

## **Full Year Results: Maxeda made A Difference in 2007** *- Focused growth strategy delivers good results -*

**Amsterdam, 15 May 2008**

### **Highlights 2007/08\*:**

- **Net Sales (including concessionaires) increased by 5.2% to EUR 3,181 million (1)**
- **Same store sales up by 3.3% (1)**
- **Operating EBITDA increased by 16.3% to EUR 228 million (1)**
- **Gross Asset Investment of EUR 126 million**
- **Working Capital Improvement of EUR 84 million**
- **Number of Stores increased by 8.1% to 1,346**
- **Increased market share in nearly all formats and product categories (2)**
- **Colleague Satisfaction improved to 7.6 (Dutch average 7.0)**

The performance of Maxeda's formats continued to be strong in a more challenging marketplace. On the basis of Maxeda's 'A passion to Serve' philosophy, it successfully executed its '5 S' strategy of Selling more, Sourcing better, Saving Costs & Cash, Exploiting group Synergies and Smile! As a result, colleagues satisfaction increased and customer satisfaction, measured by higher market share, improved in nearly all of its formats and in most product categories.

Maxeda accelerated its same store sales growth and opened 134 new stores throughout Europe and in new markets. Over 50% of the stores are now outside the Netherlands. Maxeda also improved sourcing, enhanced its supply chain and managed markdowns, creating higher margins whilst tightly managing costs and cash. 2007 also saw the successful graduation of HEMA from the 'Maxeda Academy' and the outsourcing of Maxeda IT Services to Capgemini. After the sell of HEMA, Maxeda was successfully restructured and refinanced into Maxeda DIY and Maxeda Fashion. Maxeda's aim is to achieve retail leadership in every format in every market in which they operate. It has set clear strategic priorities with an absolute focus on satisfying customers and colleagues.

*Tony DeNunzio, Executive Chairman Maxeda:* "Maxeda delivered another good set of results in 2007. We satisfied more customers, we increased our colleague satisfaction and our formats won many prizes. In short: Maxeda made a difference to all its stakeholders. But whilst we are pleased with the results, we still see significant potential within the group. All our formats will therefore continue to execute our '5 S' strategy with a passion to serve our customers and our people. However, it is likely that greater economic uncertainty will continue across Europe impacting our customers' ability and willingness to spend. Our challenge in 2008 will therefore be to control those factors that are controllable and demonstrate the resilience of our business through the continued successful execution of our plans. We have strong brands, strong plans and strong teams. With these ingredients, we are convinced that we can maximise our opportunities in the coming year."

*Ronald van der Mark, CFO Maxeda:* "In 2007, Maxeda showed further progress in many areas in a more challenging market environment. Maxeda as a whole and most of its formats increased their market share in highly competitive markets. Macro economic developments, such as the credit crisis in the US, led to a sharp decrease in consumer confidence. This impacted our retail markets to some extent. Also the volatile weather patterns in 2007 had an influence on our performance. However, our continued focus on the

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execution of our strategy proved to be successful and will continue to provide the basis for further growth at Maxeda.”

## **Appendix: Performance of Maxeda Formats**

### **Maxeda Fashion**

For Maxeda Fashion 2007 was a strong year. Sales increased as investments were made in more stores and more inspiring shop environments. The introduction of international brands continued and private labels were upgraded.

V&D delivered a good financial performance achieving the best result for many years. Customer refocus and repositioning drove V&D's performance. In total, nearly a 1,000 shop-in-shops have been introduced in the last three years. In September V&D also introduced a new house-style, with a new logo and new in-store look & feel which can be found in the Amsterdam flagship store as well as in Doetinchem, which opened in November and is V&D's first new store in many years.

Bijenkorf had a record year building its premium format. Its flagship stores in Amsterdam, Rotterdam and The Hague were upgraded. Individual departments were refurbished and new premium brands were introduced. It also managed to reduce old stock. These efforts have allowed Bijenkorf to offer an inspiring product range in its stores more frequently.

In our apparel formats expansion was the key word. Throughout Europe and in new markets new store openings were accelerated and new products were introduced by more efficient supply chains.

Hunkemöller continued their international expansion. In 2007 it opened a record number of stores. It now has a total of 394 stores in the Benelux, Germany, France, Spain, Turkey, the Middle East and the Caribbean. E-commerce continued to be a strong sales channel for Hunkemöller. In 2007, it therefore extended its successful online shopping to Germany. It also introduced its first male line: Hunke, a special range line for men, only available via internet.

M&S experienced strong progress in 2007. This progress was driven by a refocused product offering, more flexible sourcing and improved in-store merchandising. Last year, M&S opened 19 new stores and continued to expand in the Benelux, France and Spain, where it opened its 5<sup>th</sup> store in Madrid.

For Claudia Sträter 2007 was a challenging year. Claudia Sträter experienced problems with its collection, which impacted customer appeal and its financial results. Later in the year it experienced success with a new team, a new limited edition party collection of Jan Taminiau and store openings in INNO, Belgium's most famous department store. Overall, significant progress was made in laying solid foundations for a strong recovery in 2008.

For La Place 2007 was a very good year, in which it continued to realise its expansion plans at home and abroad with a successful opening of its first store abroad in Antwerp. It strengthened its high quality fresh foods with new organic and locally sourced ranges.

Schaap en Citroen delivered good results in 2007.

### **Maxeda DIY**

Maxeda DIY, the market leader in the Benelux, is focusing on growing and developing its business as a multi-brand, multi-format retailer. 2007 was a successful year in which it improved the customer offer with new stores, new products and new promotions. Also new

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SAP systems were implemented across all its DIY formats, resulting in more efficiency and better product availability.

Praxis continued to make progress in 2007. It opened new stores across the Netherlands and upgraded over a hundred product ranges across all its stores.

Formido successfully tested its new 'Deco DIY' store concept and 'Compact Deco DIY' store concept. Both offer more products and ideas for decorative DIY projects.

2007 was another good year for Brico and Brico Plan-It. Brico introduced its new store format 'Brico City' which offers an assortment of basic products to customers in large cities. Brico's E-shop was launched and its on-line offering was expanded. Brico Plan-It opened its eighth store in Antwerp last year.

**Note for the editor, not for publication**

The unabridged version of Maxeda's 2007 Results can be found at [www.maxeda.com](http://www.maxeda.com)

\* The key numbers that are presented on this and the following pages are, if applicable, based on IFRS (International Financial Reporting Standards), with the exception of the pensions. For a better insight, Maxeda Retail Group Continued uses certain alternative financial performance indicators, like Operational EBITDA. Operational EBITDA is the operating profit for exceptional results and before tax, interest and depreciations. An annual account comprises other performance indicators, so that other alternative financial performance indicators cannot be linked to items in an annual account. Because of a legal restructuring in June 2007, the Maxeda Retail Group B.V. will not publish consolidated annual accounts to which the underlying financial accounts are added. The Maxeda Retail Group comprises Maxeda Fashion and Maxeda DIY, as well as the holding company of the Maxeda Retail Group.

- (1) Figures are based on a comparable 52 weeks
- (2) Market share data from Gfk

**For more information, please contact:**

Maxeda  
Corporate Communications  
Arnold Drijver  
Phone: + 31 (0)20-5490433 / 06-52 304 662