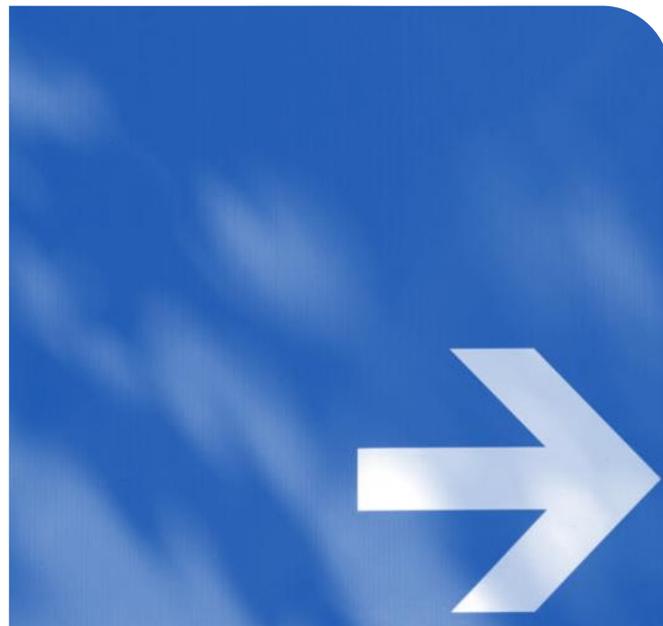




# 3i Capital Markets Seminar Action

8 June 2016





## 1 3i's investment in Action

## 2 Action presentation

- Sander van der Laan,  
CEO Action
- Frederik Lotz,  
CFO Action

# 3i acquired Action in September 2011



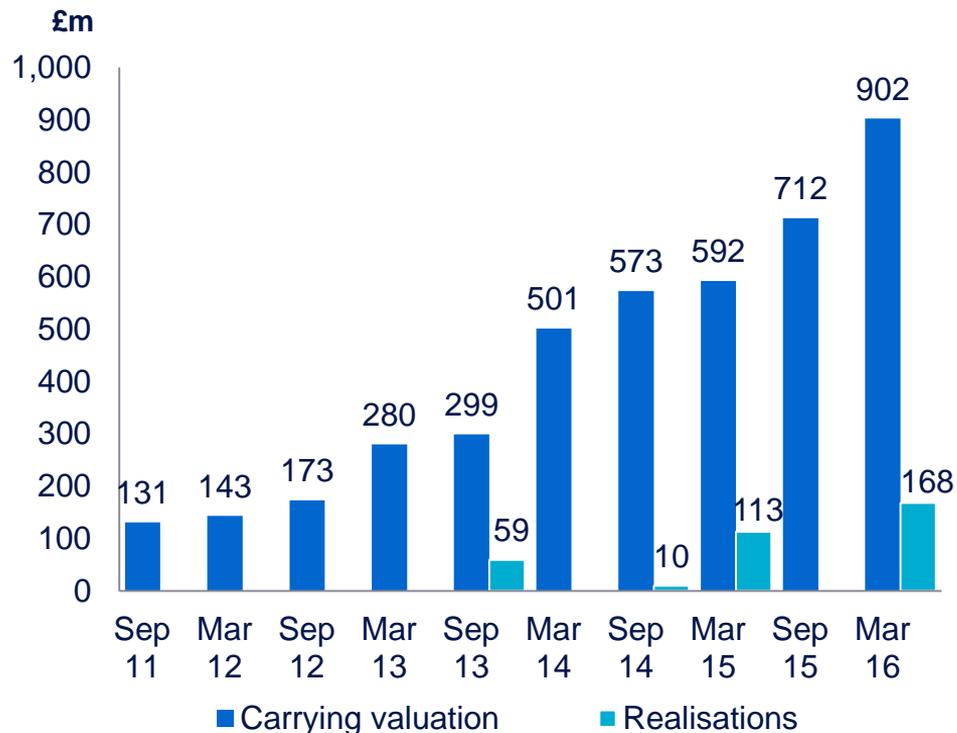
- Acquired from founders in primary buyout for 8.3x EBITDA
- Investment triggered by proactive approach from 3i
- Six months exclusive off-market due diligence process



# Strong value creation and continued potential



## Action – 3i carrying value



## Selected observations

- £902m carrying value
- 14x EBITDA multiple post-liquidity discount
- Action reported EBITDA 2015 €226m
- 11.6x money multiple over cost<sup>(1)</sup>
- 3.5x money realised from distributions (recaps)
- 24% of 3i's PE portfolio

Source: 3i Annual and Half-yearly reports.

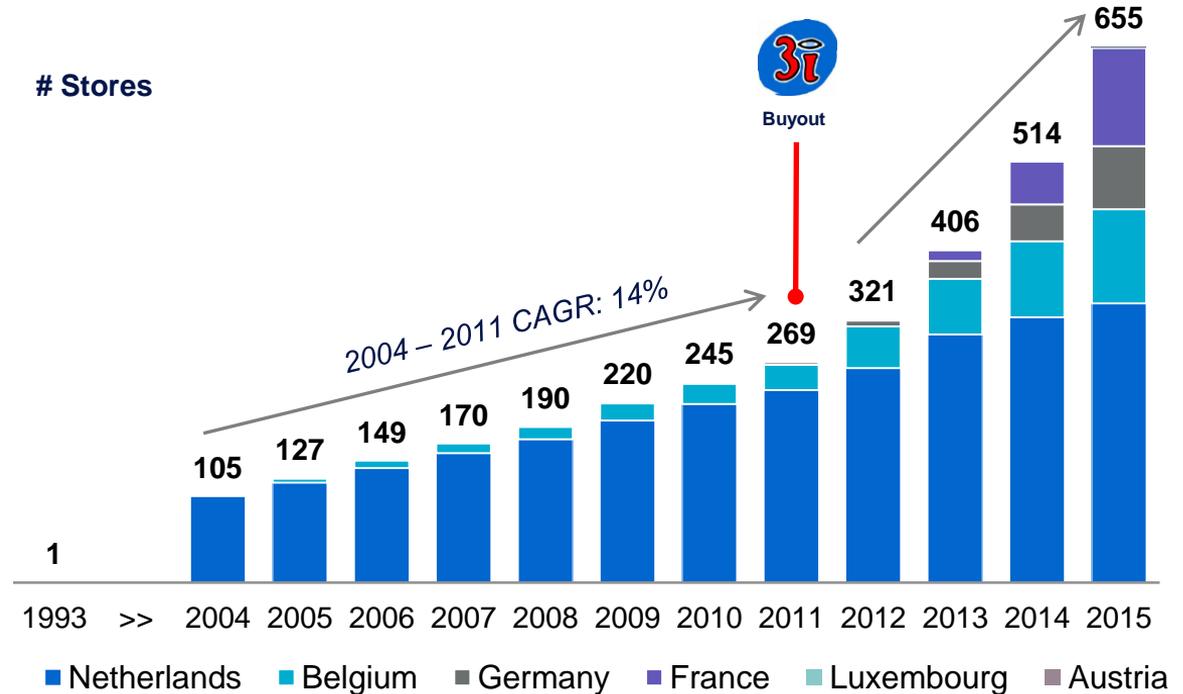
(1) Cash proceeds over cash invested. For partial realisations and refinancings, valuations of any remaining investment are included in the multiple.

