

Half-year figures

2009



Amsterdam, July 16th 2009

Agenda

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|----------------------|--------------------|
| • Welcome | Koen Slippens |
| • Half-year Figures | Huib van Rozendaal |
| • Food retail | Koen Slippens |
| • Foodservice | Koen Slippens |
| • Prospects for 2009 | Koen Slippens |





Profit and loss account					
	2009	2008	Delta	2009	2008
	x €M	x €M	%	%	%
Net sales	1086	1078	0.7	100.0	100.0
Gross margin	248	247	0.3	22.9	23.0
Other operating Income	0	6	(91.7)	0.0	0.5
Expenses	(187)	(188)	(0.3)	(17.3)	(17.5)
Ebitda	61	65	(6.4)	5.6	6.0
Depreciation/ amortisation	(25)	(24)	5.4	(2.3)	(2.2)
Ebit	36	41	(13.2)	3.3	3.8
Interest expense	(1)	(4)	(86.8)	(0.1)	(0.3)
Profit before tax	35	37	(6.5)	3.2	3.5
Tax	(8)	(9)	(8.2)	(0.7)	(0.9)
Profit after tax	27	28	(6.0)	2.5	2.6

Sligro Food Group N.V., Half-year Figures 2009

Segmented analysis of results

x €M	Foodservice		Foodretail ²⁾	
	2009	2008	2009	2008
Net sales	724	699	362	379
Other operating income	0	3	0	3
Ebitda	50	50	11	15
Ebit	37	38	(1)	3
Ebitda as % of sales	6.9	7.1	3.0	3.9
Ebit as % of sales	5.1	5.4	(0.3)	0.9
Net capital expenditure ¹⁾	21	25	2	(5)
Depreciation and amortisation	(13)	(12)	(12)	(12)

1) In tangible and intangible assets, on transaction basis

2) Classification in accordance with IFRS 8



Segmented analysis of results

Return on capital employed

In €M	Foodservice		Food retail		Total	
	2009	2008	2009	2008	2009	2008
CE (mid-year) ¹⁾	406	406	181	200	587	606
EBITDA (H1 – H2)	121	117	23	27	144	143
EBIT (H1 – H2)	94	93	(1)	5	93	98
As % average CE						
EBITDA	29.8	29.3	12.0	13.0	24.1	23.6
EBIT	23.1	23.2	(0.4)	2.5	15.6	16.1

1) Excluding financial assets



Sligro Food Group N.V., Half-year Figures 2009

Cash Flow Statement (€ M)		
	2009	2008
From operations	71	58
Interest etc.	(1)	(5)
Corporation tax paid	(9)	(7)
From operating activities	61	46
Acquisitions	0	1
Net capital expenditure	(20)	(18)
From investing activities	(20)	(17)
Long-term borrowings/ associates	(17)	(15)
Dividend paid	(19)	(14)
From financing activities	(36)	(29)
Movement in cash and short-term bank borrowings	5	0
Balance at start of year	1	(29)
Balance at year-end	<u>6</u>	<u>(29)</u>



Balance sheet (before profit appropriation)					
x €M	27/06	27/12		27/06	27/12
	2009	2008		2009	2008
Fixed assets			Equity	433	426
Intangible assets	173	177	Provisions	32	34
Property, plant & equipment	284	283	Non-current liabilities	141	154
Investment property	25	25			
Financial assets	41	41	Current liabilities		
	<u>523</u>	<u>526</u>	Banks	40	53
Current assets			Creditors	111	129
Inventories	177	200	Other	65	79
Debtors	102	124			
Assets held for sale	2	2			
Cash	18	23			
	<u>299</u>	<u>349</u>		<u>216</u>	<u>261</u>
	<u>822</u>	<u>875</u>		<u>822</u>	<u>875</u>



Sligro Food Group N.V., Half-year Figures 2009

Summary 2009

Net sales (€M)	2009	2008	as %
Food retail	362	379	(4.4)
Foodservice	724	699	3.5
Total	<u>1086</u>	<u>1078</u>	0.7
Organic growth ¹⁾	4.1%	8.3%	
Food retail	5.0%	5.7%	
Foodservice	3.7%	9.2%	

1) Non-organic:

Food retail: transfer Meermarkt/Attent and sale of supermarkets

Foodservice: divestment Rosenberg (2 months)



Summary 2009

Gross margin from 23.0% to 22.9% of net sales

- Changed mix business activities:
 - + Mix retail/wholesale Food retail (66/34 → 75/25)
 - -/- Growth in Petrol segment Foodservice
- -/- Increase promotional campaigns in Food retail and Cash and Carry outlets
- -/- Intensive client acquisition in delivery Foodservice



