

Half Year Report 2012

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# Building a stronger business



Content

**Maxeda DIY Group in Brief**

**Foreword**

**About Maxeda DIY Group**

**Own Brands**

**Our Formats**

## Some facts about our company

- 1** Maxeda DIY Group – the leader in Benelux DIY market
- 10** Own & exclusive brands
- 368** DIY stores
- 2006** The year in which we became Maxeda DIY within Maxeda
- 2011** Maxeda becomes a pure DIY retailer as Maxeda DIY Group
- 6000+** Maxeda DIY Group employees
- 1,36 bln** Sales 2011/12

## Highlights

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- New ranges launched in paint, hand tools and power tools, lighting and flooring
- Successful introduction of Perfection and DecoMode brands, rollout of Rockwell and Xceed, brands exclusive to Maxeda DIY Group and the relaunch of the Sencys brand
- Customer ratings and perception improved, with market share gains both overall and in most major categories
- Partnerships with suppliers strengthened and direct sourcing doubled
- Building a team, with high colleague engagement and support
- Five stores opened, including Plan-It Ghlin

# Foreword

Welcome to our 2012 first half year report. We are making progress in strengthening our market position and starting to see the results of new ranges and brands that help customers to maintain and improve their homes. We have won market share both overall and in most major categories. This progress is being made in a tough market. A market where value is ever more important to customers. A market made even more difficult by the very poor weather during the Spring and early Summer.

## Foreword



George Adams  
CEO Maxeda DIY Group

Our Mission is to help and inspire people to create the home of their desires. Our Vision is to do this as an integrated, modern, market leading company with four formats.

Our formats focus on the customer, by delivering what people want and need, in easy to shop stores, with help available when needed.

Our strategy is on track. We increased market share both overall and in the categories where we introduced new ranges. Our new ranges have been built with partner suppliers and include brands that we own or that are exclusive to us in the Benelux. Some of these have been sourced through our sourcing office in Asia, enabling us to introduce better quality and better value products. We have increasingly moved these ranges through our own logistics routes into our stores, enabling us to increase availability at lower cost. And we have opened new stores, including a new Plan-It at Ghlin, Belgium.

### Our Achievements:

- positive customer reaction to new ranges in paint, flooring, hand and power tools, and lighting among others;
- introduction of DecoMode and Perfection own brands and improved quality and ranges in Sencys. Introduction of power tool brands Rockwell and Xceed, exclusive to Maxeda DIY Group in the Benelux;
- over 40% of the assortment now changed, including seasonal products;
- good progress in building supplier partners, who have supported our new ranges;
- further development of direct sourcing through Maxeda DIY Asia sourcing office, doubling shipments;
- we have increased products going through controlled logistics channels by 20% compared to last year, with comparable cost-to-sell declining;
- opening five new stores, and refurbishing twelve, through the Benelux.

### Our Results

The first half has been extremely challenging, with customer reluctance to spend exacerbated by poor weather. Consumer confidence has fallen to some of the lowest levels ever recorded in the Netherlands and has also declined in Belgium. It has been the wettest July for the last 50 years in the Netherlands and the 8th wettest July in 50 years in Belgium. The market fell by 5.4% LFL in NL and also declined for the 1st time in BE by 0.9% LFL.

We entered the year cautious on outlook. Our sales and profit performance have been resilient. We have improved our average working capital performance.

### Our People

Our resilience is a testament to our people. In February we used a new survey method to get feedback from all colleagues in the business, with over 88.5% responding. I am pleased that our positive feedback score of 80% is in the top quartile both for the Netherlands and in retail. The knowledge and experience we have in our businesses is extraordinary and our customers benefit from it daily.

### Our Management Team

We further strengthened our management. Agnès Barneche-Cicco joined us as Commercial Director of Brico Group in May, coming from Castorama France where she has been instrumental in creating their leading decorative offer for the last 10 years. Sebastien Krysiak joined as MD for Plan-It in August, having been a key figure in the growth of Castorama Poland and then in a senior position at B&Q UK.

### Outlook

The outlook remains difficult, with an uncertain economy and a poor housing market, particularly in the Netherlands. Customers are increasingly looking for value, and the market continues to shift towards smaller projects, decoration and maintenance. We are confident that our strategy to improve ranges and delight customers will deliver in this environment.