# Acceleration of international growth under 3i ownership



## Milestones 2011-2016

- Transition from founders to professional management
- Strengthen the team, build systems and processes
- Accelerate international growth
- New CEO, CFO appointed in 2015 to lead next phase of development





# Action

## 3i Capital Markets Seminar

8 June 2016, London



**Sander van der Laan**  
/// Chief Executive  
Officer



**Frederik Lotz**  
/// Chief Financial  
Officer



## Sander van der Laan

/// Chief Executive Officer

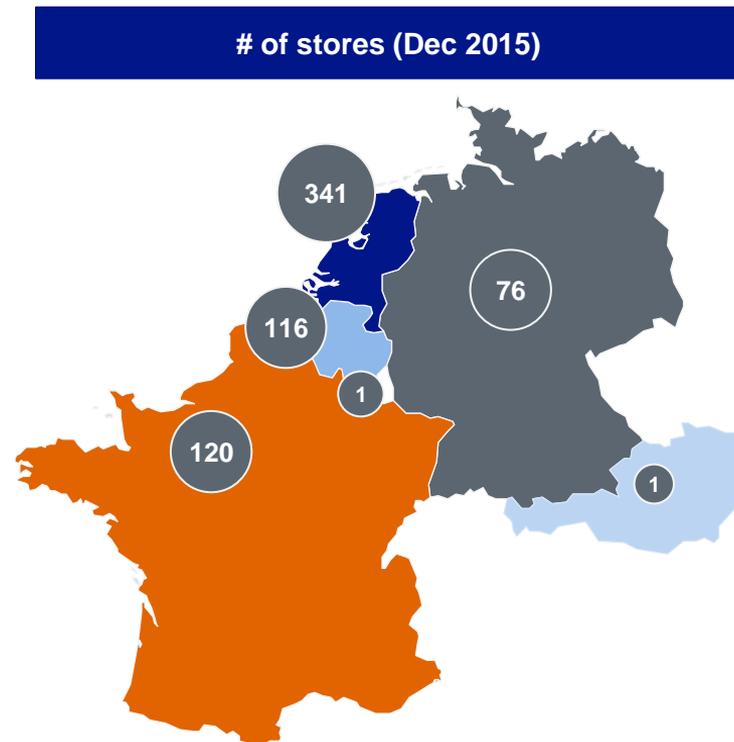
Age 47

- /// Joined October 2015
- /// 25 years Consumer & Retail experience
- /// Various positions at Ahold (1998 - 2015)
  - CEO Albert Heijn (2011 - 2015)
  - COO of Ahold Europe
  - General Manager Albert Heijn
  - President & CEO Giant Food Stores (Ahold USA)
  - General Manager Gall & Gall

# Action: Leading European non-food discount retailer



- /// 700+ stores (June 2016)
- /// All stores profitable
- /// 2015 Sales €2.0bn (+32% yoy)
- /// 2015 Like for Like Sales Growth 7.6%
- /// 2015 EBITDA €226m (+36% yoy)
- /// >28,000 employees across six countries
- /// >50% of sales outside the Netherlands in 2016



# Action has a unique proposition



## Winning customer proposition & brand

- 1 Unique and surprising assortment
- 2 Lowest prices
- 3 Convenient shopping environment
- 4 Proud employees

## Simple, low risk and scalable business model

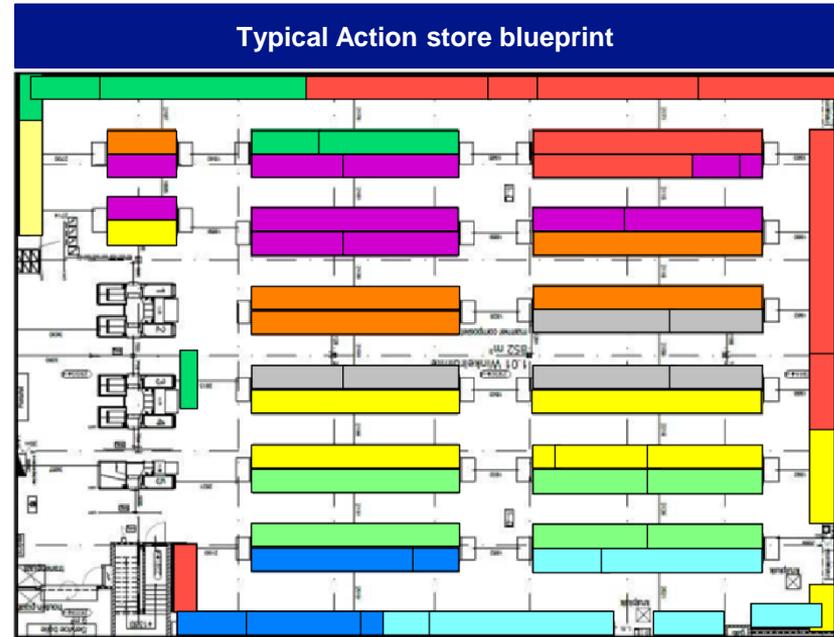
- 5 One standardised format
- 6 Robust sourcing model
- 7 Centralised and efficient distribution

- 
- 8 Loyal and growing customer base

# We have 13 distinct categories presented in a standardized floorplan



General merchandise	1	DIY
	2	Toys and Entertainment
	3	Stationary and Hobby
	4	Decoration
	5	Multimedia
	6	Household
	7	Seasonal
Fast Moving Consumer Goods	8	Laundry and Cleaning
	9	Food and Drink
	10	Personal Care
	11	Pet Food
Textile	12	Basic and Fashion
	13	Linens



852m<sup>2</sup>, Aalsmeer, The Netherlands

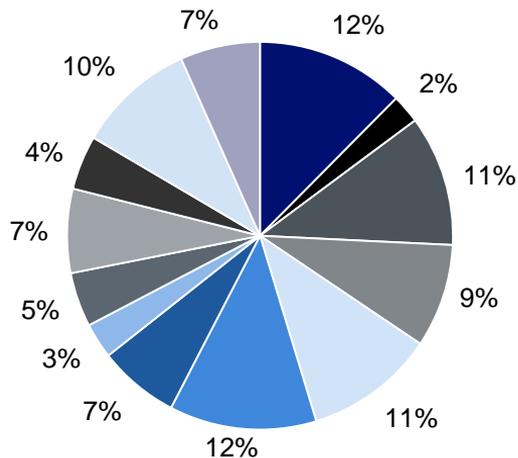
Unique and Surprising Assortment

1	2	3	4	5	6	7	8
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# Balanced revenues across the 13 categories with majority of SKUs in-out

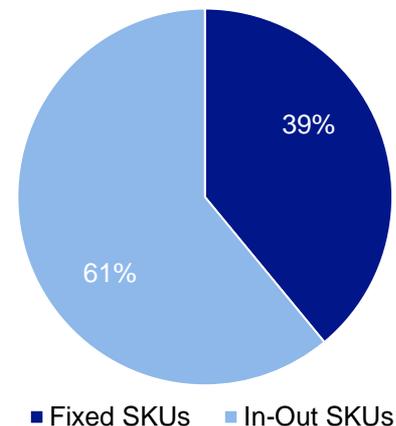


**Net sales by product category (FY15A)**



Net sales split by product category<sup>(1)</sup>

**Net sales split by product type (FY15A)**



**Balanced assortment**

**Multiple price point offering**

**c.150 – 200 new products per week**

Unique and Surprising Assortment

1	2	3	4	5	6	7	8
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Source: Company information

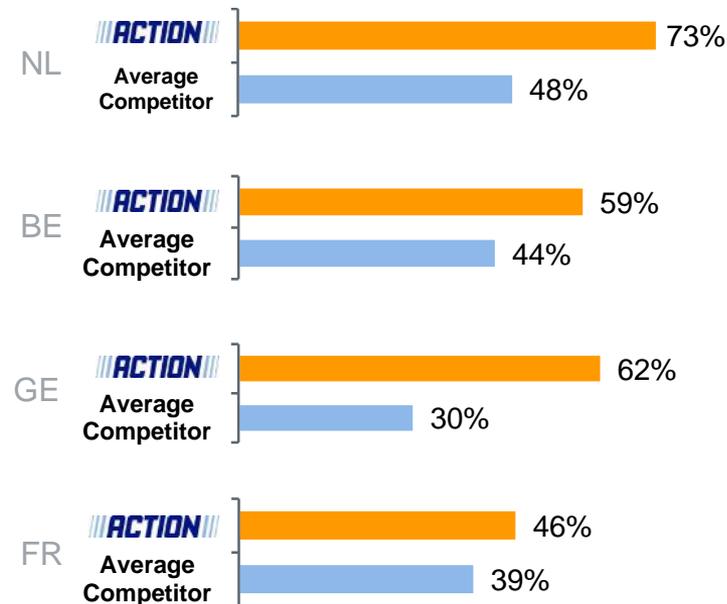
(1) Each colour in the chart indicates a different product category

