



PRESS RELEASE

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Action closes another strong year: 34% sales growth and 197 new stores opened across six countries

More and more customers embrace Action

Highlights 2016 (amounts in EUR million)	2016	2015 ^[1]	2016 vs 2015
Sales	2,675	1,995	34%
LfL sales growth ^[2]	6.9%	7.6%	
Operating EBITDA ^[3]	310	226	37%
Cash flow from operations ^[4]	267	225	19%
Number of stores	852	655	+197
Number of employees ^[5]	35,000	29,000	+ 6,000

Sander van der Laan, CEO Action, commenting on the 2016 results:

“2016 was another strong year for Action. I am proud of our 35,000 colleagues who enabled us to achieve sales growth of 34%. Their enthusiasm, dedication and hard work are crucial to the success of our company. Our sales growth demonstrates that in all six countries where we operate, our customers are embracing what we offer: a broad and ever-changing range of products at the lowest prices. At Action, our customers see every day that quality can come at a low price and for this reason they voted us European Retailer of the Year for the third consecutive year. With the majority of last year’s 197 new stores opened in France (100) and Germany (60), and the opening of our first French distribution centre, Action is now a truly European retailer, with a healthy geographical diversification.”

Adrian Bellamy, chairman of the Board of Directors:

“The Board would like to express its appreciation for another great year. Our growth and expansion accelerated, our formula and reputation grew stronger and more people discovered Action. The team continued successfully to develop Action into a European retailer that exceeds customers’ expectations and we strengthened the management and organisation of the company to create a solid foundation for further expansion and growth.”

¹ For comparison reasons, all 2015 numbers are based on 52 weeks. 2015 contained an exceptional 53 weeks trading.

² Calculated on stores open for more than 12 months

³ Operating result (earnings) before interest, tax, depreciation, amortisation and non-recurring items

⁴ Operating EBITDA +/- changes in working capital +/- capital expenditures (excluding investments in new DCs) +/- non-recurring (cash) items

⁵ # of employees as of 31 December, rounded in thousands



Strong financial results

Sales growth was strong across all countries in 2016. Consolidated sales totalled €2,675 million, up 34% compared to last year. The growth was driven by a like-for-like increase of 6.9% and by the opening of 197 new stores.

Operating EBITDA increased by 37% to €310 million in 2016 from €226 million in 2015. The Operating EBITDA margin increased to 11.6% in 2016 from 11.3% in 2015, driven by a combination of economies of scale and a continuous focus on costs. Cash flow generation remained strong throughout 2016 despite significant investments in infrastructure and new stores. Strong operational cash flows enabled the company to refinance its debt twice during the course of 2016.

International expansion

In 2016 Action opened a record number of 197 new stores, taking total stores to 852. The number of stores almost doubled in both France and Germany. To supply the growing number of stores, we opened our first distribution centre outside the Netherlands in March 2016, near Paris.

Number of stores by geography	2016	2015	2016 vs 2015
The Netherlands	354	341	+13
Belgium & Luxembourg	135	117	+18
Germany	136	76	+60
France	220	120	+100
Austria	7	1	+6
Total	852	655	+197

Quality and Social Responsibility high on the agenda

We continue to prove to our customers that quality can come at a low price. We offer products that perform as expected and that are compliant with requirements and regulations. We source our products through direct import, A-brand manufacturers or via wholesalers. During the year, we strengthened our relationship with A-brand suppliers, enabling us to sell a growing and continuously varying offer of known, quality products. We also expanded the direct import of products.

During the year, we set out Action's Social Responsibility Strategy, which covers the human, social and environmental responsibilities that come with our position. In our aim to sell products that are safe and responsibly sourced, we require that our suppliers sign our Action Ethical Sourcing Policy⁶. We are committed to encouraging improvements with our suppliers and will work with them where necessary to achieve this outcome.

⁶ Our Ethical Sourcing Policy ensures compliance with the conventions of the International Labour Organisation (ILO), the internationally recognised Ethical Trading Initiative (ETI), the UN Guiding Principles on Business and Human Rights and the BSCI Code of Conduct. Our Ethical Sourcing Policy comprises a number of principles including no forced labour, no child labour, fair compensation and safe and clean working conditions.



We intensified our co-operation on direct import with our business partner in Asia, where over 60 people are dedicated exclusively to Action. Direct import gives us a full overview of the end-to-end-supply chain of our products. All 326 factories across 6 countries in Asia that supply our direct import products, have been audited on compliance with our Ethical Sourcing Policy. As our direct import activity grows, the number of factories audited will increase further in 2017.

Future strategic priorities

We are a 'one brand, one format' company with a very 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 strengthen our digital presence and marketing.
- 2) *Expand our business internationally.* Our ambition is to open more new stores in 2017 than we did in 2016, with the majority of openings in France and Germany. The new distribution centres in Germany (Biblis, Q2 2017) and France (Labastide, Q3 2017) will support this store growth and optimise our logistics.
- 3) *Further develop our cost effective, simple and scalable business model.* To achieve our growth ambitions, we are constantly developing our scalable business model. We continue to invest in our employees, new stores, supply chain and systems.

Outlook for 2017

The Group has made a strong start to 2017 and is set to open more new stores than in 2016. Our further expansion will deliver scale benefits as well as another strong top line performance.

Note for editors (not for publication):

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About Action

Action is a fast-growing international non-food discounter with more than 850 stores in the Netherlands, Belgium, France, Germany, Luxembourg and Austria. Around one third of the more than 6,000 articles Action offers in its stores is part of our standard range. The rest of the range is dynamic and changes rapidly. Our product range consists of 13 categories: decoration, DIY, toys & entertainment, stationary & hobby, multimedia, household, garden & outdoor, laundry & cleaning, food & drink, personal care, pet, clothing and linens. Action introduces more than 150 new articles every week. 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.