Maxeda DIY Group is well positioned for the future. We are investing in our ranges, making them more appealing and easier to shop, and with even better value. We are managing our business tightly, reducing our cost-to-sell through working with our partner suppliers and improving our supply chain.

### Thank you

On behalf of the board I would like to thank all my colleagues for their hard work, enthusiasm and commitment. Thanks to the dedication and passion of our people, we are able to successfully transform our companies into market leading businesses. Our thanks also go to our key suppliers and partners for their broad and intensive cooperation. We will continue to drive our businesses forward by investing in our people and our partners, working together as one Team with one Vision ensuring we help and inspire customers to create the home of their desires.

**George Adams**  
CEO Maxeda DIY Group

# About Maxeda DIY Group

## Introduction

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### Introduction

Maxeda DIY Group is a market leading DIY retailer in the Benelux. Maxeda DIY Group operates 368 stores across the Benelux with more than 6,000 employees. We have 55 stores with more than 5,000 square metres. Of these, 11 operate as Plan-It stores (10 in Belgium and 1 in the Netherlands), and 29 as Praxis megastores. The majority of our stores are between 3,000-5,000 square metres, operating as Praxis in the Netherlands (138 stores), and Brico in Belgium (139 stores). Of these, 94 are franchised. We also have a smaller store format, Formido, in the Netherlands. Of the 80 Formido stores, 67 are franchised.

Our Mission is to help and inspire people in the Benelux to create the home of their desires. We want to help and inspire people to maintain, enjoy, decorate, renovate and construct their homes.

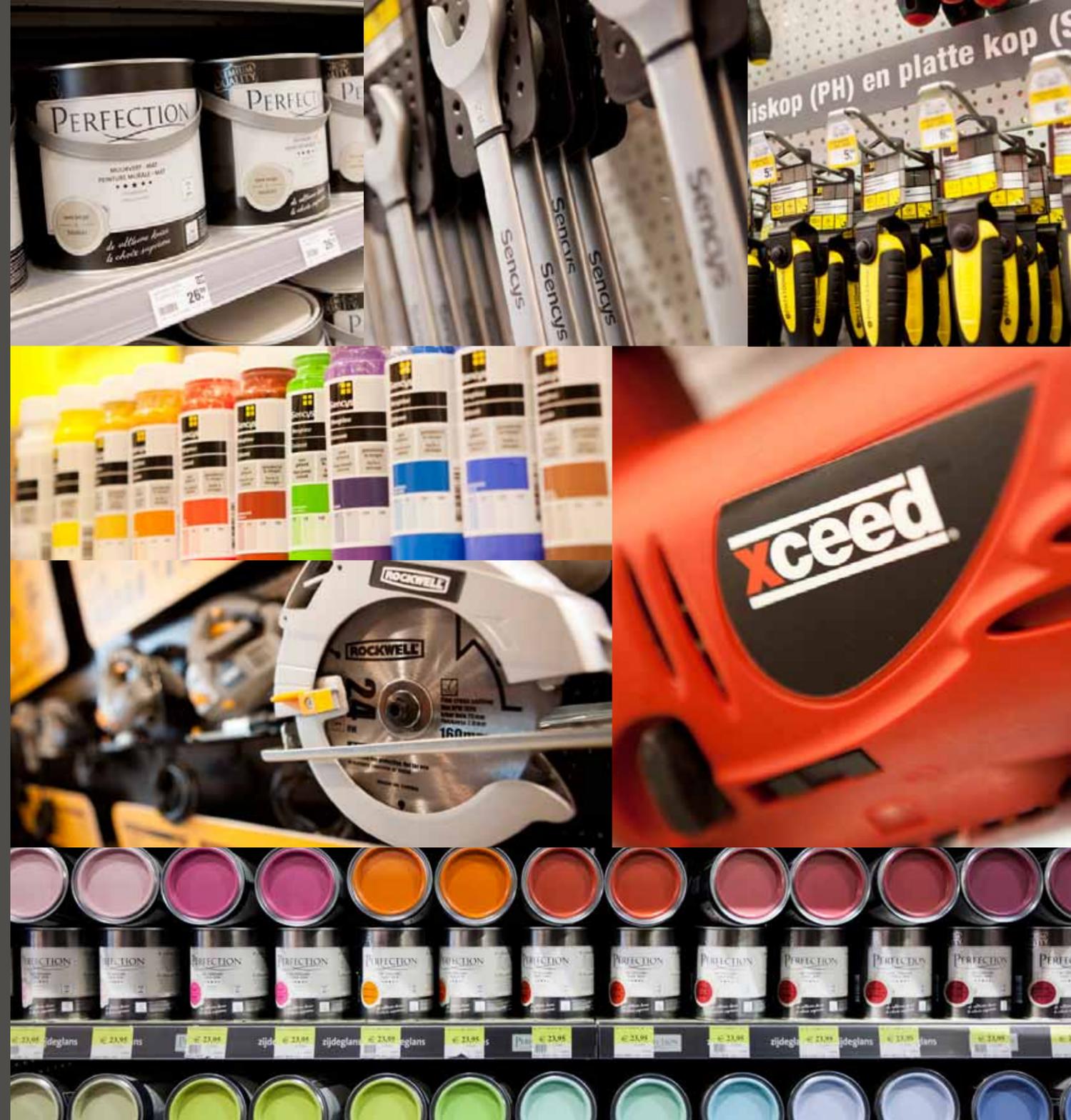
Our Vision is to do that as an integrated, modern, market leading company with four formats. Our formats are customer-focused, concentrating on market positioning and customer experience.