# We continue to surprise our customers



Illustrative new articles introduced in a 6 week period						
Week	1	2	3	4	5	6
DIY						
Toys and Entertainment						
Stationary and Hobby						
Decoration						
Multimedia						
Household						
Seasonal						
Laundry and Cleaning						
Food and Drink						
Personal Care						
Pet Food						
Basics and Fashion						
Linen						

## Does Action have a surprising assortment?<sup>(1)</sup>



Unique and Surprising Assortment

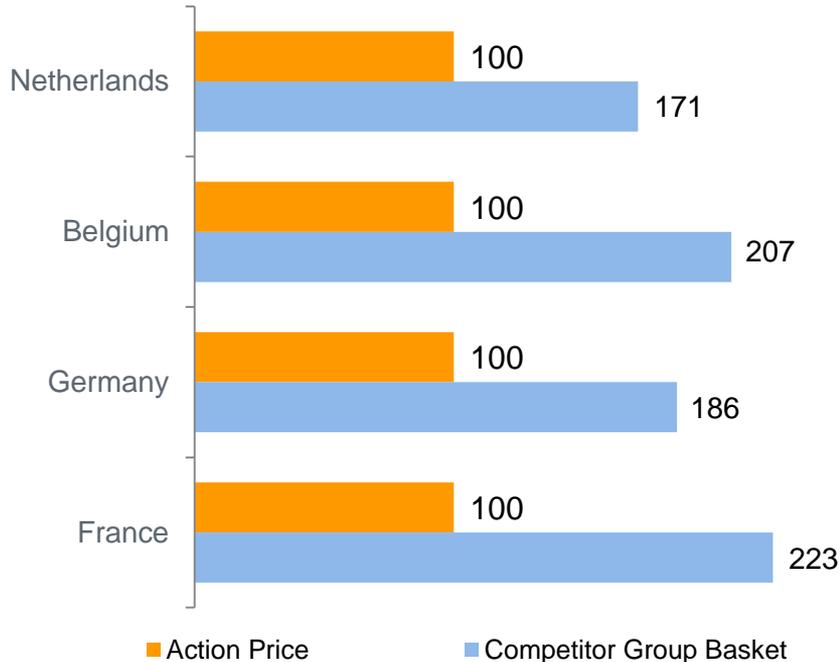


(1) GfK Image and Awareness Study Jan 2015

# Action offers unbeatable prices – main reason for shopping



## Strong low-price points<sup>(1)</sup>



## Main reasons for visiting Action<sup>(2)</sup>

- 1 For the lowest price
- 2 Category variety
- 3 Changing assortment
- 4 Shop is nearby
- 5 For specific products I always buy there

(1) Chart shows comparison of shopping baskets between countries. Price index excluding promo pricing. The Netherlands, Belgium, Germany and France as per March 2016

(2) Source: GfK Image and Awareness Study Jan 2016

### Lowest Prices

1	2	3	4	5	6	7	8
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# Why our prices are so low



Cost benefit building blocks that enable us to provide our customers the lowest prices

# Good quality can come at a low price



- /// Implementing Action quality system
- /// Strengthen quality & sustainability function
- /// Action Ethical Sourcing Policy
- /// 100% factory audits of all direct import
- /// Formulate & communicate our objectives and efforts



Lowest Prices

1	2	3	4	5	6	7	8
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# Convenient shopping experience for our customers



- /// Proximity continues to improve due to network expansion
- /// Unique combination of 13 distinct categories
- /// Standardized floorplan and routing
- /// Mainly EDLP (Every Day Low Pricing)
- /// Easy in – Easy out
- /// Many locations offer good parking facilities



Convenient Shopping Environment

1	2	3	4	5	6	7	8
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## Company culture

1 Customer focused

2 Cost conscious

3 Teamwork

4 Discipline

5 Simplicity

6 Respect



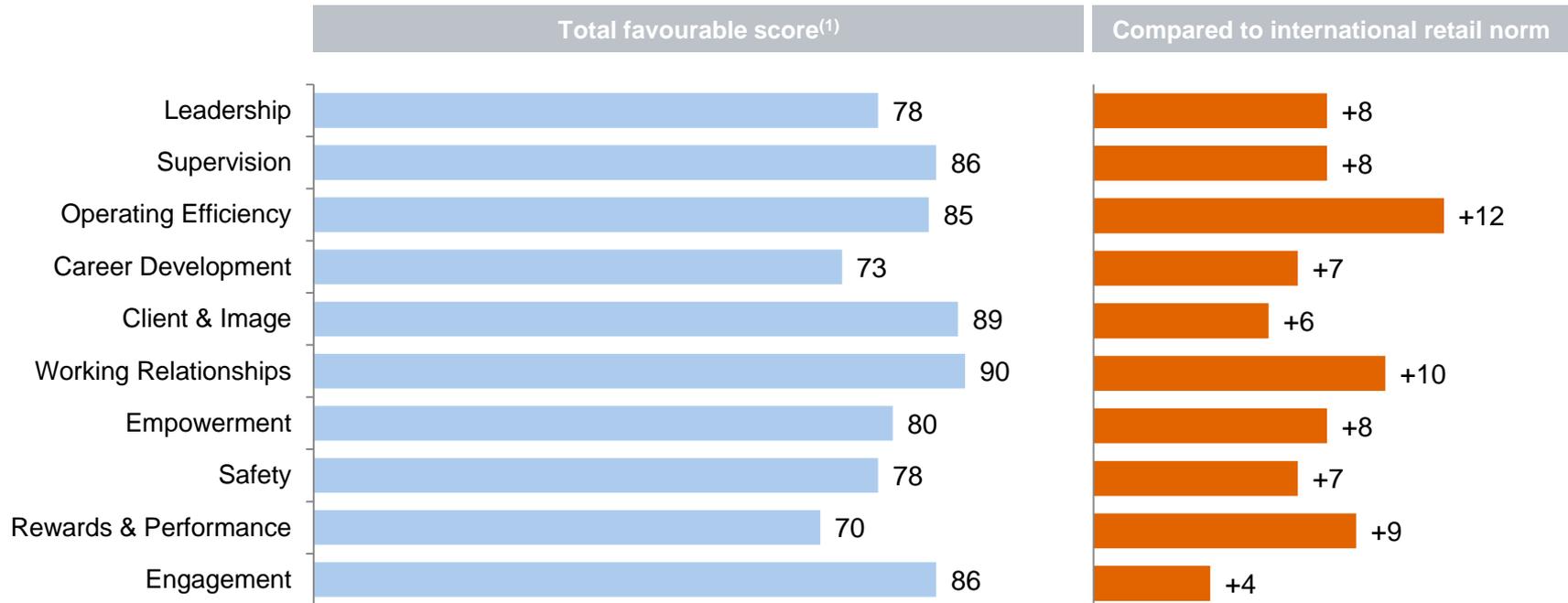
Proud Employees

1	2	3	4	5	6	7	8
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# Engaged and proud employees committed to the journey ahead



## 2015 employee perception

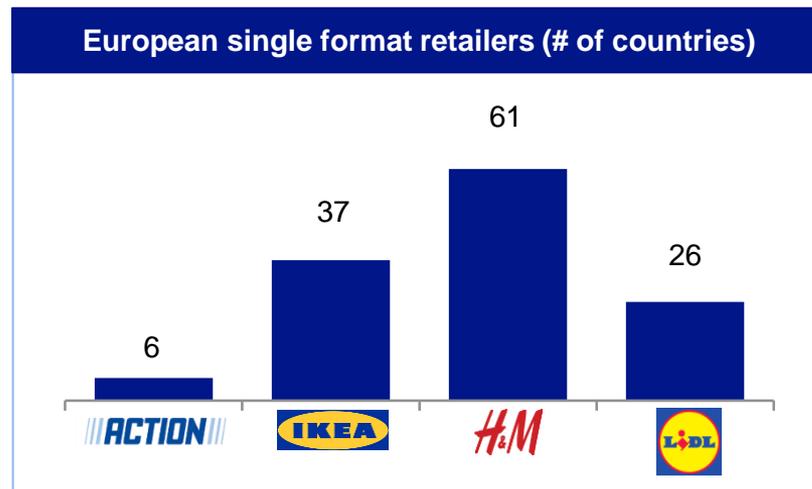


Source: Tower Watson  
 (1) On a scale of 1-100

# One standardised format which is easily scalable



- /// One brand
- /// One store format
- /// Majority of stores 700m<sup>2</sup> – 1,100m<sup>2</sup>
- /// One store operating model
- /// ~95% of the 6,000 SKUs are the same across all stores and countries