Summary 2009

Other operating income (x €M)

	2009	2008
Rental income	1.5	1.9
Book profit on sale of assets ¹⁾	(1.0)	3.8
Fair value adjustment to property	0	0.2
	<u>0.5</u>	<u>5.9</u>
Foodservice	0.2	2.9
Food retail	0.3	3.0

1) Divestment program of assets held for sale nearly completed at the end of 2008, losses in 2009 as result on sale of supermarkets



Summary 2009

Total costs¹⁾ from 19.7% to 19.6% of net sales

- Changed mix business activities:
 - + Mix retail/wholesale Food retail (66/34 → 75/25)
 - -/- Growth in Petrol segment Foodservice
- Cost reduction programs:
 - -/- PLOP- project
 - -/- Optimisation Retail distribution centres
- + Costs related to execution of the Masterplan Food retail

1) Including depreciation and amortisation



Sligro Food Group N.V., Half-year Figures 2009

Summary 2009

EBIT - 13.2% € 36 M (from 3.8% to 3.3% of net sales)

Decrease as a result of lower other income (book profits)

In € M	Foodservice		Food retail		Total	
	2009	2008	2009	2008	2009	2008
EBIT	36.7	37.7	(1.1)	3.3	35.6	41.0
EBIT(excl. o.i.)	36.5	34.8	(1.4)	0.3	35.1	35.1
EBIT %	5.1	5.4	(0.3)	0.9	3.3	3.8
EBIT(excl. o.i.) %	5.0	5.0	(0.4)	0.1	3.2	3.3



Summary 2009

Interest expenses/ associates - 86.8% € 0.5 M (from 0.3% to 0.1%)

	2009	2008
Net financing expenses	(3.5)	(5.6)
Results from associates	3.0	2.2

- Finance expense decreased as result of debt reduction and interest rate decline
- Increase results from associates Spar en Smeding
 - In 2009-I € 2.8 M dividend received (2008-I: € 1 M)



Summary 2009

Net profit	€ 26.8 M (€ 28.4 M)	- 6.0 %
Earnings per share	€ 0.61 (€ 0.65)	- 6.2 %



Summary 2009

Cash flow from operations: € 61 M (2008: € 46 M)

- Much more focus on working capital management
- Decrease working capital 2009-I: € 13 M (2008-I: nil)
 - Decrease in inventories € 23 M at stable service level

Cash flow from investing activities: € 20 M (2008: € 17 M)

- "Gross" capex higher in 2008, but compensated by € 9 M proceeds on divestments

Free cash flow¹⁾ € 41 M (2008: € 29 M)

1) Before dividend



Sligro Food Group N.V., Half-year Figures 2009


Summary 2009

Net interest bearing debt x €M	27-06 2009	27-12 2008
Gross	181	207
Free cash	(18)	(23)
Net	<u>163</u>	<u>184</u>

Free cash flow used for € 21 M debt reduction and € 19 M dividend payments.

Average interest expenses 2009-II approximately 3%



Organisation scheme Sligro Food Group			
Central distribution centre and head office in Veghel			
Foodretail		Foodservice	
EM-TÉ 80 own outlets	Golff 50 franchised supermarkets	Sligro Restaurants and bars, leisure, petrol outlets, caterers, large-scale users	Inversco-Van Hoeckel Institutional and national chains, large-scale caterers
2 distribution centres		National network of 45 cash-and-carry and 10 delivery-service wholesale outlets	2 distribution centres
Sligro Fresh Partners & Production 5 specialised production facilities for convenience products (CuliVers), fish (SmitVis), and patisserie (Maison Niels de Veye) and participating interest in four fresh food businesses			
			

Food retail
<ul style="list-style-type: none"> • Market developments • Overview supermarket formats EM-TÉ en Golff • Developments at Sligro Food Group • Focus for 2009-II


Market developments Food retail 2009

Development according to market researchers differs:

	2008		2009 (growth as%)	
	x €bln	growth %	cum. wk 12	cum. wk 24
GfK	30.0	6.2	1.2	4.2
Nielsen	30.4	6.7	3.7	4.6
IRI	30.5	6.5	2.7	3.2
CBS	31.1	7.3	3.2	na
EM-TÉ wk 12 resp. 24			4.4 ¹⁾	5.7
EM-TÉ wk 13 resp. 26			5.8 ¹⁾	5.8