Maxeda DIY Group is a retailer of the leading brands in home improvement, some of which we own ourselves. There is a continued focus on improving product ranges, both through better sourcing and improving our own brands. Our new office in Shanghai, with experts in sourcing, quality assurance and supply chain, plays an important role in this. Our own brands offer outstanding value for money, with quality assured through independent testing and our quality assurance team. In the past six months Maxeda DIY Group has refurbished twelve stores and opened five new stores: four Brico stores and one Formido store.

# Own Brands

Maxeda DIY Group is a retailer of the leading brands in home improvement, including some we own ourselves. In late 2011 we launched new ranges of own brand hand tools and paint, followed by the introduction of exclusive brand power tools in June 2012.

We have ten own or exclusive brands, covering paint, hand tools and power tools, sanitary and decorative products. Key to our strategy is that all our own brands are of guaranteed quality.



**Good**  
Xceed  
Baseline

**Better**  
Rockwell  
Sencys  
DecoMode  
AquaVive  
Central Park

**Best**  
Perfection  
Aquazuro  
Acker

# Our Formats



## Bricco, Belgium & Luxembourg

Bricco is the DIY market leader in Belgium and offers a wide range of DIY, home decoration and gardening products, combining known brands with own brands. Bricco has a network of 139 stores, including 94 franchise stores. Bricco operates Bricco, Bricco City and Bricco Depot stores. The average floor surface is over 2,500 square metres. Bricco continues to develop its product ranges, its own brands and retail formats. Bricco opened a new store in Mersch Luxembourg and four franchised stores in Bassevelde, Ghent, Jemeppe and Watermael-Boitsfort. Bricco also refurbished seven stores.



## Plan-It, Belgium and the Netherlands

Plan-It is a chain of eleven stores, with ten Plan-It DIY megastores in Belgium and one Plan-It by Praxis in the Netherlands. Plan-It offers the widest possible range of products for home improvement projects, from building materials to home decoration and garden products. Plan-It stores are very large – the average floor surface is 8,000 square metres and the stores offer a range of more than 40,000 products. The Bricco store at Ghlin was transformed into a Plan-It store and opened officially in February 2012. Plan-It refurbished one store.





## Praxis, the Netherlands

Praxis is a leading DIY brand in the Netherlands. Praxis meets the needs of both experienced and new DIY enthusiasts, offering the best choice of products and prices. Praxis offers millions of customers over 35,000 DIY articles. Praxis has a total of 138 stores, including 26 franchised stores and 29 megastores. The average floor surface is 3,500 square metres. Praxis also has garden centres in eleven of its megastores.



## Formido, the Netherlands

Formido is a chain of smaller DIY stores that supply the local needs of DIY enthusiasts in the Netherlands. The average floor surface is 1,850 square metres. The 80 Formido stores are mainly franchised (67 stores) and located in the suburbs of larger cities and smaller towns. Formido operates the successful Deco DIY store concept. Formido opened a new franchised store in Emmer-Compascuum and refurbished four stores.



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