



EDITORIAL NOTE

The financial statements presented herewith and the annual report relate to the 2017 financial year, which runs from 29 January 2017 to 27 January 2018.

We request that you clearly indicate the difference between Blokker and Blokker Holding. The latter is the holding company of the former. The results of Blokker Holding are **not** identical to Blokker's results.

P R E S S R E L E A S E

Blokker Holding results 2017

- *Strategy implementation on schedule, but has strong negative impact on 2017 result*
- *Nearly half of losses caused by high nonrecurring restructuring expenses*
- *Weak sales results. First improvements at Blokker visible in Q4 2017*

Amsterdam, 29 May 2018 – Blokker Holding made significant progress in 2017 in the implementation of the [strategy change](#) announced in May 2017 and the related reorganisation and disposals. In line with the announced strategy change, it had already been anticipated that 2017 would be a financially weak year, coupled with large reorganisation expenses and possible accounting write-offs. The expenses and write-offs related to this substantial restructuring operation have therefore caused earnings to decline sharply. Profits were also dampened by the weak economic results of all retail formats – the reason for implementing the new strategy. Net result for 2017 reached €-344 million (2016: €-180 million), including €154 million in nonrecurring expenses related to the ongoing restructuring of the group. Reported EBITDA for 2017 totalled €-231 million (2016: €-142 million).

The drop in revenue from €1,965 million in 2016 to €1,583 million in the past year is due mainly to the disposal of the retail chains and to store closures, as well as to the weak sales results. The first positive effects of the new strategy manifested themselves at Blokker Nederland during the last quarter of 2017. Footfall at the stores has also increased, while conversion rates are improving. Based on these developments and the consistently strong financial basis – with a solvency rate of 41.0% (2016: 47.5%) and a €485 million line of credit – the shareholders and the Supervisory Board again confirmed their confidence in the strategy and the future.

Michiel Witteveen, Supervisory Director and acting CEO of Blokker Holding: ‘The trend fortunately appeared to be gradually broken at the end of the year at Blokker B.V. with growth in revenue due to increased footfall and higher conversion rates. These are all cautious signs that things are looking up. The integration between Blokker and Nextail, as announced in March 2018, will also help to boost Blokker’s online growth. Working on



Blokker's recovery remains a challenging process to which we are all fully committed. The unwavering dedication of our employees during these tough times is to be commended and is important for our future. We are confident that the effective plans currently in place and the financing available to implement them will ensure that our strategy produces the desired results.'

Jeroen Visser, CFO of Blokker Holding: 'This has been an eventful year, with the most substantial restructuring operation and disposals ever for our group. This is all part of the strategy change we are implementing. This led to significant losses in 2017 as a result of restructuring, write-offs and weak sales results at all our companies.'

2017 highlights:

- Blokker Holding posted net revenue for the past year of €1,583 million (versus €1,965 million in 2016). This includes the revenues of the sold divisions up to the time of the sale.

NET REVENUE
in thousands of euros

	2017/18	2016/17
Household	852,771	956,103
Toys	546,155	657,730
Living	160,170	333,526
Retail	1,559,096	1,947,359
Wholesale	24,289	17,790
Total net revenue	<u>1,583,385</u>	<u>1,965,149</u>

- Virtually all our retail chains continued to grow their online business over the past year. Nevertheless, we have seen a small decline overall as a result of the above-mentioned sale of Leen Bakker and Intertoys: from €173 million in 2016 to €168 million in the past year. Blokker.nl grew by a total of 25%. Online sales at Blokker Nederland currently account for 15% of overall revenues.
- Blokker Holding's current financing facility allows us to continue rolling out the new strategy at the appropriate pace, including the impact on our financial results. The solvency rate at year-end was 41.0%. The current €485 million line of credit will reach maturity in 2021.
- Net cash flow from operating activities in 2017 was €-219 million, versus €8 million in 2016. The disposed retail companies generated average earnings of €93.7 million. Write-offs on associates totalled €40.8 million. The €93.7 million in earnings were fully invested in Blokker B.V.

Progress of reorganisation

During the year in which the strategy change was announced, Leen Bakker, Intertoys and Xenos Germany were sold and the Shared Service Centers and support services of the holding company were dismantled and/or integrated into the operating companies or third parties. The last of the 100 Blokker stores slated for closure have since been closed. Marskramer has become a franchise format without own stores, and the dismantling of the Mijdrecht distribution centre is now completed.

Outlook

With a large portion of the planned sales now completed and the organisation having been largely adapted to suit Blokker's new focus, the current priority is to maintain the momentum of the trends of the last quarter. The improved customer contact, increased footfall, smoother integration between online and offline sales outlets and the optimised distribution network should result in improved revenues at higher profit margins.



The operational signs for Blokker have improved on last year, and the largest restructuring efforts have been finalised. We expect the favourable trend of the last quarter to continue. Big Bazar and Maxi Toys will be sold, which is consistent with the current strategy. A transformation of this size requires time, and Blokker Holding expects to end 2018 at a net loss.

About Blokker Holding:

Blokker Holding is a Dutch retail group specialising in household items and toys. The group operates four retail formats, with more than 950 stores across seven countries, and employs more than 9,000 people. It includes the retail formats Blokker, Maxi Toys, Marskramer (franchise) and Big Bazar. Blokker Holding decided in May 2017 to focus its energies completely on Blokker, the original retail chain founded in 1896. Marskramer will continue as a franchise format and wholesaler. The retail companies Big Bazar and Maxi Toys will be sold. Blokker Holding's online organisation, Nextail, will be integrated into Blokker, allowing Blokker to further enhance its omnichannel strategy and further boost its online growth.*

** At the end of the 2017 financial year and excluding Leen Bakker, Intertoys (including all Bart Smit and Toys XL stores) and Xenos. For further information, please visit www.blokkerholding.nl.*

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