1) Shift in Easter



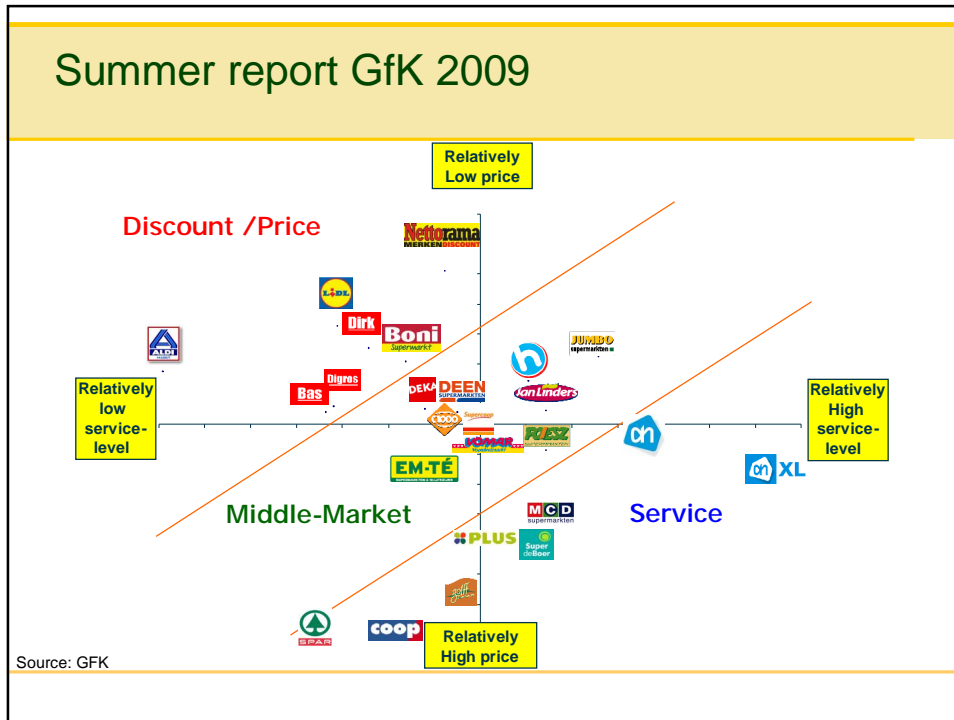
Market developments Food retail 2009

- Cumulative figure provide better insight than quarterly (GfK) figures
- Market remains up to the market
- Frequency of customer visits increases
- More attention for promotions and private labels
- Limited increase in market share for hard discount, mostly through increased number of stores¹⁾

1) Average number of stores in 2008:

Total market	4.900	(2007: 4.929)
Hard discount	852	(2007: 809)





Developments EM-TÉ and Golf

	<u>EM-TÉ</u>	<u>Golf</u>	<u>Total</u>
Year-end 2008	84	55	139
To Spar	-	-3	-3
Sold/closed	-2	-4	-6
Mid 2009	<u>82</u>	<u>48</u>	<u>130</u>

Developments EM-TÉ and Golf

	Number		x € M		Index	
	Mid 2009	YE 2008	Cons. Sales 2009	2008	LfL sales 2009	2008
EM-TÉ	82	84	293	273	106	107
Golff	48	55	126	145	102	105
Total	130	139	419	418	105	106



Developments EM-TÉ and Golf

Like for like consumer sales (%)

	Q1 ²⁾	Q2 ²⁾	2009-I
EM-TÉ	5.8	5.8	5.8
Golff	2.8	2.1 ¹⁾	2.4
Total	4.9	4.6	4.8
Market			approx. 4

1) Decline in inventories as a result of clearance sales in stores to be sold/closed

2) Quarters are based on 13 weeks



Food retail 2009-I at Sligro Food Group

Operations

- Labour productivity
- Floor productivity (2009-I: € 120/m², 2008: € 112/m²)
- Supply chain
- Management information/ guidance
- Routine
- Control measures
- “Our House EM-TÉ”



Food retail 2009-I at Sligro Food Group

Commercially

- Price positioning
- Promotions policy
- In store signing development

EM-TÉ franchise

- Good progress in negotiation process

Rationalisation store network

- 9 stores divested



Food retail focus 2009-II

- Gradual shift in focus from internal/ operational to external/ commercial aspects
 - Increase brand awareness
 - Consistent communication (signing, brochures, promotions, key values)
 - Ultimate customer focus
- Further rationalisation store network
- Anchor operational functions
- Finalise negotiations EM-TÉ franchise



Foodservice

- Market developments
- Developments at Sligro Food Group
- Plans for 2009-II/ 2010



