket concept in Norway “ICA Maxi” and buyer is Norgregeuppen
- ICA Norway has been loosing money and market share over the last 10 years.
- ICA is working on having Norgesgruppen to become it´s wholeseller

ICA Norge			
Store concepts	Description	Assortment	Pricing
Rimi	Discounters	Narrow product range. Fresh food	Low prices
ICA Supermarket + Nær	Supermarkets	Wide range of fresh foods, deli counter	Normal to higher prices
MAXI ICA STORMARKNAD	Hypermarkets	Wide variety of foods Also non-food	Moderate to lower prices

ICA Norge

- Norway is a major challenge for ICA Sweden and the main priority continues to be improving performance. Would like to sell if they could.

Banner	Total sales 2011 (€m)	Format	Number of stores 2011	Sales area (sqm)	Average sales area (sqm)
RIMI	988	Hard / Soft Discount	261	195,750	750
ICA Supermarked	554	Superstore / Supermarket	61	122,000	2,000
ICA Nær	551	Convenience & Forecourt	238	178,500	750
ICA Maxi	390	Hypermarket	25	175,000	7,000

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Foodservice –Nationwide Wholesalers

- The Norwegian Foodservice market is valued at € 4 bio
- Two wholesalers plays key roles in the Norwegian catering market: Asko and Servicegrossisterne:
- **Asko** (Norgesgruppen) has 60% of the Wholesale market.
- Without supply through Asko no supplier can claim to be marketleader.
- Asko is involved in distribution of a major part of products to the final foodservice customers even though buying often is made up with outside buying groups who then turn to Asko to get their products distributed.
- **Servicegrossisterne** is Norways second largest wholesale group in the Norwegian Horeca market. Servicegrossisterne are supplying 3.500 customers ranging from restaurants, hotels to hospitals.Total turnover is 150 mio €
- Outside there are several regional wholesalers i.e. Gilberg Engros and Furuset Engros
- Also several Niche players generally focused on premium delicacies :Laks & Vilt centralen and Oluf Lorentzen are well-known suppliers of premium products

Foodservice – Other buying groups

- **Gress-gruppen**(the Gress-group) is a buying group for among others the following members:Rica Hotels, Rezidor Hotell Group, Compass Group, GateGourmet Real Estate, Hurtigruten, Norlandia Hotels, Fjord-Line, Torghatten. The Gress-group has agreement with Asko.

- I**nnkjøpsgruppen**(the Buying Group) is made up of: Umoe Catering*, ISS, Choice Hotels who together negotiate better deals. The Buying group has supply agreement with Asko above

- **Umoe Restaurants AS** is Norway's leading chain of service establishments with an annual turnover of 500 million Euro, and a staff of 4,000 divided between some 205 restaurants and cafés. The company's subsidiaries, better known to the public, are Peppes Pizza AS, King Food Norge AS (Burger King), American Bistro Scandinavia AS/American Bistro Sweden AB (TGI Friday's), Café Opus AS, La Baguette AS, and Pubcompaniet AS. Umoe Catering AS also owns 50 per cent of Trainservice Norge AS

Foodservice trends

- Dining out: part of a fashionable lifestyle

- Increased interest in healthy food

- Interest in premium coffee

- Increasing interest in innovative, premium products

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Case study: Discovery Foods

- **Situation**: Discovery Foods, a UK based manufacturer of Mexican Food, wanted to enter the Norwegian market

- **Action**: Green Seed Nordic was appointed to do the job from scratch and develop the market.

- **Result**: Identification of a national distributor for it´s branded range. Start up of supplying Private Label tortillas to Norways largest bakery group.

Case study: Chicago Town pizza

- **Situation**: Schwan´s, a leading manufacturer of frozen pizzas, wanted to launch a branded range “Chicago Town”” into Norway.

- **Action**: Green Seed Nordic was appointed to do the job from scratch and develop the market.

- **Result**: National distribution at 2 largest Norwegian retailers.From 0 to +3 mio €(RSP) and creation of a new premium pizza segment. Schwan´s was acquired by Dr.Oetker.

Case study: Indulgence

- **Situation**: Indulgence, a manufacturer of bakery products, wanted to develop business in Norway.

- **Action**: Green Seed Nordic was appointed to do the job from scratch and develop the market.

