Press release

Half-year report 2009

Sligro FOOD GROUP N.V.

Net profit €26.8 million

Profit for the first half of 2009 declined to almost €27 million, down 6.0% on the same period last year, due entirely to lower non-recurring book profits. Sales for the first half of 2009 were 0.7% higher at almost €1,086 million, with organic sales growth of 4.1%.

Koen Slippens, Executive Board chairman: 'In an extremely challenging market environment, Sligro Food Group has achieved strong organic growth in both its foodservice and food retail businesses and some improvement in its underlying results. The operating cash flow has increased significantly and the financial position has continued to strengthen even in these unusual times. Simultaneously we have invested heavily in extending our stores, so that we are poised to reap the benefits of economic recovery in the coming years.'

Key figures

	€ million 2009	Change %
Sales	1086	0.7
Organic sales growth		4.1
Gross operating profit (EBITDA)	61	(6.4)
Operating profit (EBIT)	36	(13.2)
Net profit	27	(6.0)
Operating cash flow	61	32.5
Net interest-bearing debt	163	(11.1)

Gross profit as a percentage of sales was 0.1% lower, reflecting the intensified promotional effort and shifts in the activity mix due to rapid growth in the proportion of activities generating relatively low margins. Cost-savings, combined with the shift in the activity mix, helped to reduce costs as a percentage of sales by 0.1%, despite non-recurring expenses relating to implementation of the Food Retail Masterplan. Operating profit was over €5 million down at almost €36 million, due to the lower level of other operating income. A book profit (before tax) of almost €4 million on disposals of businesses and property in the first half of 2008 turned into a loss of €1 million in the same period in 2009. Excluding this other operating income, the operating profit turned out at €35 million, the same as in 2008. Finance income and expense were significantly reduced by debt reduction and lower rates.

Like-for-like consumer sales in food retail were up 5.8% at EM-TÉ (Q2: 5.8%) and 2.4% at Golff (Q2: 2.1%), with EM-TÉ outperforming the market by a substantial margin. The operating result on food retail was over €4 million lower at €1 million negative, reflecting the decrease of almost €3 million in book profits and the expenses associated with the Masterplan. It should also be noted that the figures for the first half of 2008 included €20 million of profitable MeerMarkt sales.

The foodservice business achieved organic sales growth of 3.7% in the first half (Q2: 3.8%), likewise clearly outperforming the market. Our customers in the hospitality sector in particular are feeling the effect of the adverse market conditions. However, thanks to the intensive effort invested in customer acquisition, the strength of the Sligro format and the improving quality of service, we are moving strongly ahead, against the market trend. We have also grown rapidly in the service-station convenience-store segment, partly due to the failure of several suppliers. Excluding the book profit on disposals in 2008, the operating result on foodservice was over €1 million higher. If last year's book profit is included, the operating result was €1 million lower at €37 million.

Sligro Food Group's financial position remains strong. Despite the payment of a cash dividend of €19 million, the interest-bearing debt decreased by €20 million in the first half, largely due to a €15 million increase in operating cash flow to €61 million. We are confident of our ability to continue complying with the covenants agreed with the Group's financiers.

The Group's capital expenditure programme is currently focused mainly on expanding the network of foodservice outlets and will be sustained in the period ahead, to ensure that we are well placed to benefit as soon as the economic conditions improve.

Outlook

The general economic conditions are expected to deteriorate further in the second half of 2009, because the sharply rising unemployment figures are bound to affect the markets we serve. The credit crisis is also affecting the finances of our customers and suppliers, giving rise to heightened debtor risk and operational disturbance. In response, we have tightened up our already rigorous debtor management procedures. We see no material change as compared with the risks and uncertainties described in our 2008 annual report.

Although the foodservice market has proved in the past that it is well able to weather times of crisis, some segments, such as hospitality, will continue to suffer because consumers tend to trim their spending in the face of uncertainty.

Despite the more cyclical nature of the foodservice market, we again expect sales to increase in the second half of 2009 while the market remains under pressure. This growth will be accompanied by some narrowing of margins, because the market has become more price-sensitive. The cost-saving programme in the foodservice business will be further intensified.