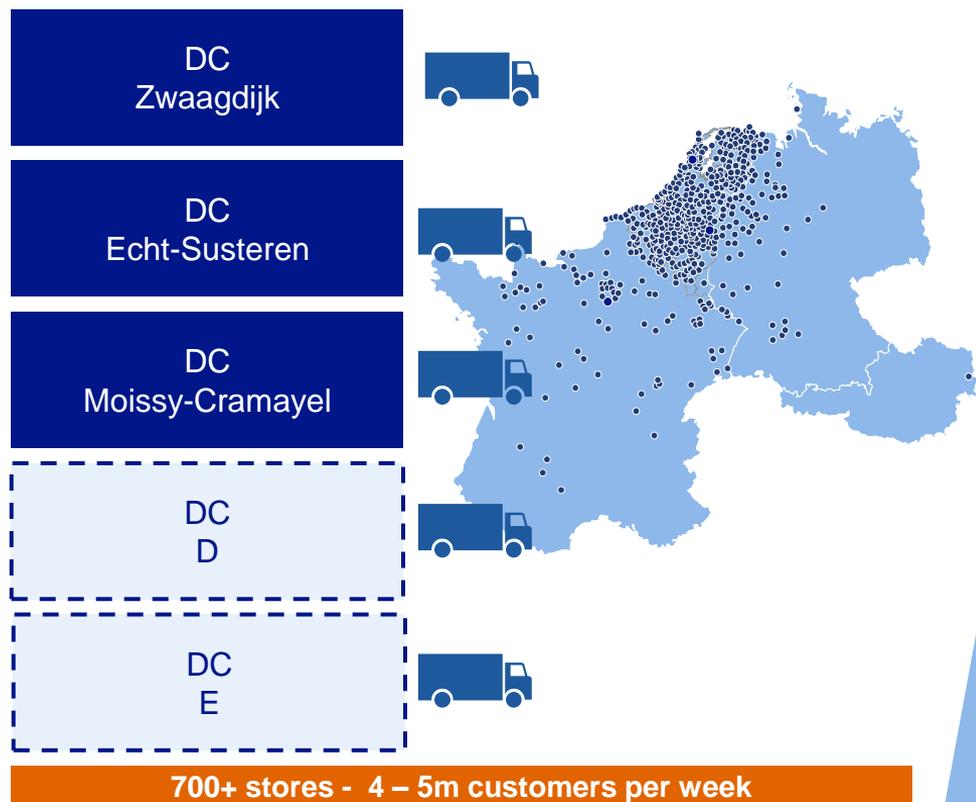
One Standardised Format

1	2	3	4	5	6	7	8
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# Action builds 3 tier strategic sourcing approach



**FMCG**  
Supplying national brands  
Increasing number of pan-European deals and relations



Robust Sourcing Model

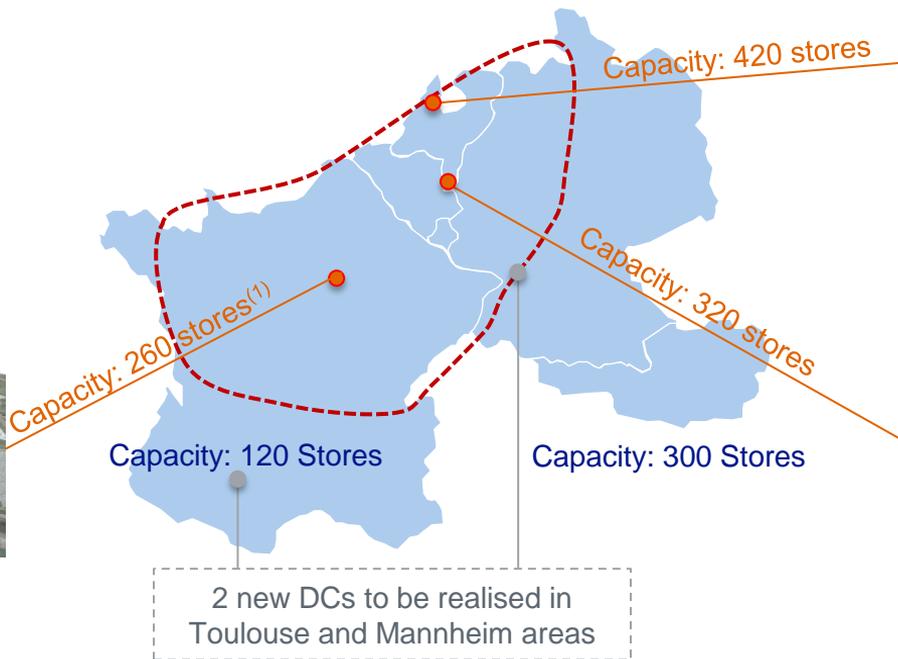
1	2	3	4	5	6	7	8
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# Proven DC expansion with 3 DC operational and 2 more in pipeline

 Prime area of current Action stores



**DC-C**  
(Moissy-Cramayel, FR)



**Headquarters and DC-A**  
(Zwaagdijk-Oost, NL)



**DC-B**  
(Echt-Susteren, NL)

Centralised and Efficient Distribution

1	2	3	4	5	6	7	8
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(1) As of Mar 2017, current capacity: 170

We have a 'supermarket like' Supply Chain servicing our non-food stores.

## Warehousing

- /// State of the art facilities
- /// European Blueprint
- /// 2 shifts
- /// Partnership in France with ID Logistics

## Transport

- /// European network management
- /// >300 cost efficient double-deck trucks
- /// 5x times/ week delivery. Each store. Full assortment.
- /// 25% of the stores 6-day delivery



Centralised and Efficient Distribution

1	2	3	4	5	6	7	8
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# Action's loyal customer base spreading the word



4 - 5 million customers per week

71% penetration in the Netherlands

Retailer of the year Europe 2014 and 2015

Happy employees = Happy customers

23 years of like-for-like growth



Loyal and Growing Customer Base

1	2	3	4	5	6	7	8
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# Proposition travels across borders – allowing fast roll-out in several countries simultaneously



We have developed a highly professional expansion team with:

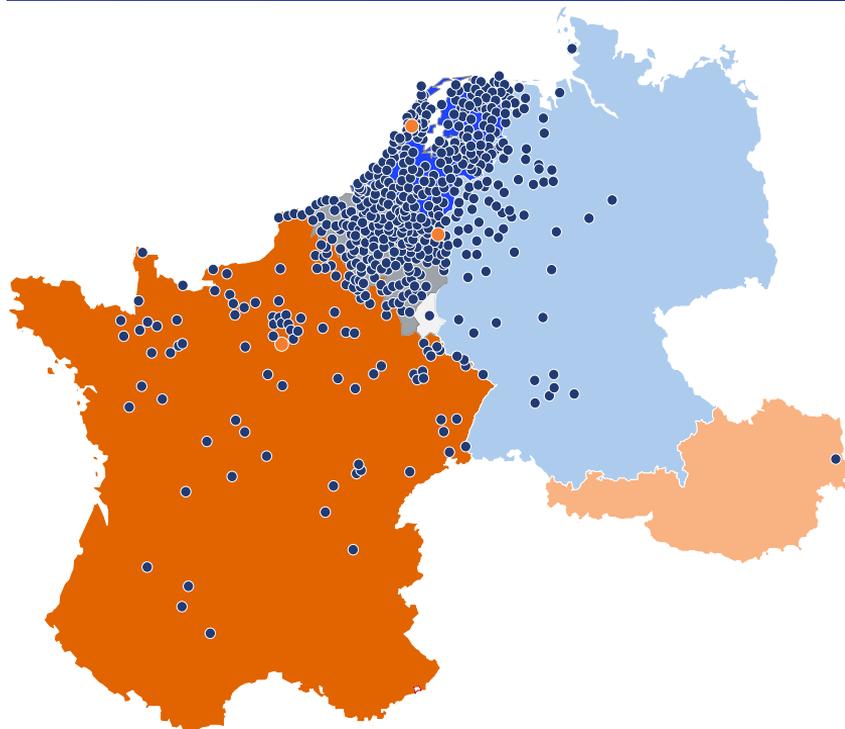
- /// > 20 acquisition managers
- /// Country specific construction teams
- /// Multiple store opening teams

