Capital Markets Day Sligro Food Group

19 October 2023

Sligro Food Group N.V.

About this document

Disclaimer forward-looking statements:

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Agenda & presenters

Agenda:

1. Sligro at a glance
2. Looking back
3. Looking forward
   4. Belgium
   5. Data and Technology
   6. The Netherlands
7. Summary and key takeaways
8. Q&A

Koen Slippens
CEO, Sligro Food Group
With the company since 1998

Rob van der Sluijs
CFO, Sligro Food Group
With the company since 2007

Dries Bögels
CCO, Sligro Food Group
With the company since 2014

1

Sligro at a glance

Sligro at a glance

- Sligro Food Group is a leading company in the food service market in the Netherlands and Belgium
- Comprehensive range of food and food-related non-food products and services in the wholesale market

~26% market share in the Netherlands	~3% market share in Belgium
4,113 employees (FTEs)	126 m EBITDA (EUR)
1935 Sligro Food Group founded	75,000 Number of different products

Channels

Delivery 66%

Cash-and-carry 34%

Revenue

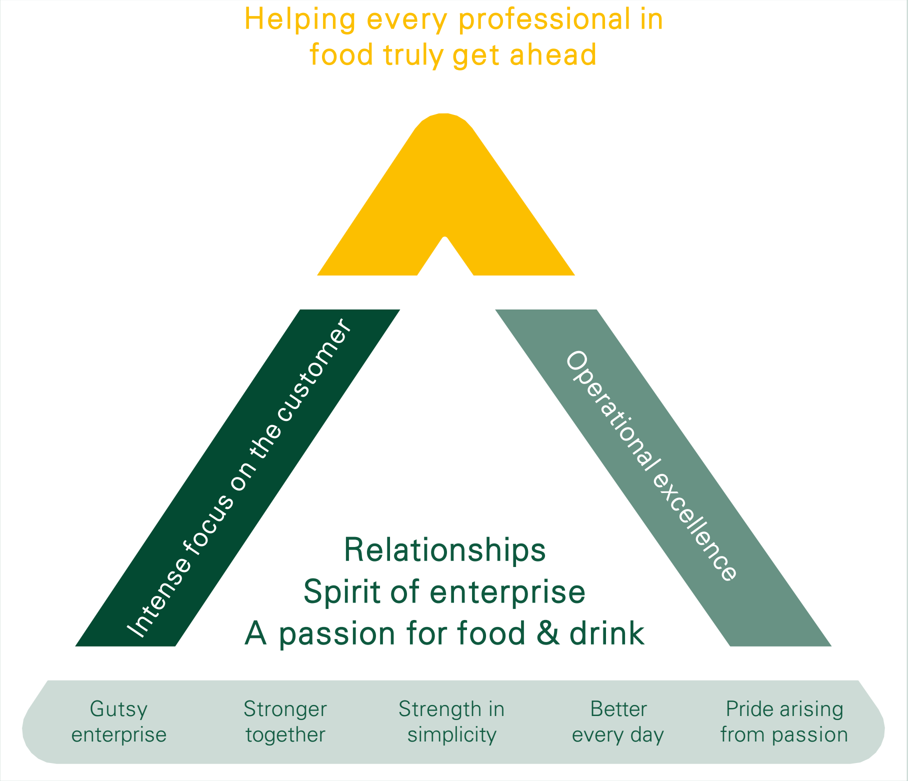
(x € million)

2,483
Sligro Food Group

90% Netherlands

10% Belgium

Strategy



1. Clear market leader in B2B foodservice markets in the Netherlands and Belgium
2. Focus on food and food-related non-food products and services
3. Our proposition combines customer focus and operational excellence
4. Decentralised commercially distinctive market profiles combined with efficient centralised back-office organisation
5. Further geographic expansion ambition in the mid term, though only after proof of success in Belgium: top 3 market position and sustained profitability

Business model drivers

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- Continuous (volume) growth, organically and/or through acquisitions, transferred into economies of scale advantages
- Centralised in house procurement department, combined with strategic partnerships through Superunie and fresh partners
- Centralised IT infrastructure with integrated online and data capabilities
- Integrated logistics network for cash-and-carry and delivery proposition
- Replenishment for the Netherlands and Belgium through a central distribution centre in Veghel
- ZiN inspiration platform and Solutions
- Committed employees and long-term partnerships

Sustainability at the core of our strategy

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1. As a listed family business, treating those around us and the environment with decency and respect comes naturally

2. Long-term effort, focus and proven track record on three major pillars where we believe we have most impact:
People, Environment and Product range

3. Strong belief that sustainability and financial return can go hand in hand

People

Satisfaction

Employees:	2018: 58
	2022: 67
Customers:	2018: 73
	2022: 68
Suppliers:	2018: 62
	2022: 63

Environment

Carbon emissions reduced
in relation to revenue, compared to 2010: 33.4%

Product range

'Eerlijk & Heerlijk' product range
as % of revenue:
2018: 10.0%
2022: 11.8%

Double materiality assessment

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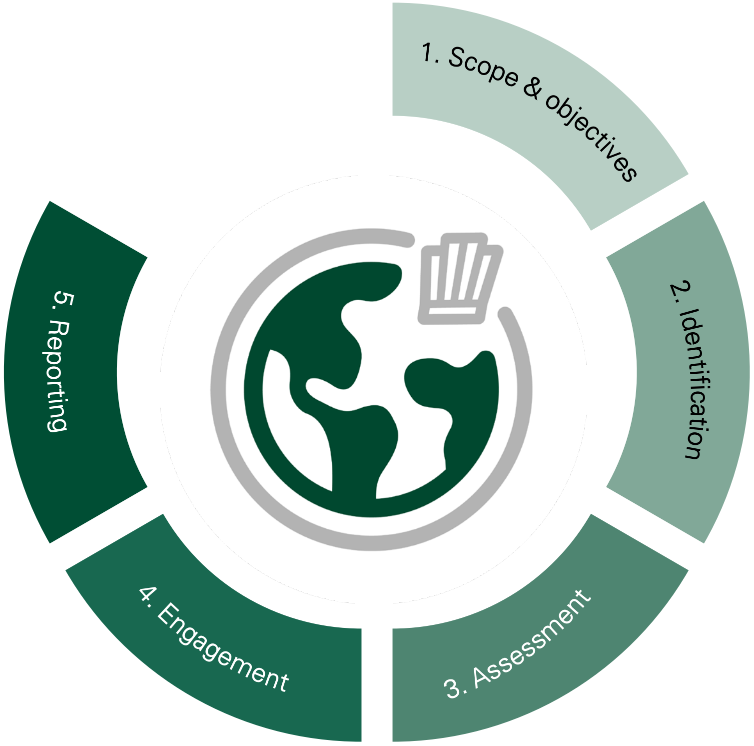

1	Scope & objectives	H1 2022	Completed
2	Identification	H1 2022	Completed
3	Assessment	H2 2022	Completed
4	Engagement	H2 2023	In progress
5	Reporting	2023 / 2024	In progress