Market developments Foodservice 2009-I

- Market under pressure as a result of the crisis
- Foodservice Institute estimates; sales 2009-I -/- 6.5% (seems exaggerated to us)
- Impact differs per segment and region
 - Catering industry Q1 volume -9%, sales -6% (source CBS)
 - Differences within catering industry (cafés/hotels -9%, restaurants -5.6%, fast-food + 1.5%)
 - Additional pressure in big cities
- Entrepreneurs remain optimistic, also with respect to short term



Market developments Foodservice 2009-I

- Consumer spending more conservative
- Price vs Quality
 - Relish, but no longer over the top
 - Good performance by "Value for Money" formulas
- Despite crisis, sustainable business remains important



Market developments Foodservice 2009-I

Specific market segments:

- Schools
 - Relatively positive development
 - Responsible/ "balance" food
 - Breakpoint concept Sligro
- Petrol
 - Spending per customer under pressure
 - Remains big convenience segment
 - Bankruptcy 2 wholesalers
 - Turnover contains high excise tax



Market developments Foodservice 2009-I

Specific market segments:

- Institutional
 - Relatively positive development
 - More uncertainty in debtors (although still relatively safe)
 - Convenience → cooking to buying
 - More influences from hospitality/ catering industry
- Recreation/ Day-recreation
 - Weather was good in Spring season
 - More holidays in Netherlands compared to holidays abroad
 - Spending per customer under pressure



Foodservice at Sligro Food Group

General

- Organic growth of 3.7% massively outperforms market development
 - Intensive acquisition
 - Strength of Sligro formula
 - Quality of service
- Growth in Petrol segment a.o. through bankruptcy competitors
- Excluded this effect, still growth in Foodservice
- Even sales growth in restaurant segment
- Good spread across segments
- Expansions and upgrading store network now and in recent past



Foodservice at Sligro Food Group

Sligro

- Cash and carry is less cyclical than delivery service
- Sligro formula massively outperforms market developments
- Fair underlying margin development, however some pressure from customer-mix and promotional activities
- Costs well under control despite increasing transportation- and personnel costs in 2009-I



Foodservice at Sligro Food Group

Sligro

- Intensified commercial and promotional activities in both cash and carry and delivery service
- Opening Sligro Roermond (type II)
- Expansion and upgrading Sligro Emmen, Deventer, Nijmegen and Haarlem
- Continuous development in recently upgraded Heerlen and Den Bosch
- Start of Sales Support System (Buitendienst Ondersteuning Model or BOM)



Foodservice at Sligro Food Group

Institutional

- Organic growth under pressure as a result of one major contract lost in 2008-I
- As of 2009-II back to growth
- Huge portfolio of acquisition "opportunities" à contracts on the market
- Integration Inversco within Sligro Food Group
 - First big steps on system- en organisational integration have been taken
 - Completion 2009-II and 2010



Market developments Foodservice 2009-II

- Inflation will disappear in comparison basis
- Smoke free catering industry (does it still exist?) in comparable figures
- Consumer spending (most probably) further under pressure as economic circumstances will gradually influence income
- “Value for Money” remains to perform well
- Crisis will offer SFG opportunities in the market and among competition



Foodservice plans for 2009

Cash and carry:

- Pilot upgrade Non Food department (assortment and shopper attractiveness)
- Finalise expansion and upgrading Sligro Haarlem to type III (finalised Q3 09)
- Upgrading (complete remodelling) Sligro Arnhem type III (finalised Q4 09)
- Expansion and upgrading Sligro Roosendaal to type III (finalised H1 10)
- Expansion Sligro Breda and Nieuwegein (finalised 2010)
- Orientation new locations, for instance Almere, A'dam West/ Zaanstad



Foodservice plans for 2009

Delivery service

- Opening SBS in the Middle of the Netherlands in Nieuwegein (finalised H1 10)
- Orientation on one big Sligro/Inversco delivery location in Amsterdam
- Further integration institutional Inversco – Van Hoeckel (finalised 2010)
- (Further) roll out of efficiency- en quality tools (BOM. PLOP. Expedition scanning, ordering modules, E-commerce) which have been developed over past time.



Prospects 2009-II



Prospects 2009-II

General:

- Declining market growth in both Foodservice and Food retail

Food retail:

- Concentration op master plan Food retail
- Finalisation of the (primary) internal focus on operations
- Transition to market orientation
- Further rationalisation store network
- Further recovery of EBIT



Prospects 2009

Foodservice:

- Despite increased pressure on the market, sales growth in 2009-II
- Pressure on margins through increase price sensitivity
- Intensified cost reduction programs
- Use opportunities (also organically) that will surely appear in the market in the coming period
- Strong basis to benefit from market recovery

Financial:

- No specific predictions
- Strengthening the financial position through profit retention and working capital management



Half-year figures

2009