Very disciplined IP approval process



Source: Company information

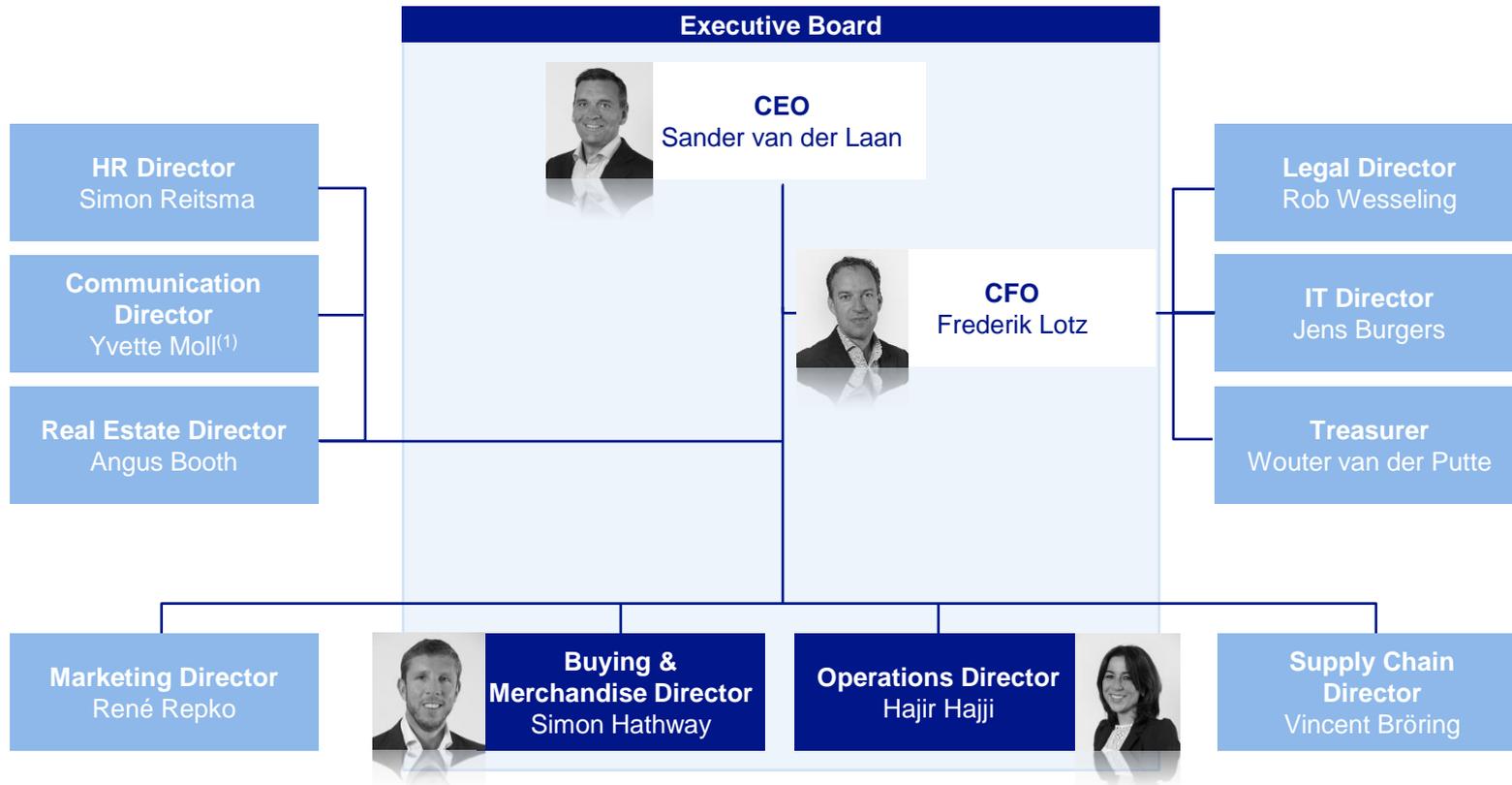
# Huge further roll out potential



**All stores across 6 countries are profitable**

	# Stores Dec 2015	Population	Retail Market	Roll-Out Potential
Netherlands	341	16.9m	€94bn	✓
Belgium	116	11.3m	€72bn	✓
France	120	66.4m	€420bn	✓✓✓
Germany	76	81.2m	€453bn	✓✓✓
Austria	1	8.6m	€59bn	✓✓✓

# Multinational, experienced management team in place that has delivered and continues to deliver profitable growth



(1) As of 21 June, replacing interim position

## Our strategy will remain simple and clear

**///ACTION///**

- 1 Secure our unique customer value proposition
- 2 (International) geographic expansion

**///ACTION///**

- 3 A cost-effective, simple and scalable business model that delivers our strategy
- 4 Build on the unique Action culture & values

# Financial Section





## **Frederik Lotz**

/// Chief Financial Officer

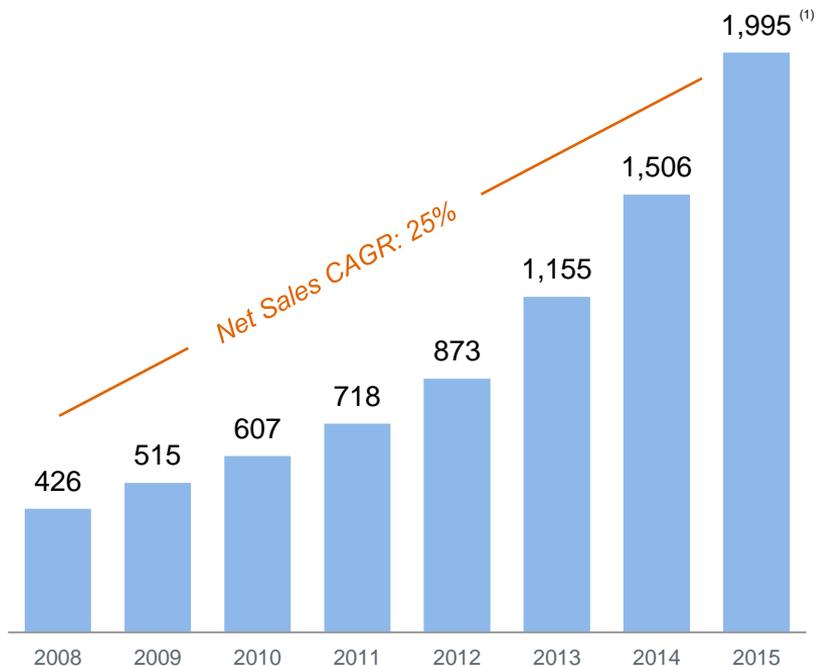
Age 47

- /// Joined September 2015
- /// >14 years of CFO experience
- /// Previous CFO roles:
  - CFO Arla Foods 2010 – 2015
  - CFO Danfoss 2007 – 2009
  - CFO Ferrosan 2002 - 2006
- /// Held various financial positions at Maersk
- /// Professional international experience (France, China)