ESG – material topics

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Environment

Climate change — ESRS E1

- Greenhouse gas emissions
- Energy consumption

Pollution — ESRS E2

Water and marine resources — ESRS E3

- Management of fish species

Biodiversity and ecosystems — ESRS E4

- Animal welfare
- Biodiversity
- Deforestation

Resource use and circular economy — ESRS E5

- Waste and packaging materials

Social

Own workforce — ESRS S1

- Employment and working conditions
- Employee satisfaction and development

Workers in the value chain — ESRS S2

- Employment and working conditions in the value chain

Affected communities — ESRS S3

Consumers and end users — ESRS S4

- Consumer health and nutrition
- Responsible marketing
- Food safety

Governance

Business conduct — ESRS G1

- Business ethics and integrity
- Information security and privacy
- Animal welfare

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Looking back

Key economic indicators (2018-2023 YTD)

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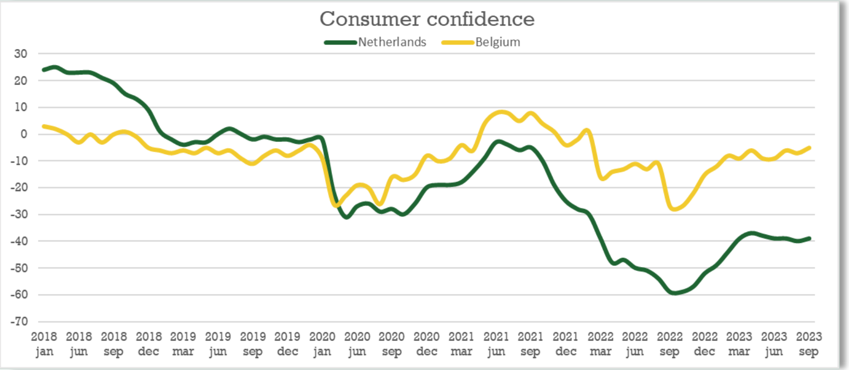

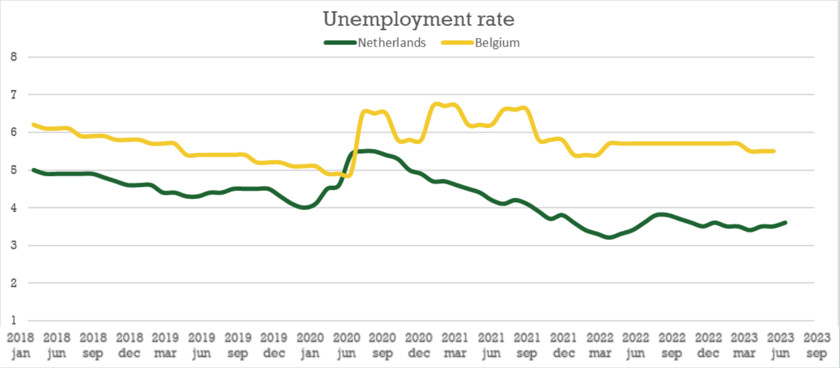

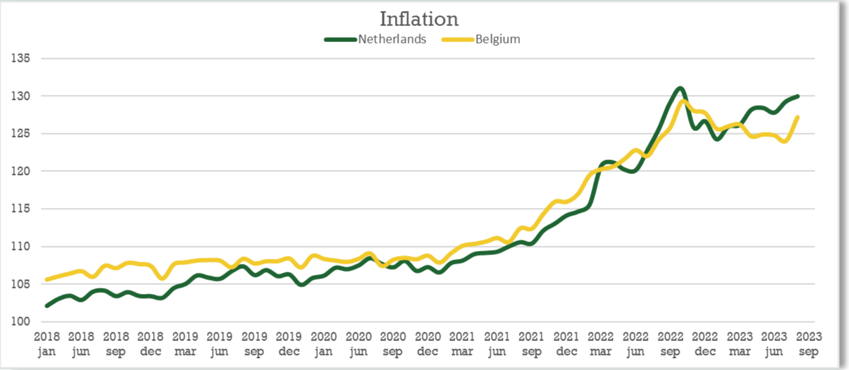

- Consumer confidence negatively influenced by COVID-19, war in Ukraine, high inflation and political uncertainty in our geographies
- Low unemployment acts as a counterbalance to low consumer confidence
- Inflation (and interest rates) at these levels have a major disturbing impact on our business model dynamics

Market position 2018 – 2022

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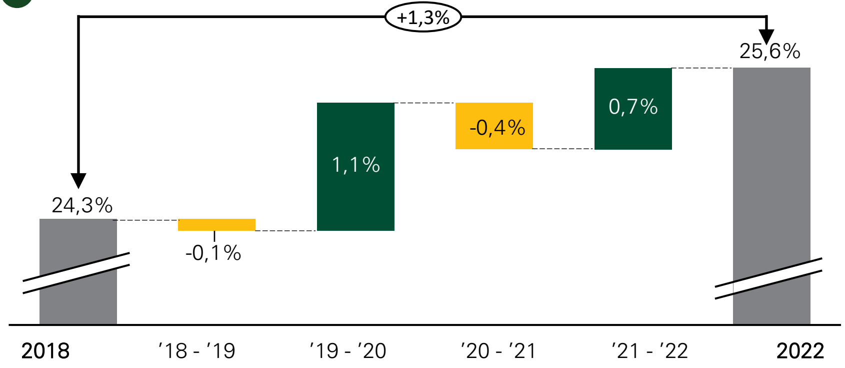
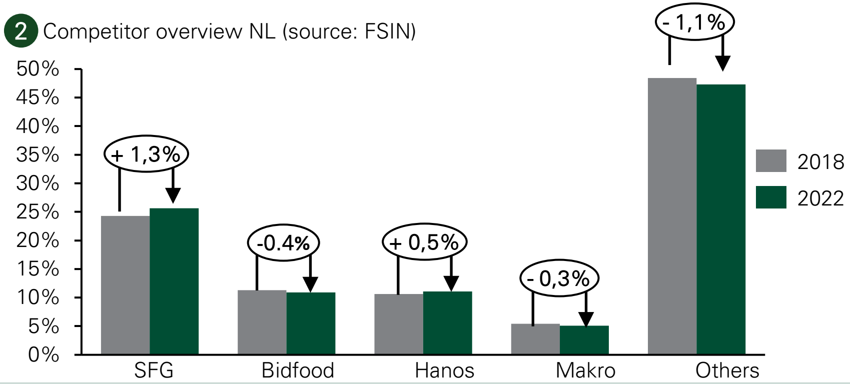
1 Sligro Food Group Netherlands market share



2 Competitor overview NL (source: FSIN)



1 **Market share in the Netherlands:**

- We have strengthened our market position significantly over the last 4 to 5 years[1]
- Fluctuation caused by COVID-19 impact and mix of activities compared with peers (mix of cash-and-carry and delivery)