- **Result**: Distribution of it´s cakes into national Foodservice distribution

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No listing fees but it there is a cost to participate

- No direct listing fees
- Expectations form clients (retail and foodservice) that suplliers invest in central promotional weekly leaflets

Retailer Joint tools	Norway
Listing fees	None
Marketing tools/€	Joint TV/60.000
Instore Demos/Day rate based on 8 hours	€ 400
1 week Promotions/€	€ 15.000
Launch costs	€ 15.000
Store follow-up	90%
Source: Retailers input/Experience	

Essential to show commitment if you consider a branded approach

MARKETING	COOP	ICA	NORGESGRUPPEN
Promo leaflet/see prices below	52 x year	52 x year	52 x year
Consumer magazines advertising	Yes	Yes	Yes
Usage of Customer card	Yes	No	Yes
Demonstrations	Yes allowed	Yes allowed	Yes allowed
National TV	Yes	Yes	Yes
In-store TV	No	No	No
Recipe focus	Yes	No	Yes
Advertise on retailers	Yes	Yes	Yes

Start with the beginning

- **Be objective and honest with yourself at the score of the "Hole in the market"**
  - Is there a true gap in the market
    - Do you offer something new
    - Is it a me-too product
    - Is it a line extension

- **New launches have to bring value on 3 levels:**
  - for the consumer
  - for the trade
  - for yourself

Schedule, create

- **Schedule an optimal time horizon**
  - It takes perspective, patience and overview to ensure a successful launch into the Nordic market scene

- **Create a clear marketing and channel strategy**
  - Decide what types of customers which outlets, how many and which products will be sold to make it a success.

Market Access requirements

Market Access Requirements	Norway
VAT rates	15%
Incoterms	CIF/importer handles duties/levys
Trade Currencies	NOK branded € Private Label
Pallet standards	Europallet.Max height:120cm
Duties/Agri Elem.	On almost every food product with agricultural status
Certificates	Eu Certificates valid
Salmonella	Special documents needed
Approval Processes	Eu Certificates valid
Technical Accreditations	Eu Certificates valid
Hygiene Requirements	Eu Certificates valid
National Agri information/ EU legislation	**Tolltariffen**

Prepare for the opportunity

- Start with finding out if you really want and what it takes
- Plan a market visit within the next 3 months: we are more than happy to show you the markets
- Based on visit decide if /how you want to proceed
- Make a time schedule
- Define all elements necessecary to get into business in the Nordic region
- (Re)Search the opportunity
- Prepare the details ahead of making a listing proposal
- Meet the potential new customers/partners
- Prepare the launch
- Action

Up North….

We are at your disposal

Jakob True

Managing Director

Green Seed Nordic

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Your gateway into business in the Nordic region

Book a market visit today to see the Danish and Swedish retailmarkets in one day.

Your investment is a flight ticket

Contents

Services of Green Seed Nordic in Norway

Services are geared up to the needs of each company

Where we come from

Green Seed Group

- Unique International Network
- Focus on Food & Drink
- Strong partnerships through trust, accountability and results
- Approach is Openminded, Proactive, Flexible

Green Seed Nordic

– We cover the Nordic region of Sweden, Denmark, Norway, Finland and Iceland
– We strive to grow with our partners across the region
– We are an Experienced team and want to be seen as being Positive, Openminded and Reactive
– We work in partnership to grow your business to become an important arm of your total business
– To achieve success it is important to be Focused, to be Dedicated and to be Perseverant
– To our experience, if you remain perseverant over time you will be successful in our markets

Our team

Jakob True, Managing Director

With over 20 years of experience in FMCG in the Nordic region Jakob leads Green Seed Nordic as owner of the business. After graduating as Msc. Economics in Strategic Retail Planning Jakob worked as a buyer in 5 different categories for Irma retail chian with 200 central steered stores. He started his own business in the 1990s and won the SIAL D´or Gold for best marketed new product into the Danish retail market. Originally Jakob worked with US companies that he brought into Europe: ConAgra owned Golden Valley Microwave Foods, LambWeston and Schwan's Sales Enterprises. In 1995 Jakob took over FFB Scandinavia and joined Green Seed 3 years ago. Jakob has focus on the Nordic region.

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Anette Stenebrant, Senior Consultant / Key Account Manager

Before joining Green Seed Nordic, Anette developed one of Sweden's largest Conference Centres at Stockholm Arlanda Airport. For several years she has also been working as a project manager in marketing agencies and as a teacher for middle school students. Anette is educated as a teacher and has a business education from IHM business school in Stockholm and has worked as Key Account Manager for the last 8 years. Anette has focus on the Swedish market.

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Halvor Ildstad, Senior Consultant / Key Account Manager

Before working with Green Seed Nordic, Halvor worked as Sales and Marketing Director for Orkla Foods and has wide experience since over 20 years from various food businesses where his focus has been on sales/marketing and acquisitions/restructuring. Halvor is educated from Oslo business school. Halvor has focus on the Norwegian market. Halvor is Chairman of Sweden's largest bakery chain and board member of several companies.

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Why use us

Green Seed is the right fit for you if:

- You have a food and drink company ready to be expanded into a market.
- You are a local food and drink company that is ready to scale up to the national market.
- You have new product ideas ready for incubation in the international market.
- You need market research in your overseas market.
- You want to accelerate your market growth.
- You need to find an in-market sales organization to speed your growth.
- You need effective marketing management of your product.
- You need an experienced importer or distributor