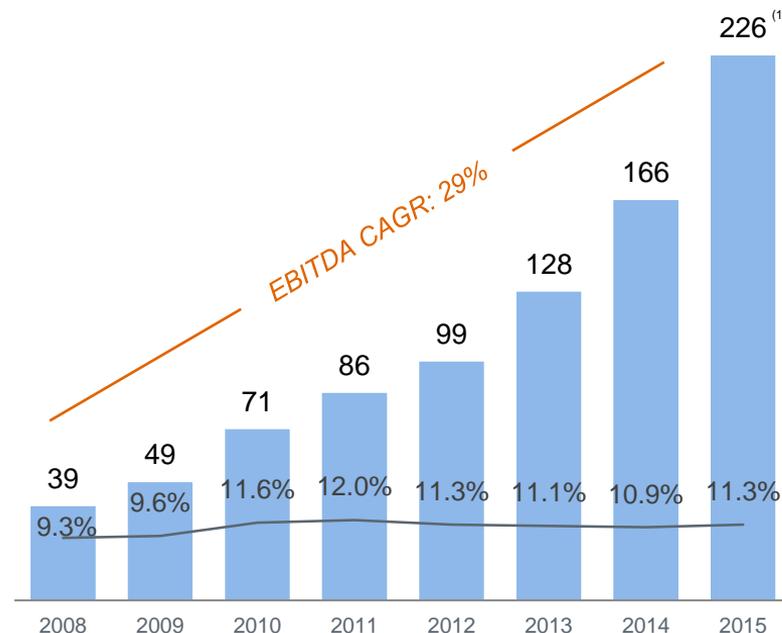
# Consistent high growth track record



## Rapid net sales growth (€m)



## Robust EBITDA performance with stable margins (€m)



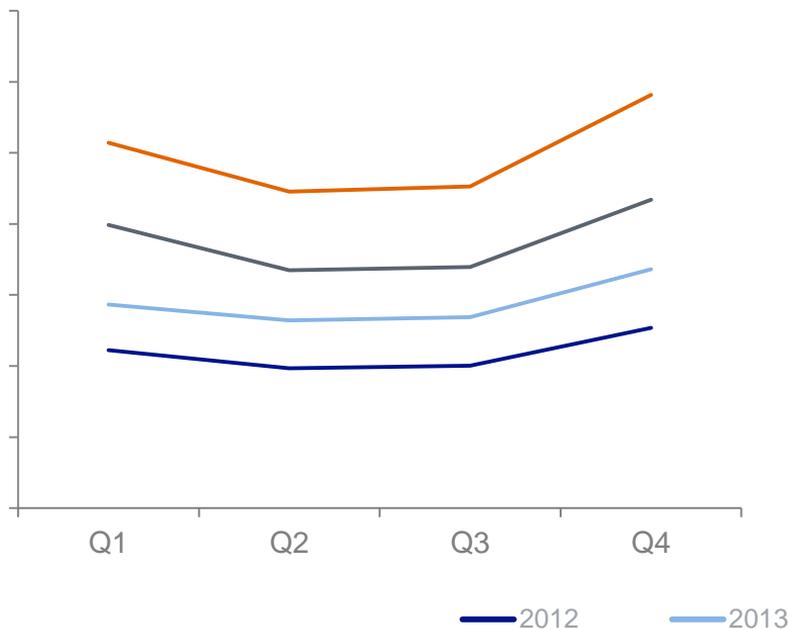
Source: Company information

(1) Excluding impact of 53<sup>rd</sup> week

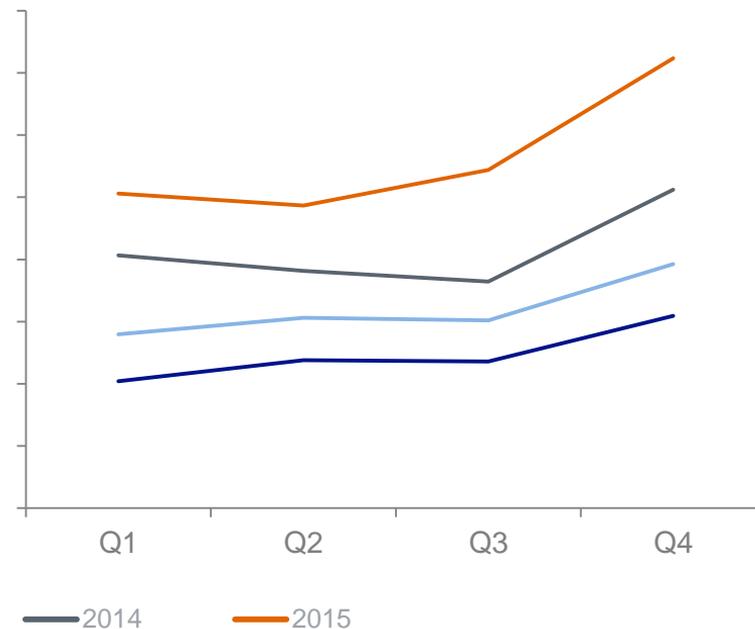
# Consistent yearly growth and lack of major seasonality



## Net sales by trading period



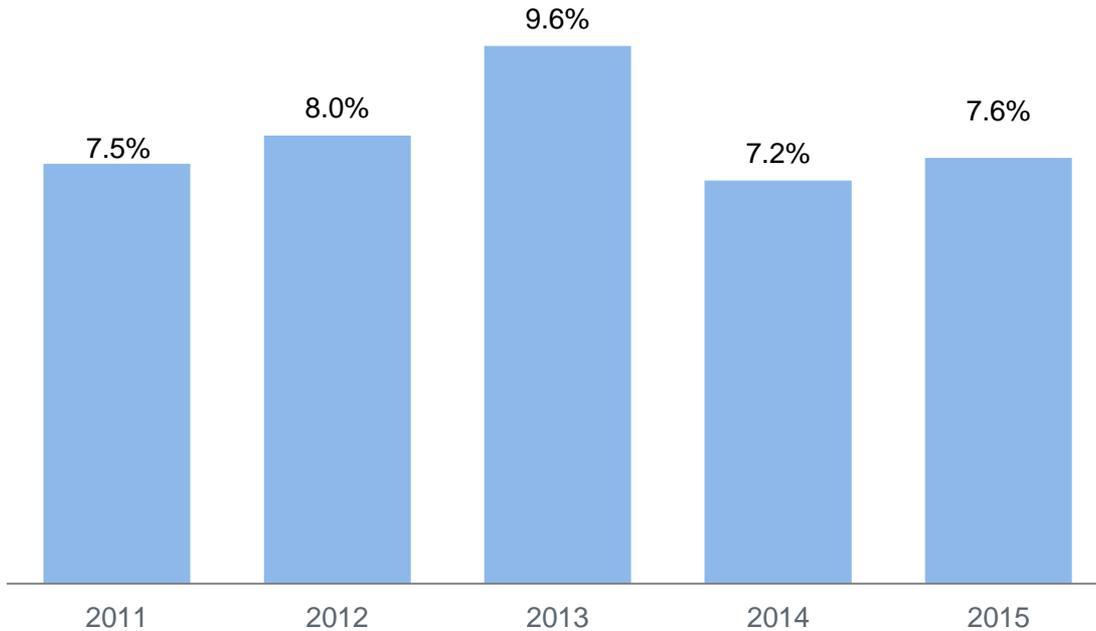
## EBITDA by trading period



Source: Company information

Note: Q1 comprises 4 periods of 4 weeks; Q2, Q3, Q4 all comprise of 3 periods of 4 weeks