2

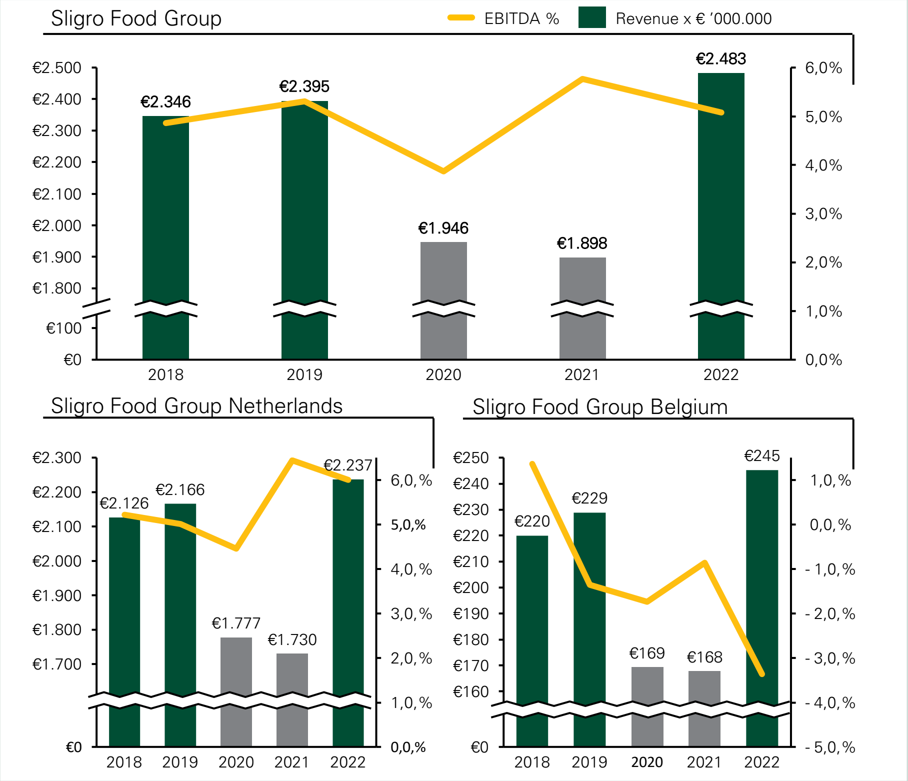
- Large players are gaining at the expense of small competitors, so consolidation continues

Market share in Belgium:

- Our market share in Belgium is relatively stable around 3%[2]
- Market highly fragmented so consolidation still to be expected

 Note 1. Based on FSIN definition; Note 2. Based on Foodservice Alliance, with less frequent measurement

Financials 2018 – 2022



- Revenue recovered compared with 2018, mainly because of inflation (15%), which means 2022 market volumes are still 8% below 2018 levels (including 7 weeks COVID-19 restrictions in 2022)
- Not able to pass on full inflation (products & costs) to customers, while costs have increased significantly
- EBITDA margin has suffered because of volume loss and cost inflation:
  - Gross margin increase 2.5% of revenue
  - Costs increase of 4.0% of revenue
- Excluding 'incidentals' EBITDA has decreased from 6.0% in 2018 to 4.5% in 2022

2022 to 2023: continued challenging market conditions

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2022 → **2023**

- Ongoing optimisation and integration of Sligro-M
- Gaining market share in the Netherlands and Belgium
- Clear agenda for 2024/2025 focussed on results improvement

- Disturbing impact of inflation and interest rates on business model dynamics
- Market volumes and Dutch household spending under pressure
- All cost saving initiatives absorbed by cost inflation

Key developments in recent years

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2018-2022	Carve out of EMTE followed by restructuring of headquarters	Done. Dis-synergies largely absorbed
2018-2022	Significant upfront investment partnership with HEINEKEN with full integration	Done. Upsell generation started during COVID-19, target achieved in 2022
2019	Acquisition, restructuring and integration of De Kweker	Done. Recovery to original sales levels ongoing
2018-2022	SAP program go-live for webshop, product master data environment and first ERP go-live in Antwerp	Ongoing. New approach required and initiated
2020-2021	COVID survival mode	Done. Recovery to original sales levels ongoing (well on-track)
2018-2022	Establishing Belgian business model	Ongoing. New approach required and initiated
2022	Acquisition of former Metro locations in Belgium, effective early 2023	Done. Recovery to original sales levels ongoing

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Looking forward

Mid-term objectives

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7.5%

EBITDA
Target 2025:
7.5% of sales

Belgium
structurally
profitable

Focus of this presentation

Market share gains
through organic growth and acquisitions

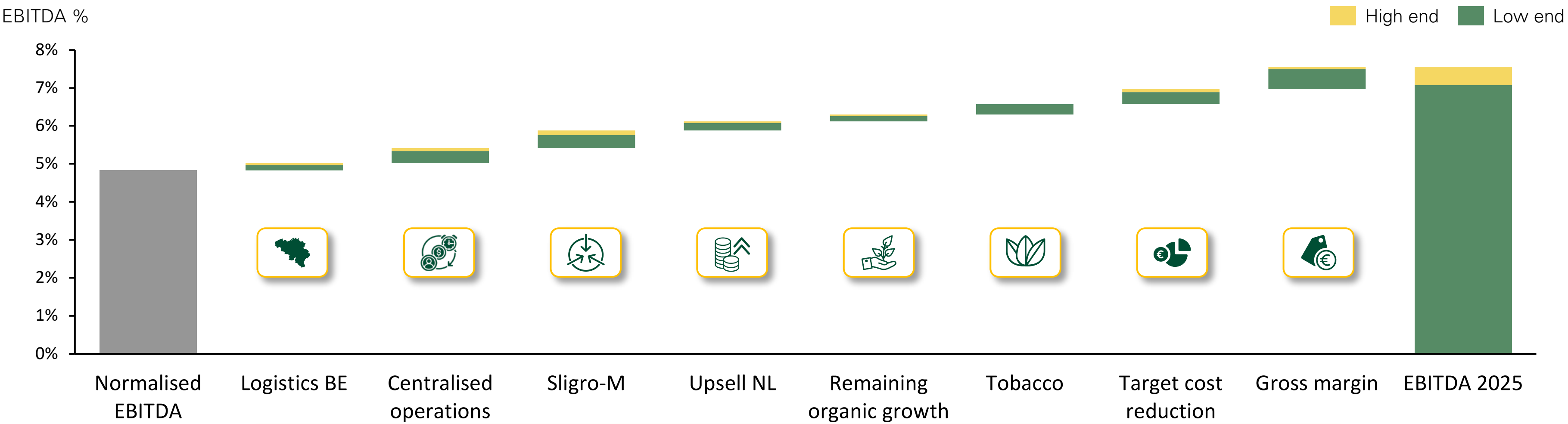
Employee satisfaction
improve to 70

'E&H' product range
NL: 15%
BE: 10%

eerlijk & heerlijk

Carbon reduction (as % of revenue)
-40% in 2025
-50% in 2030

EBITDA improvement



7.5% Based on the initiatives presented, we aim to improve EBITDA towards our 7.5% target