Even given these difficult market conditions, we think this is the right time to invest more heavily in our market position, because we expect the market and the competitive arena to present attractive opportunities in the coming period.

Although market forecasters predict slower growth in the supermarket sector in the second half of 2009, we will be in a position to benefit from the action we have taken as part of the Food Retail Masterplan, with which we are making steady progress.

Given the uncertain market conditions, we prefer not to make any firm predictions of our results for the year, but our already strong financial position will certainly continue to improve, as it has in the first half of the 2009, through profit retention and working capital management.

Background to the half-year figures will be given today in a press conference and analysts' meeting. The presentation to be given at these events has been posted at www.sligrofoodgroup.com. An English conference call will be hosted at 15.30 CET.

The trading update for the third quarter will be published on 15 October.

Veghel, 16 July 2009
On behalf of the management of Sligro Food Group NV

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Director's statement of responsibilities

In compliance with the new statutory requirements, the directors confirm that, to the best of their knowledge:

1. the interim financial statements as presented on pages 6–11 of this report give a true and fair view at the end of the first six months of the assets, equity and liabilities, financial position and profit for the first six months of Sligro Food Group N.V. and its subsidiaries included in the consolidated statements;

2. the half-year report as presented on pages 2–3 of this report gives a true and fair view of the position on the balance sheet date and the development and performance of the business during the first half-year of Sligro Food Group N.V. and its related companies as disclosed in the interim financial statements, together with a fair review of the expected development and performance of the business, current investments and the general situation affecting sales and profitability.

K.M. Slippens, Chief Executive Officer

H.L. van Rozendaal, Chief Financial Officer

J.H.F. Pardoel, Food Retail Director

J.H. Peterse, Foodservice Director

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Consolidated profit and loss account
for the first half of 2009

(x € 1,000)

	2009	2008	2007
Revenue	**1,085,853**	**1,078,393**	**960,005**
Cost of sales	837,635	(830,922)	(746,826)
Gross margin	**248,218**	**247,471**	**213,179**
Other operating income	**490**	**5,878**	**5,380**
Staff costs	(110,840)	(110,331)	(93,410)
Premises costs	(29,990)	(29,367)	(23,067)
Selling costs	(9,421)	(11,057)	(10,023)
Logistics costs	(30,871)	(30,821)	(29,232)
General administrative expenses	(7,011)	(7,057)	(6,355)
Depreciation of property, plant & equipment	(20,944)	(19,778)	(15,114)
Amortisation of intangible assets	(4,078)	(3,961)	(2,152)
Total operating expenses	**(213,155)**	**(212,372)**	**(179,353)**
Operating profit	**35,553**	**40,977**	**39,206**
Finance income	172	581	275
Finance expense	(3,660)	(6,182)	(5,675)
Share in results of associates	3,037	2,177	323
Profit before tax	**35,102**	**37,553**	**34,129**
Tax	(8,324)	(9,070)	(8,532)
Profit for the first half-year	**26,778**	**28,483**	**25,597**
Attributable to shareholders of the company	**26,778**	**28,483**	**25,597**

Figures per share	€	€	€
Basic earnings per share	0.61	0.65	0.59
Diluted earnings per share	0.61	0.65	0.59

Abridged consolidated cash flow statement
for the first half of 2009

(x € 1,000)

	2009	2008	2007
Net cash generated by operations	71,468	57,959	36,494
Interest received	172	581	275
Dividend received from associates	2,851	996	520
Interest paid	(4,416)	(6,340)	(5,048)
Corporation tax paid	(9,510)	(7,494)	(11,031)
Net cash flow from operating activities	**60,565**	**45,702**	**21,210**
Acquisitions/investments	0	(2,389)	(10,259)
Sale of associates/operations	125	3,833	22,946
Capital expenditure on (in)tangible assets	(20,079)	(27,480)	(45,372)
Receipts from disposal of (in)tangible assets/investment property	0	9,193	2,490
Repayments by associates	66	0	234
Net cash flow from financing activities	**(19,888)**	**(16,843)**	**(29,961)**
Share issue	0	0	1,777
Repayment of long-term debt	(16,522)	(14,959)	(11,850)
Dividend paid	(18,880)	(13,855)	(9,730)
Net cash flow from financing activities	**(35,402)**	**(28,814)**	**(19,803)**
Movement in cash and short-term bank borrowings	**5,275**	**45**	**(28,554)**
Balance at start of year	883	(29,250)	1,499
Balance at the first half-year	**6,158**	**(29,205)**	**(27,055)**