# Consistent and strong LfL sales growth



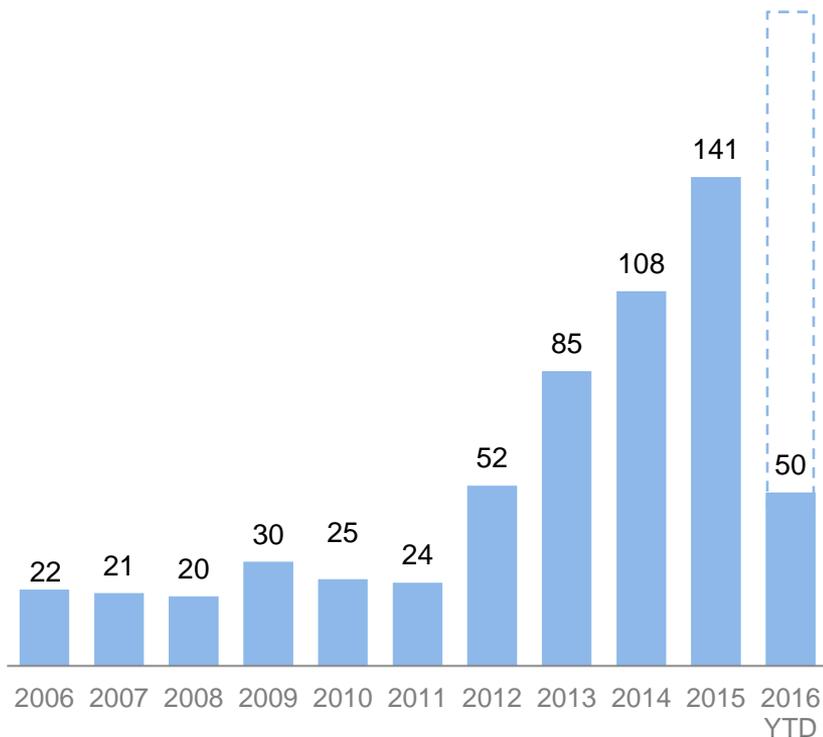
Source: Company Information



# New store payback metrics enables rapid store roll-out



## New store openings



## Payback metrics for new stores

	Average
Upfront Capex <sup>(1)</sup>	~ € 0.5m
Revenue per store <sup>(2)</sup>	~ € 3.3m
Store EBITDA <sup>(3)</sup>	~ € 0.6m
Payback period	~ 1 year



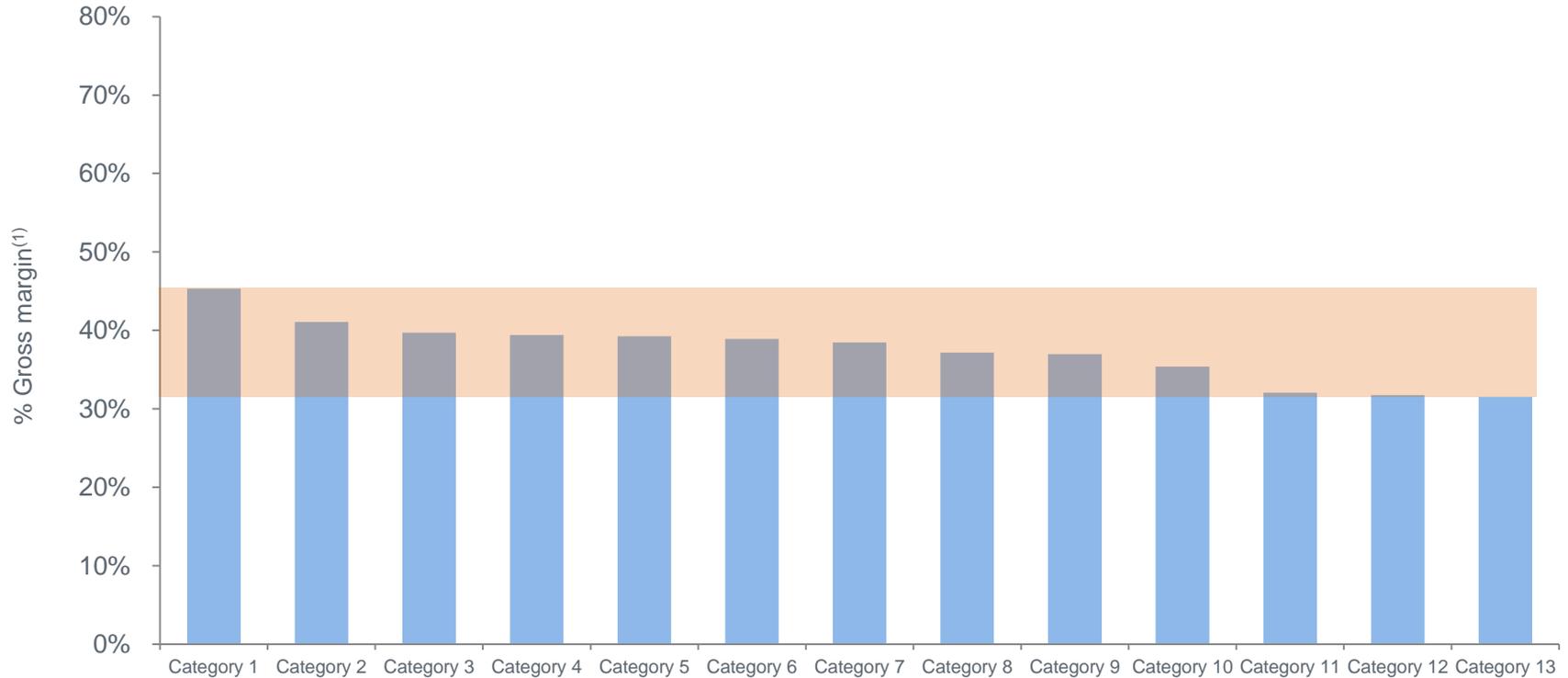
Source: Company Information

(1) Including opening costs for new stores

(2) Based on total sales/total number of stores

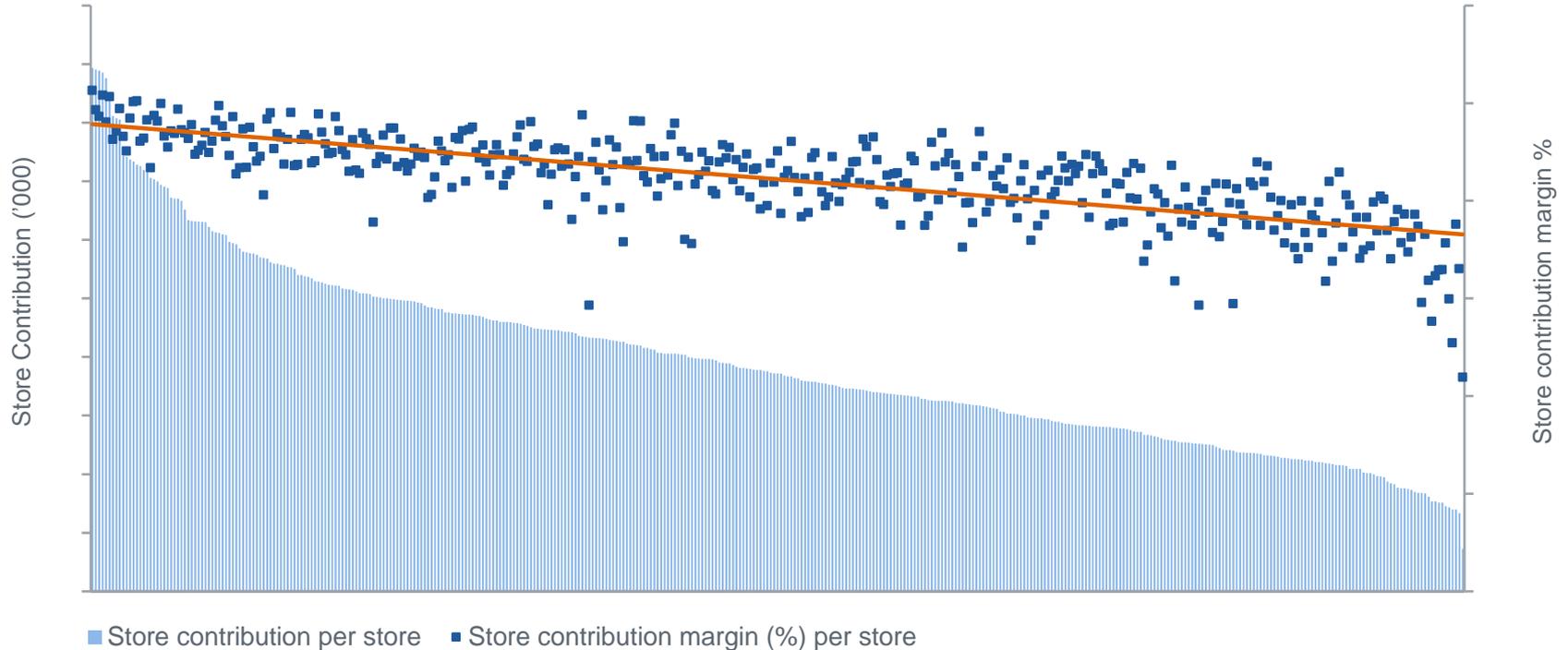
(3) Including opening costs for new stores