Key assumptions are:

- Inflation will gradually come down in the course of 2024
- As a result, we can pass on inflation more easily in the upcoming years (rebalancing of pricing mechanism)
- Economic headwinds last until the end of 2024; turnaround expected as from early 2025
- New political landscape in the Netherlands does not put additional significant cost pressure on Dutch businesses

Economic outlook

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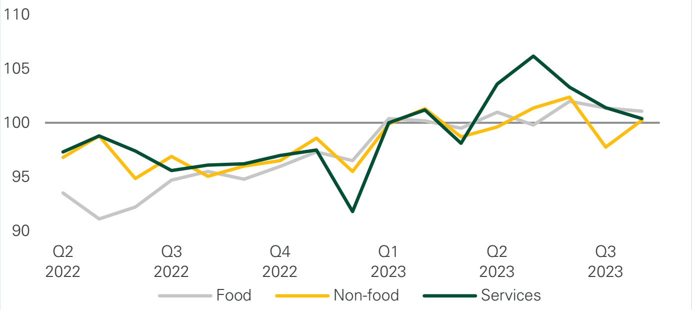
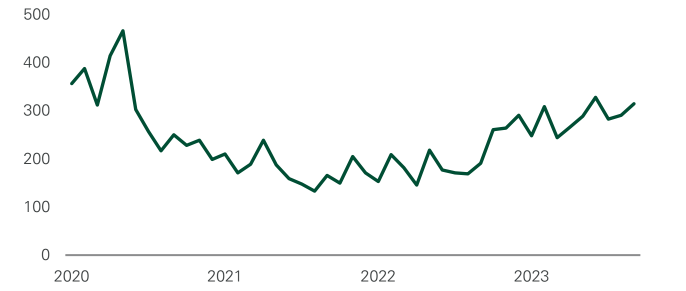
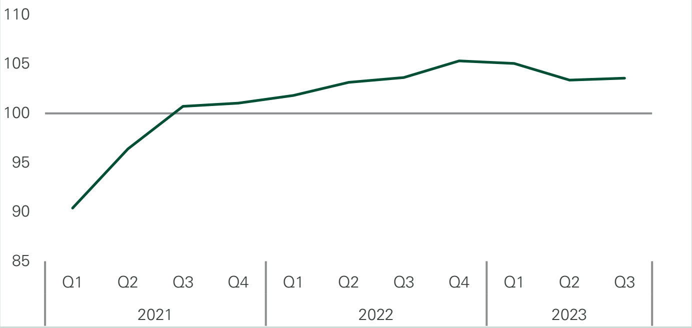
Value pin transactions. Source: Macro bond, CBS and ING research



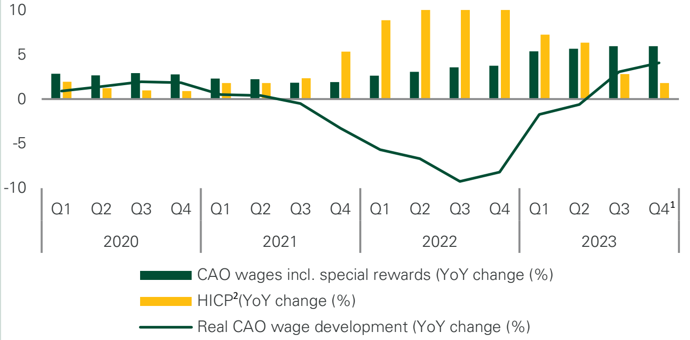
Number of bankruptcies of businesses and institutions (including sole proprietorships adjusted for court sessions days). Source: CBS



Total household consumption. Source: RaboResearch



CAO wages and consumer prices; preliminary figures. Source: Macro bond and RaboResearch



- Change in behaviour from Q3-2023
- Household consumption and spend on food are down (downtrading)
- Number of bankruptcies still below 2019 level, but increasing
- Wage development gradually catching up on price inflation
- We expect further volume decrease for the next 12 to 18 months

 Note 1. Preliminary figures; Note 2. Harmonised Index of Consumer Price

Market outlook 2024

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* Consumer spend in EUR; growth rates vs. 2023

TURNOVER FOR FOOD & BEVERAGE 2024			
€ 75.257 m* **+ 3.5%**			
Out-of-home channels € 23.361 m **+ 6.1%**			**At-home channels** € 51.896 m **+ 2.3%**
TRADITIONAL HOSPITALITY	CATERING	CONVENIENCE	
€ 12.809 mln **+ 6.2%**	€ 6.838 mln **+ 7.1%**	€ 3.713 mln **+ 4.2%**	

1. FSIN expects the Dutch OOH market to grow in 2024 (6.1%)
2. Growth is slowing down as inflation is coming down, volumes expected to increase slightly
3. Downtrading continues in 2024 and has a different impact on each of the market segments:
   - **Fast service & delivery:** two typical growth markets when downtrading appears
   - **Quick service restaurants:** can benefit as they offer lower prices due to their centralised organisation and accessible concept
   - **Traditional restaurants:** suffer from downtrading and volume decrease
   - **Catering:** overall stable but difficulties in specific subsegments
   - **Within the traditional markets**: leisure will show the biggest growth

Market outlook 2030

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** Consumer spend in EUR; growth rates vs. 2023*

TURNOVER FOR FOOD & BEVERAGE 2030

€ 87.400 mln*
+ 20%

Out-of-home channels	At-home channels
€ 28.900 mln **+ 31%**	€ 58.500 mln **+ 15%**

TRADITIONAL HOSPITALITY	CATERING	CONVENIENCE
€ 15.900 mln **+ 31%**	€ 8.700 mln **+ 35%**	€ 4.300 mln **+ 22%**

1. FSIN expects the Dutch OOH market to grow towards 2030 (31%)
2. Slowdown in 2024, markets to pick up thereafter, correlation to consumer confidence expected to restore
3. Out-of-home market expected to continuously outperform Retail in terms of growth
4. Fast Service (Convenience) is the biggest growth market on the back of the increasing share of millennials in the total food spend

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Looking forward: Belgium

Change of course in Belgium

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- Apply learnings from past years and successful acquisition & integration strategy at Sligro-M
- Disconnect Belgian operational performance improvement from SAP development and roll-out
- Roll in legacy IT and harmonise ways of working according to proven policies, procedures and management information systems
- Abandon governance set-up by country and set-up governance based on BeNe organisation
- Decentralise commercially distinctive market profiles (JAVA and Sligro-ISPC / Sligro-M) combined with efficient centralised back-office organisation (Purchasing, Finance and Logistics)

