

Zwaagdijk-Oost, 9 March 2018

Action continues strong European growth: 28% higher sales and 243 stores added in 7 European countries

| Highlights 2017 (amounts in EUR million) | 2017 unaudited | 2016 | 2017 vs 2016 |
|---|--------------------------|-------------|-------------------------------|
| Sales | 3,418 | 2,675 | +28% |
| LfL sales growth¹ | 5.3% | 6.9% | |
| Operating EBITDA² | 387 | 310 | +25% |
| Number of stores | 1,095 | 852 | +243 |
| Number of employees³ | 41,000 | 35,000 | + 6,000 |

Sander van der Laan, CEO Action, commenting on the 2017 results:

“Our continued European growth demonstrates that the Action formula of a broad, surprising and ever-changing product range at the lowest price is appreciated by millions of customers every day across a range of countries. Last year, we added 243 stores in seven countries, and opened two distribution centres in France and Germany. With over 700 of our 1,100 stores located outside The Netherlands, we are a truly international retailer. We are in the process of introducing Sports as a 14th product category across our stores.”

Adrian Bellamy, Chairman of the Board of Directors:

“Again, Action performed very well last year, and I would like to express the appreciation of the Board to all our employees. Through their continuous dedication they are key in surprising our customers every day. In 2017, we invested significantly in the further development of a solid foundation for the continued growth of Action. We have entered the Polish market as another important step in our geographic expansion.”

Strong financial results

Sales growth was strong across all countries in 2017. Consolidated sales totalled €3,418 million, up 28% compared to last year. Healthy like-for-like growth in all our markets resulted in an overall like-for-like increase of 5.3%. Action saw growth in all but two product categories. We saw soft performance in the Decoration category, particularly in the last quarter of 2017, and we embarked on a programme to deliberately manage down sales in our fashion category in order to change it into a ‘Basics’ and ‘Sports’ category in early 2018.

Operating EBITDA increased by 25% to €387 million in 2017 from €310 million in 2016. The Operating EBITDA margin slightly decreased to 11.3% in 2017 from 11.6% in 2016.

¹ Calculated on stores open for more than 12 months

² Operating result (earnings) before interest, tax, depreciation, amortization and non-recurring items

³ # of employees as of 31 December, rounded in thousands

In 2017 Action commenced a significant investment programme across stores, supply chain, distribution, IT and human resources in order to meet its medium-term ambition of becoming a €10 billion business. As part of this programme Action opened two new distribution centres in France and Germany. In the second half we also instigated further investment and a change in logistics service provider at our Moissy distribution centre near Paris in order to improve store delivery performance in France. The French store network has grown rapidly and is now generating more sales per week than our original network in The Netherlands.

Action de-gearred to 3.5x EBITDA from 4.7x EBITDA over the course of 2017 as a result of strong cash generation and continued profit growth.

International expansion

Action opened 244 new stores and closed one older store at the end of its lease. This was a significant increase in store openings over 2016 with a predominance of store openings in the last quarter of 2017. The majority of the stores were opened in France and Germany. To support this store growth, we established our fourth distribution center in Biblis (near Mannheim) and our fifth in Labastide (near Toulouse). In October, we celebrated the milestone of the 1,000th Action store.

| Number of stores on December 31, by geography | 2017 | 2016 | 2017 vs 2016 |
|--|---------------------|-------------------|-------------------------|
| The Netherlands | 367 | 354 | +13 |
| Belgium & Luxembourg | 153 | 135 | +18 |
| Germany | 216 | 136 | +80 |
| France | 335 | 220 | +115 |
| Austria | 18 | 7 | +11 |
| Poland | 6 | - | +6 |
| <u>Total</u> | <u>1,095</u> | <u>852</u> | <u>+243</u> |

Action Social Responsibility

Our Action Social Responsibility strategy consists of four building blocks: product, people, environment and citizenship. During 2017 we implemented several initiatives, for example:

- **Product:** we refined our policies for the sourcing of timber and cotton and increased the number of products with a sustainable quality label such as FSC, UTZ or Oeko-Tex.
- **People:** we created 6,000 jobs and now employ 111 different nationalities. In 2017, we ran 15,000 training days for our employees.
- **Environment:** in 2017, we recycled all cardboard and plastic packaging. During 2018, all our new stores and distribution centres will be equipped with energy-saving lights and we are testing a recycling facility for customers in a pilot store as part of a renewed store design.
- **Citizenship:** we signed a partnership with SOS Children's villages, which involves the support of over 1,100 children in Asia.

Strategic priorities

We are a 'one brand, one format' company with a scalable business model. Our three strategic priorities, based on our unique culture and values, remain:

- 1) *Strengthen our unique customer value proposition.* 'Price, surprise and convenience' is what Action is known for. We will continue to strengthen our digital customer interface. The Sports category will broaden our surprising product offer.
- 2) *Expand our business internationally.* Building on a successful accelerated roll-out strategy, Action continues to expand its store and distribution network. We plan to open more new stores in 2018 than we did in 2017, with the majority of openings taking place in France and Germany. To support this store growth and optimise our logistics, we have planned four new distribution centres. The first two will be in France (Belleville, Q3 2018) and Germany (Peine, Q1 2019).
- 3) *Further develop our cost effective, simple and scalable business model.* To achieve our growth ambitions, we are constantly developing our scalable business model. Our focus will remain on simplicity and staying cost conscious. We continue to invest in our employees, new stores, supply chain and systems. This includes the implementation of new HR systems in 2018.

Our annual brochure UPDATE 2017, with an extensive overview of Action in 2017, is now available for download at www.action.com/update2017

About Action

Action is the fastest-growing international non-food discounter with over 1,100 stores in the Netherlands, Belgium, France, Germany, Luxembourg, Austria and Poland. Action employs nearly 41,000 people. In 2017 total sales were EUR 3.4 billion. Around one third of the more than 6,000 articles Action offers is part of our standard range. The rest of the range is dynamic and changes rapidly. Action introduces more than 150 new items every week. Our product range consists of 14 categories: decoration, DIY, toys & entertainment, stationery & hobby, multimedia, household, garden & outdoor, laundry & cleaning, food & drink, personal care, pet, sports, clothing and linen. Action offers private labels and well-known brands. Action is able to charge extremely low prices due to its large scale and efficient purchasing, optimal distribution and the cost-conscious culture across the organisation.

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