# Highly consistent margin across all 13 categories



Source: Company Information  
(1) (Net sales - Cost of goods sold) / Net sales

# All LfL stores<sup>(1)</sup> are consistently profitable across all countries

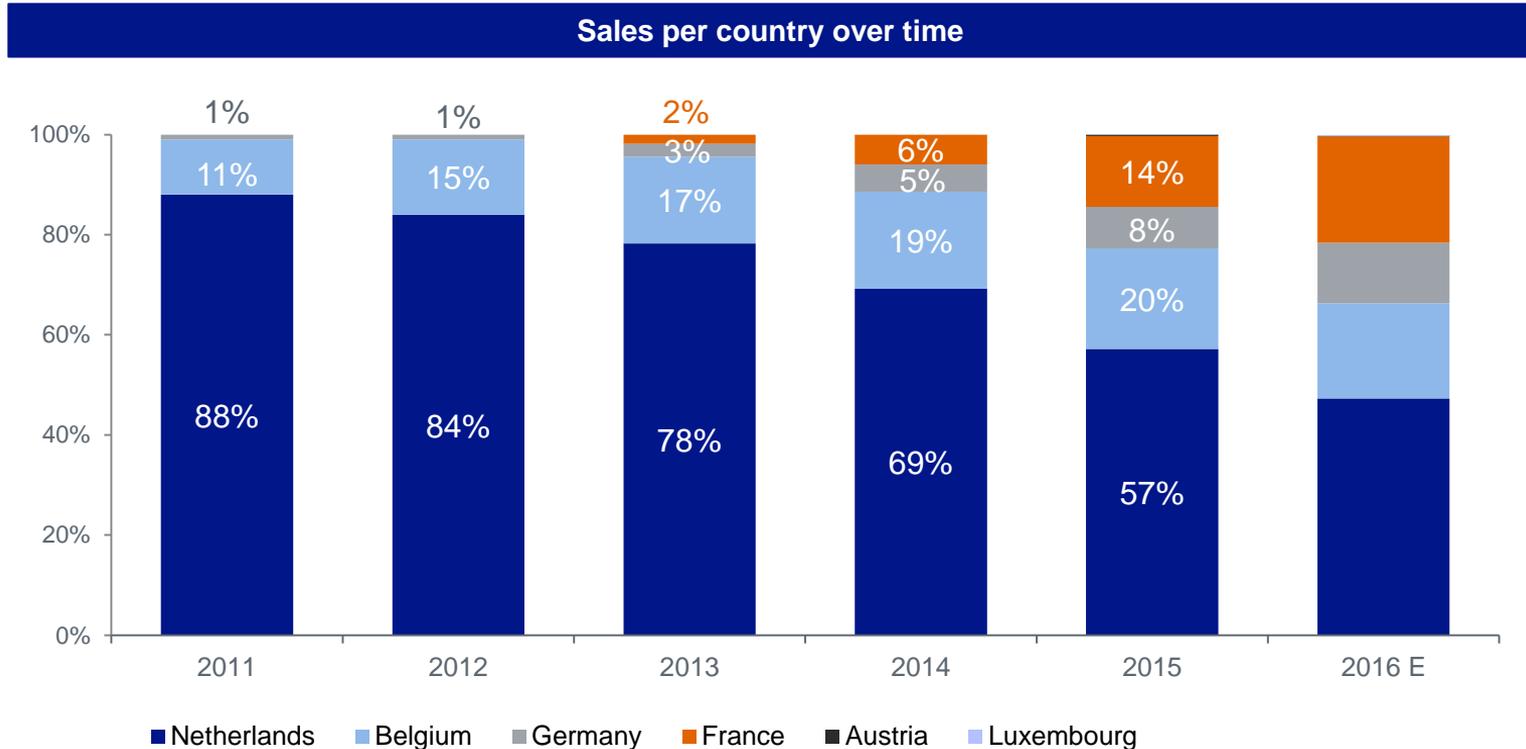


Source: Company Information

Note: Chart shows LFL store contribution (€k) and store contribution as % of net sales (2015). Store contribution is store EBITDA pre indirect store expenses

(1) Like-for-like stores includes all stores opened before 1 January 2014

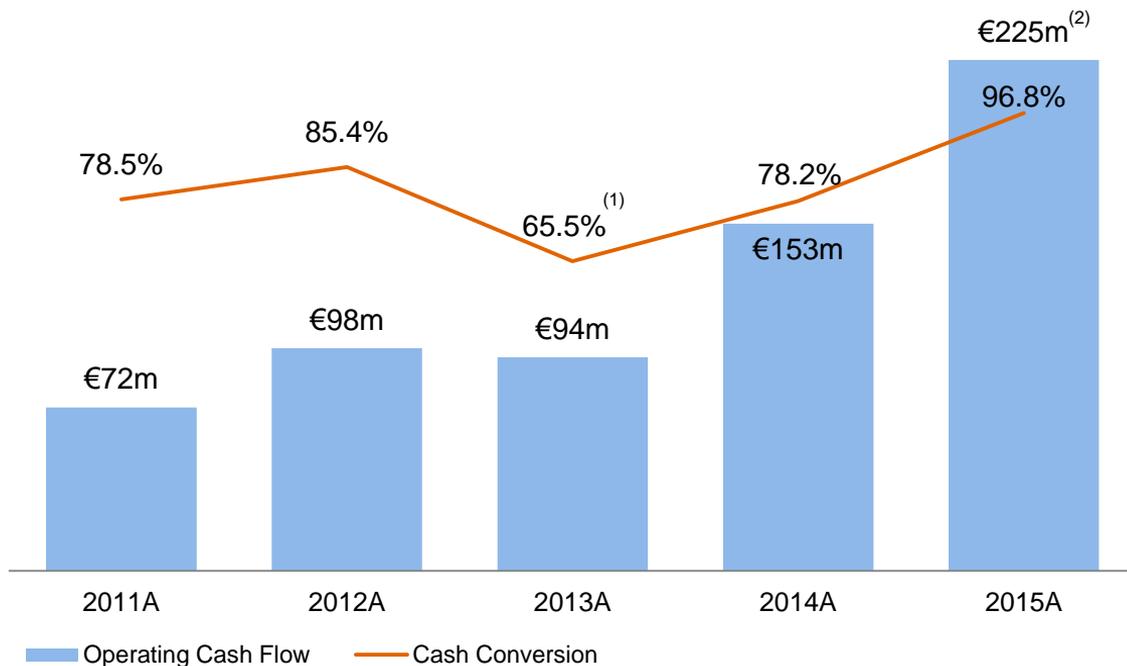
# Already more than 50% of sales outside home market



# Strong cash performance



## Cash conversion and operating cash flow



## Key drivers

- /// Low capital intensity
- /// Fast payback
- /// Negative working capital

Source: Company Information

Note: Cash conversion defined as EBITDA +/- exceptional items +/- change in trade working capital +/- capex

(1) 2013 cash conversion lower than other years due to a ramp up in capex year-on-year compounded with a less positive than normal change in working capital (2) Excluding 53rd week

- /// Strong central management of key processes including
  - Supply chain
  - IT
  - Finance
  - Buying
- /// Rigorous and uniform process for opening, approving and monitoring new stores
- /// Tight financial governance



	2015 (52 Weeks) <sup>(1)</sup>	2014 (52 Weeks)	2015 vs 2014 (52 weeks)
Sales (€m)	1,995	1,506	+32%
LfL Sales	7.6%	7.2%	+0.4pp
Operating EBITDA (€m)	226	166	+36%
Cash flow from operations (€m)	225	153	+47%
Number of stores	655	514	+27%
Number of employees	29,056	22,077	+32%
Number of employees (FTE)	13,116	10,056	+30%

A large, stylized version of the ACTION logo, with the word "ACTION" in a bold, blue, sans-serif font, flanked by three vertical blue bars on each side.

Action is unique

Significant growth  
opportunities

We are able  
to deliver



We are proud