Efficiency gains through network optimisation

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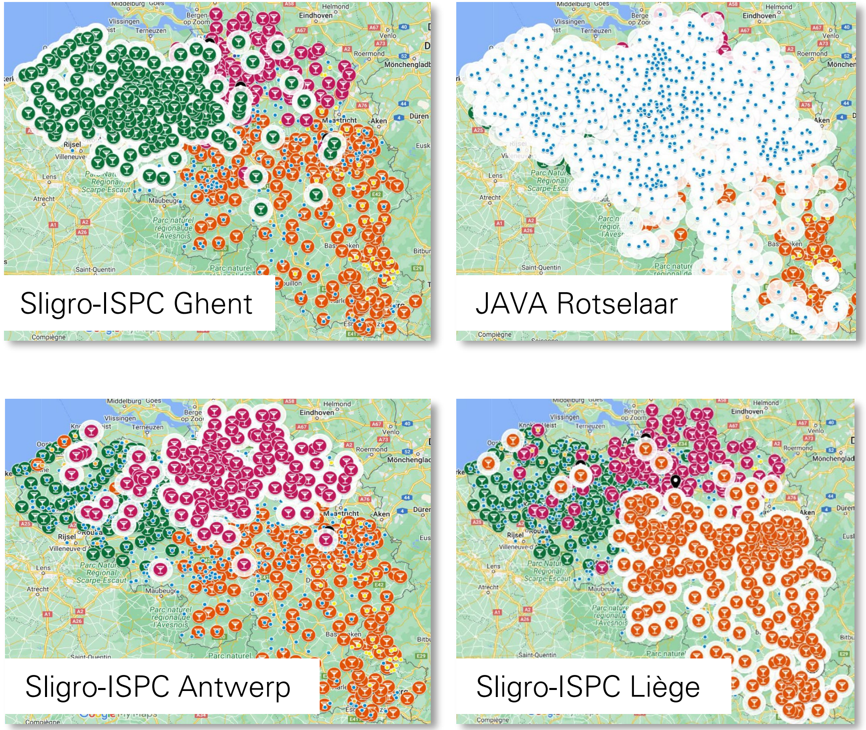
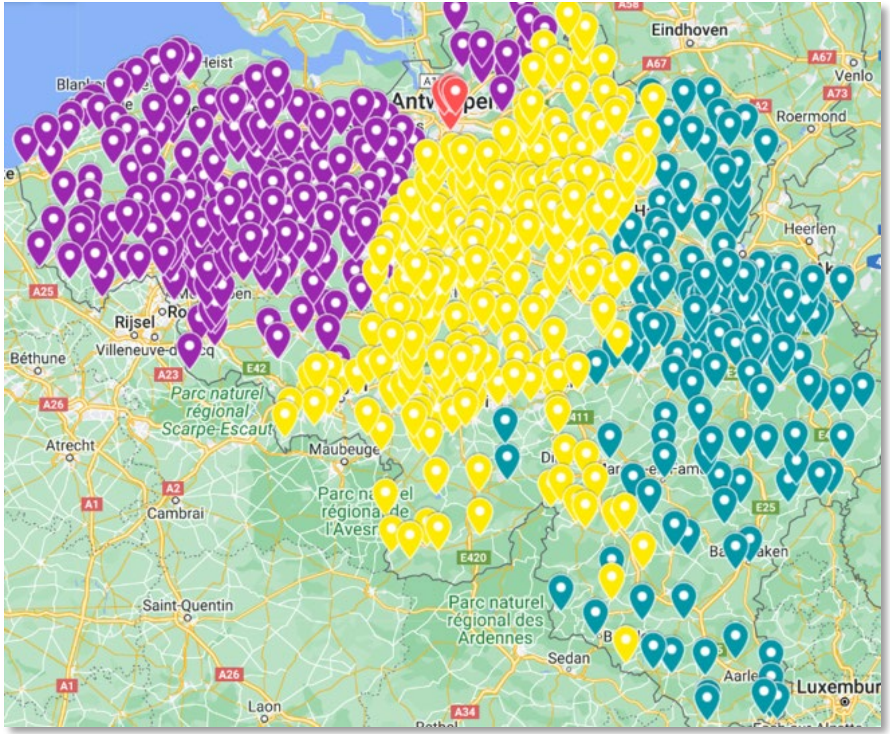


Customer delivery situation in 2023:

- All delivery service locations (Ghent, Liège, Antwerp and Rotselaar) in Belgium supply customers all over Belgium
- Customers are bound to their format and location:
  - Former ISPC customers to Ghent and Liège
  - Former JAVA customers to Rotselaar
  - Former Sligro customers to Antwerp
- Current transport costs as % of delivery sales through Ghent, Antwerp, Liège: ~12%

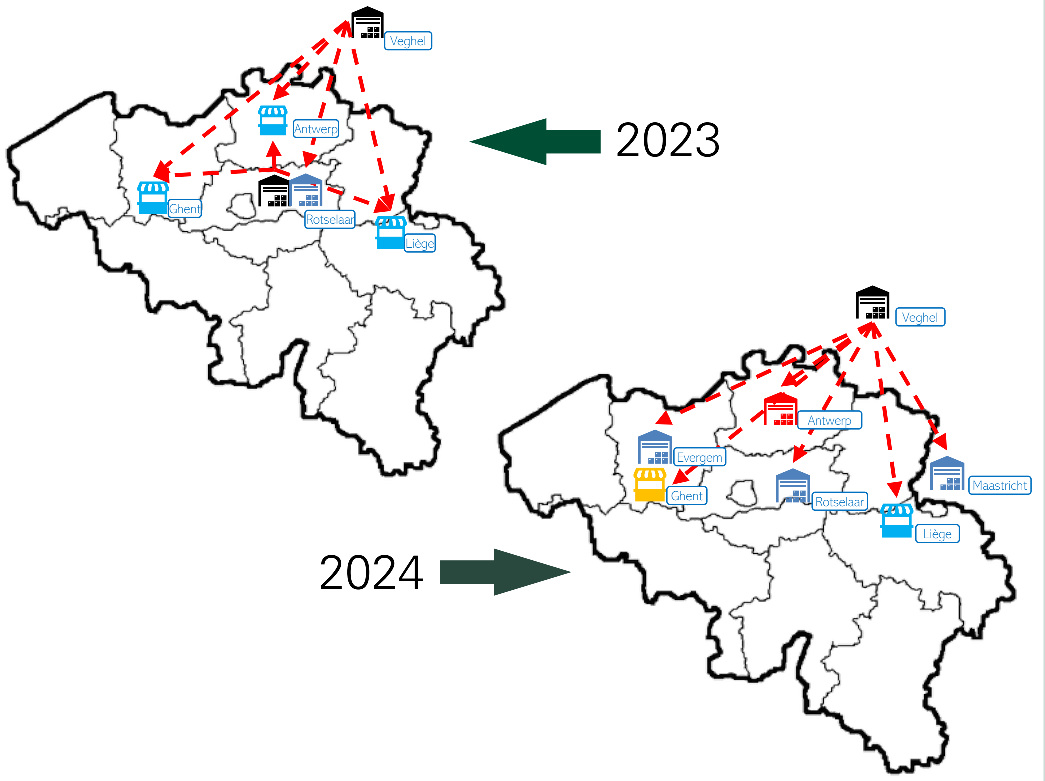
Efficiency gains through network optimisation



Customer delivery situation by end of 2024:

- Belgium divided in 4 delivery regions, with customers assigned to nearest delivery service location
- Customers commercially remain in their original format, Sligro-ISPC / M or JAVA, but can logistically be serviced from any delivery service location in the network (copy from proven Dutch model)
- Ambition transport costs as % of delivery sales for Ghent, Antwerp, Liège customers: ~ 8%
- Optimisation internal logistics through Central Distribution Centre Veghel (next slide)

Efficiency gains through network optimisation



Optimise around the Central Distribution Centre in Veghel:

As a result of a fragmented legacy IT landscape and non-harmonised product portfolio, there are daily logistics flows between all locations in Belgium to transfer products

As a result of IT and network integration and harmonisation on product ranges, >90% of logistics flows through the Central Distribution Centre in Veghel

Model already in place for Sligro-M

Ambition annual contribution of both network optimisations to EBITDA: €4 m - €6 m

Optimise and integrate Sligro-M

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Situation in 2023:

- Cash & Carry operations in 8 locations up and running, moving towards 70% of original sales level by the end of 2023.
- Operations in Middelkerke from pop-up store at less than 10% of potential volume.
- Delivery operations to be relaunched (historically €40 million) after opening of delivery service location in Evergem.
- Local commercial management supported by centralised buying, logistics, IT and finance.
- Expectation: operations EBITDA neutral/positive by the end of 2023.

Optimise and integrate Sligro-M

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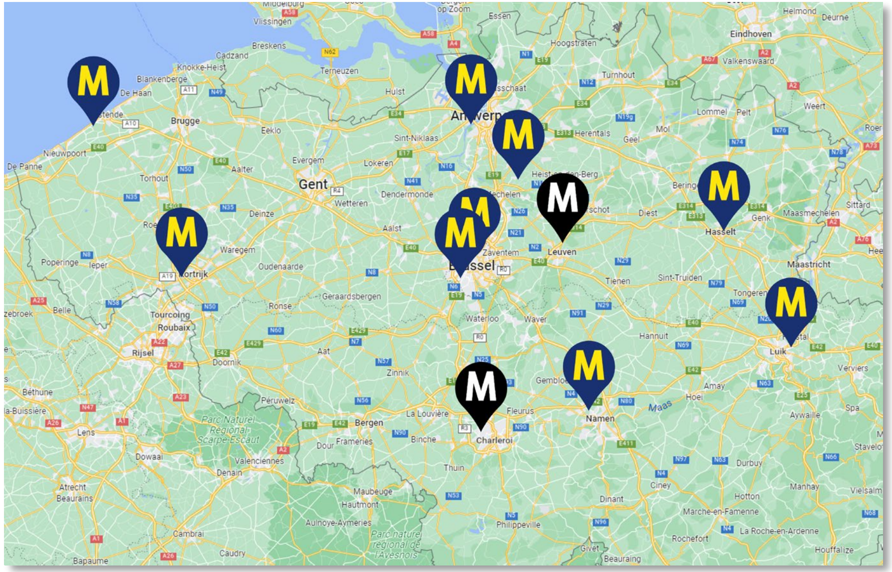

Situation in 2024 - 2025:

Cash & Carry operations in 9 locations moving beyond 90% of original sales level, reopening Middelkerke at original location

Adding two new locations to the network in Leuven (2025) and Charleroi (2026)

Delivery operations to gradually regain former scale

Fully integrate network based on SAP, with rest of Belgium, under one management and centralised support

Expectation: operations EBITDA levels to achieve: >5%

Ambition annual contribution to EBITDA: €15 m - €20 m

Synergy on marketing and branding cost and power

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Sligro ISPC
Professionals in food

Sligro
Partner in food

Sligro M
Partner in food

WELCOME
FOOD
PROFESSIONAL

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Looking forward: Data and technology

Change of course in ERP (lessons learned)

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Management attention
- Management focus, COVID-19 survival mode

People
- Dependency on external expertise & experience
- Role of partners (SAP & KPS)

Solution
- Quality control on solution design SAP

Implementation approach
- Choice of lead deployment site
- Implementation approach aimed at first deployment

Change of course in ERP (way forward)

SAP is confirmed as the target solution, with ambition to be live in 2026 in both the Netherlands and Belgium

Management attention
- Dedicated executive ownership

People
- Investment in internal expertise & experience
- Resetting the role of partners

Solution
- Solution design SAP revitalised, externally confirmed

Implementation approach
- Reset on ‘step-change’ implementation approach:
    - Conditions for success in place (master data)
    - Development of business model templates
    - Industrialised roll-out

Aim is maximum reuse from earlier development, resulting in a projected lower financial run rate in OPEX & CAPEX

Continuously improve functionality and features that reduce costs

1. More satisfied customers and efficiency gains through (digital) cost reduction programmes like 'self-service'
2. Launch self-service features in our portal
   - Reduce incoming calls/emails, automate repetitive tasks and cross-functional workflows
   - Improve customer satisfaction by offering 24/7 self-service through sligro.nl for known irritators
     1. Live location and estimated time of arrival of truck
     2. Complaints management
     3. Turnover statistics
     4. Change name and address details

Continuously improve cross & upsell to boost top line result on our platform

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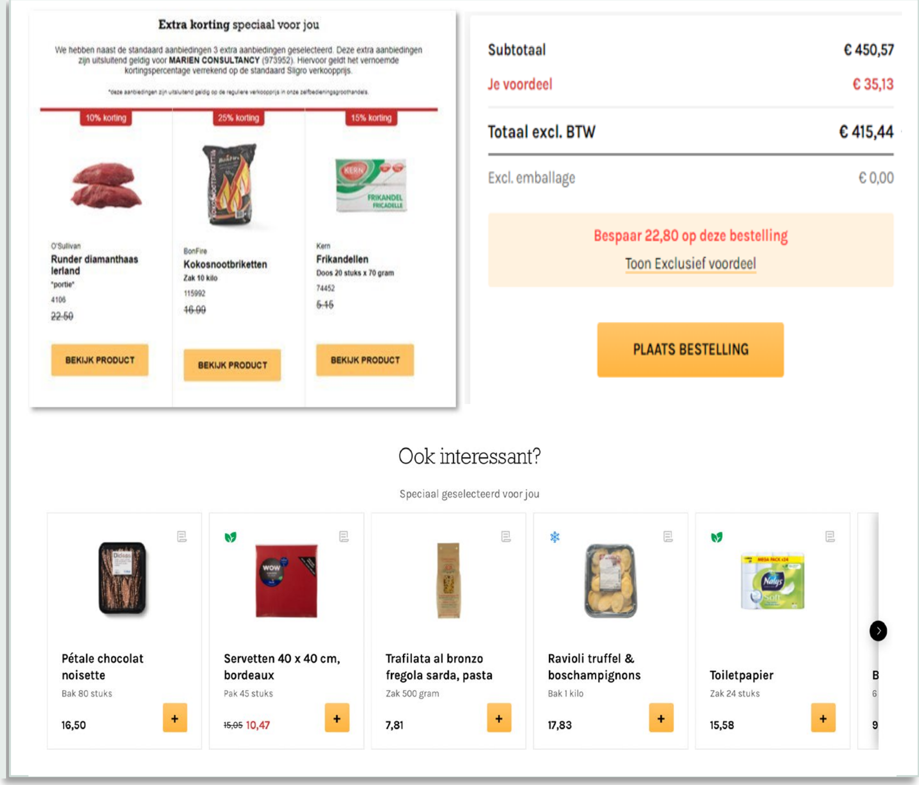
Convenient and personalised online shopping experience leads to an increase in turnover and higher margins

- Increase in traffic to cash & carry through personalised promotions by mail
- Promote private and exclusive brands (e.g. in shopping cart) to improve margins
- Improve add-to-basket through personalised recommendations, optimised search and frequent A/B testing



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Looking forward: the Netherlands

Targeted upselling improves relative returns

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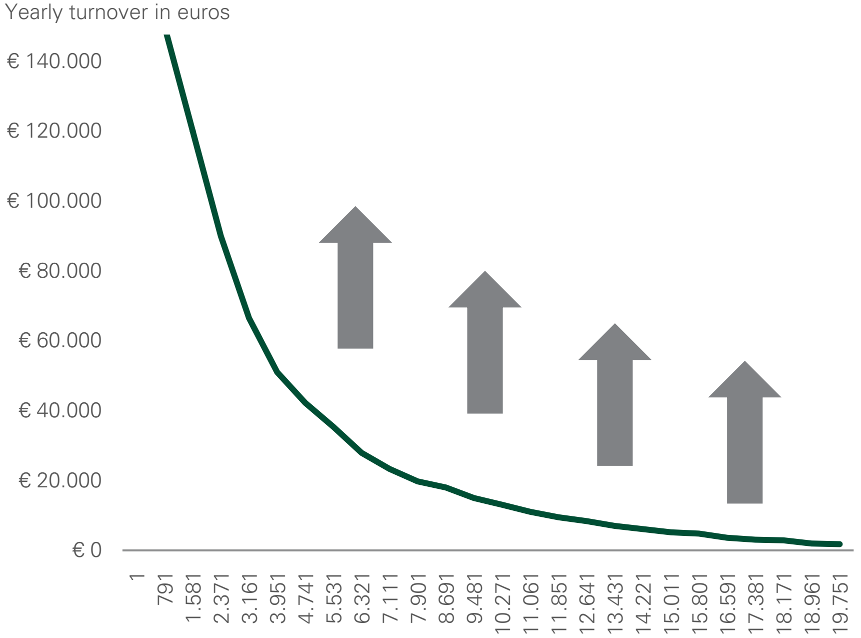
Distribution of revenues to existing Deliver Service customers (excl. National Accounts)



Market size of independent delivery service customers estimated at 40,000 outlets of which 50% are an active Sligro Food Group customer (including through HEINEKEN partnership)

Total market size on these 40,000 outlets in food and drinks is estimated around €5 billion

Our current market share is around 15% at these outlets

Ambition to increase our share to 20% by adding approximately €150 m - €200 m in revenue mainly to existing customers over the next 2 to 3 years

Ambition annual contribution to EBITDA: €13 m - €17 m

Upsell examples

- Bar Bascafé Nijmegen
- 2022: €36k (drinks)
- 2023: €140k (wine & food)

- Golfclub De Haenen
- 2022: €35k (drinks)
- 2023: €220k (wine & food)

- Restaurant Grevelingen Bruinisse
- 2022: €40k (dry groceries only)
- 2023: €400k (all categories)

Improving mix in customer base and product mix

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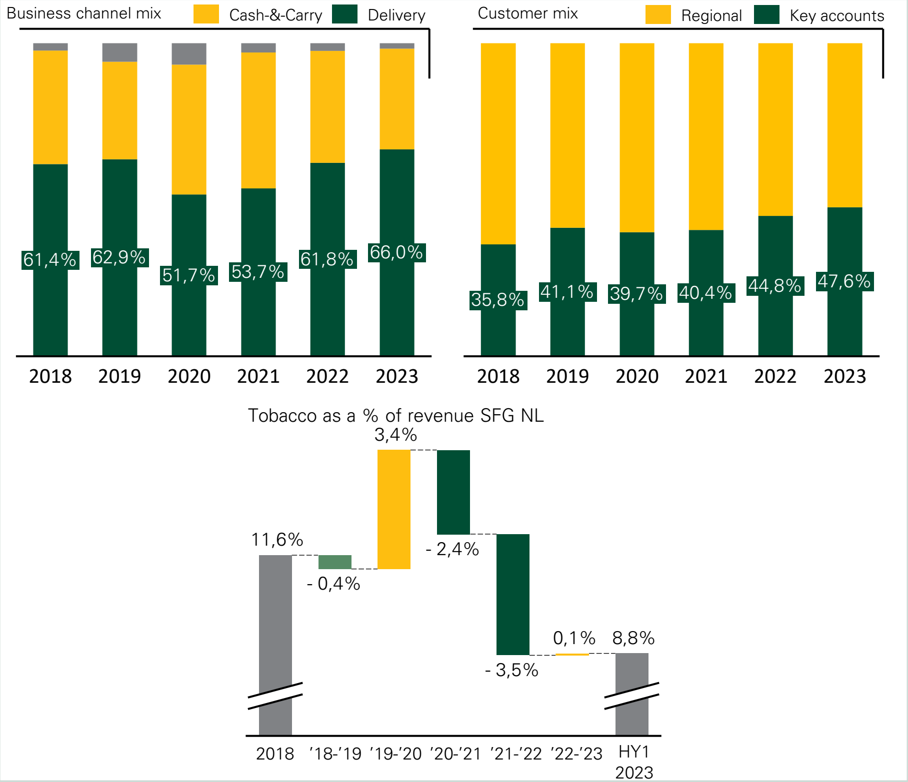

Focus on retaining (and slightly improving) current market share levels but improving mix

Adding volume through upselling with existing customer as explained before

Withdrawal from tobacco (excluded from market share definition) entirely means an annual sales decrease of €200 million. Additional (non-tobacco) revenue at stake of €100 million

Discussions with key accounts on improving margins has led to improvements but also end of service to some customers, totalling €50 million annual revenue

Expected loss of revenue: €300 m - €350 m

Expected loss of EBITDA: €6 m - €9 m

Efficiency gains through central governance

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Clarity and control on the correct application of Group policies will lead to faster and better decision-making

Simplifying the organisation structure leads to a more hands on management style, reducing complexity and creating a more efficient organisation structure

This produces a leaner organisation structure reducing headcount by 150 – 200 FTEs for the Group as a whole over the next years

Taking a significant flexible workforce and natural leave patterns into account, no major restructuring costs to be expected

Ambition annual contribution to EBITDA: €9 m - €12 m

Efficiency gains through cost reduction programs

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- Stabilisation of SAP program leads to lower OPEX burden
- Phasing out legacy technology reduces (double) costs
- Shift from physical to digital marketing tools
- Business as usual: cost drive and strict budget management on all external spend
- Small (digital) innovations to reduce costs

Ambition annual contribution to EBITDA: €9 m - €12 m

Restoring the balance in pricing mechanism

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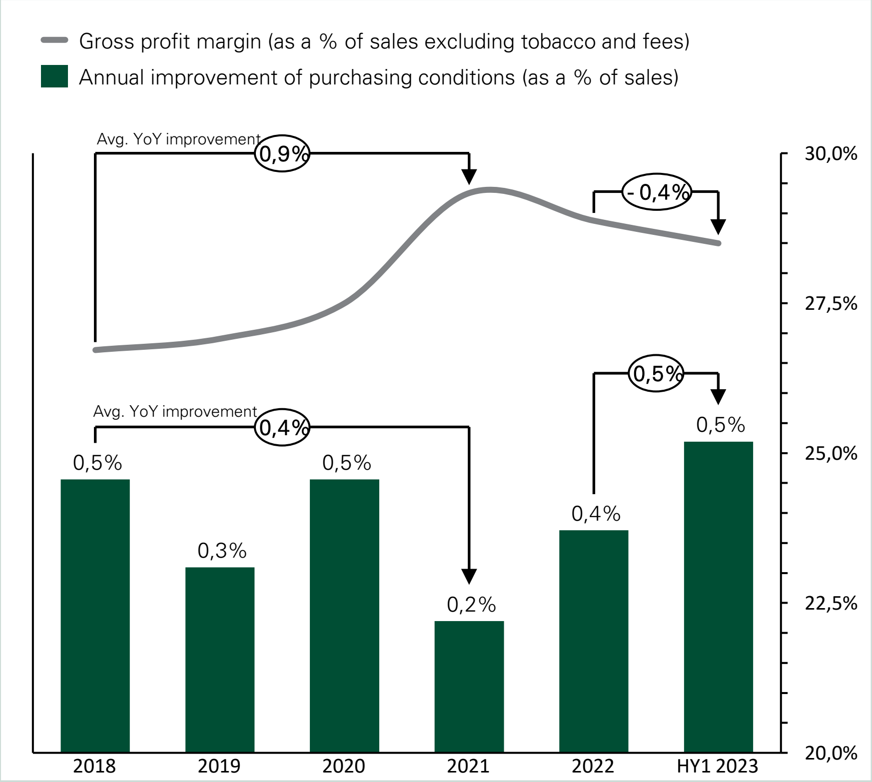

Historically, gross margin improvement was driven by YoY improvement of purchasing terms (average 0.4%) and passing on inflation in pricing

The high inflation levels in 2022 and 2023 could not be passed on in full and the improvement in purchasing was 'invested' in pricing

We expect inflation levels to gradually come down in the course of 2024/2025 allowing us to regain the balance in the pricing mechanism in our market and restore gross margin development

Ambition annual contribution to EBITDA: €15 m - €18 m

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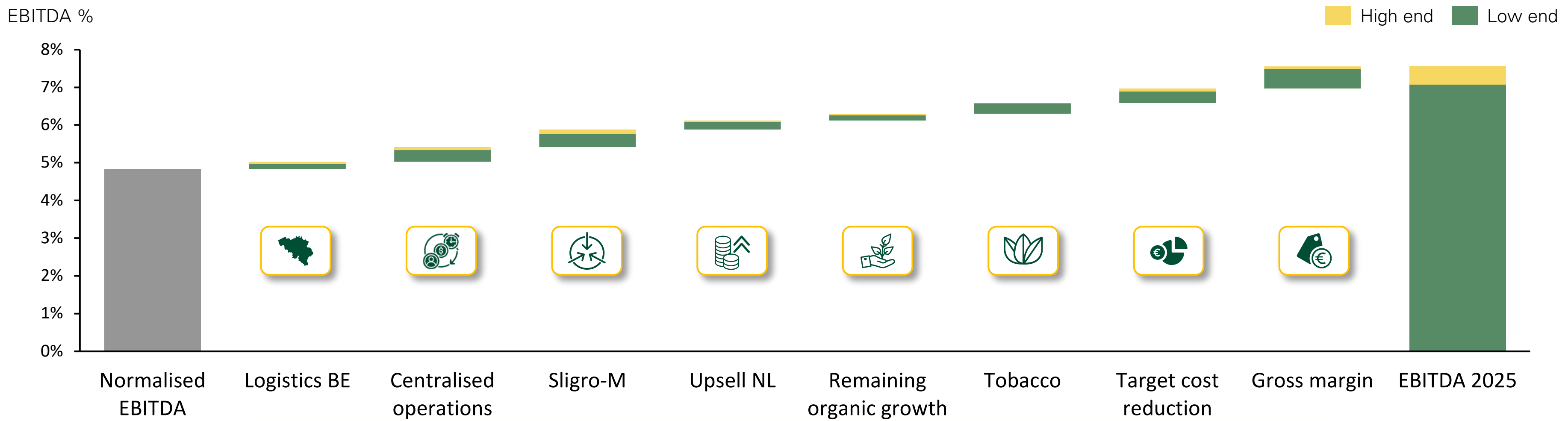
Summary & key takeaways

EBITDA improvement



Based on the initiatives presented, we aim to improve EBITDA towards our 7.5% target

Key assumptions are:

- Inflation will gradually come down in the course of 2024
- As a result, we can pass on inflation more easily in the upcoming years (rebalancing of pricing mechanism)
- Economic headwinds last until the end of 2024; turnaround expected as from early 2025
- New political landscape in the Netherlands does not put additional significant cost pressure on Dutch businesses

Financial framework

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Target reduction of CAPEX below long term 2.5% of revenue ambition

Target reduction of working capital (between 0 – 5 days of sales), mainly through inventory reduction

Dividend policy remains as is, at pay-out of 60% of net profit

Key takeaways

Well positioned to gain market share and retain and expand position in BeNe region, with focus on quality of revenue

Focus on cost management and efficiency improvements by returning to proven integration strategy

Gradual ERP transition to achieve end state in 3 years in a controlled way; online self-service to stimulate growth and reduce costs

ESG ambitions more explicit to address CSRD and EU taxonomy requirements but focus remains on actual improvements in an economically viable way

7.5%

Mid-term target of 7.5% EBITDA retained, despite economic headwinds expected to remain for next 12 to 18 months


12
14
13
koffiemelk
zuivel
wasmiddelen
wasmiddelen
VOLUME VOORDEEL
7,5%
Sligro
HEEL GOED
15
16
17
18
19
20
22
ARIEL

8

Q&A