Consolidated balance sheet as per June 27th 2009

(x 1,000)

ASSETS	*27-06-2009*	*27-12-2008*	*28-06-2008*
Goodwill	127,547	127,547	127,547
Other intangible assets	45,190	48,917	51,969
Property, plant and equipment	284,272	282,988	285,038
Investment property	25,186	25,186	26,098
Investments in associates	39,076	39,582	36,924
Other financial assets	1,941	1,745	1,827
Total non-current assets	**523,212**	**525,965**	**529,403**
Inventories	176,607	199,652	184,282
Trade and other receivables	88,233	119,486	92,494
Other current assets	13,986	4,777	7,904
Assets held for sale	1,847	1,847	8,912
Cash and cash equivalents	17,929	23,426	16,592
Total current assets	**298,602**	**349,188**	**310,184**
TOTAL ASSETS	**821,814**	**875,153**	**839,587**

EQUITY AND LIABILITIES	*27-06-2009*	*27-12-2008*	*28-06-2008*
Shareholders'equity			
Paid-up and called capital	2,655	2,622	2,622
Reserves	430,207	423,393	387,650
Total shareholders'equity attributable to shareholders of the company	**432,862**	**426,015**	**390,272**
Liabilities			
Deferred tax liabilities	19,393	19,834	17,014
Employee benefits	12,432	14,032	9,025
Other provisions	213	213	850
Bank borrowings	141,292	153,905	168,741
Total long-term liabilities	**173,330**	**187,984**	**195,630**
Current portion of long-term debt	28,152	30,652	28,452
Short-term bank borrowings	11,771	22,543	45,797
Trade and other payables	111,226	128,743	108,815
Corporation income tax	2,411	3,516	4,871
Other taxes and social security contributions	28,720	27,847	26,302
Other liabilities, accruals and deferred income	33,342	47,853	39,448
Total current liabilities	**215,622**	**261,154**	**253,685**
Total equity and liabilities	**821,814**	**875,153**	**839,587**

Abridged consolidated statement of movements in shareholders'equity for the first half of 2009

(x 1,000)

	Paid-up and called capital	Share premium	Other reserves	Revaluation reserve	Hedging-reserve	Profit before appropriation	Total
Balance as at 27-12-2008	**2,622**	**31,139**	**314,729**	**5,059**	**1,118**	**71,348**	**426,015**
Profit appropriation			71,348			(71,348)	0
Stock dividend	33	(33)					0
Dividend paid			(18,880)				(18,880)
Profit after tax					(1,051)	26,778	25,727
Balance as at 27-6-2009	**2,655**	**31,106**	**367,197**	**5,059**	**67**	**26,778**	**432,862**

Consolidated statement of recognised incme and expense for the first half of 2009

(x € 1,000)

	2009	2008	2007
Effective part of movements in the fair value of cash flow hedge of long-term loans	(1,051)	869	975
Income and expense recognised directly in shareholders'equity	(1,051)	869	975
Profit for the first half-year	26,778	28,483	25,259
Total recognised income and expense for the first half-year	**25,727**	**29,352**	**26,572**
Attributable to shareholders of the company	**25,727**	**29,352**	**26,572**

Notes to the 2009 interim financial statements

General

Sligro Food Group N.V. is established in Veghel, Netherlands. The consolidated interim financial statements include the parent company and its subsidiaries (also referred to as the 'Group').

The interim financial statements cover the first 26 weeks of 2009, from 28 December 2008 to 27 June 2009, inclusive. The comparative figures cover the same period in 2008.

Statement of compliance

This half-year report has been prepared in accordance with the International Financial Reporting Standards, as endorsed for use within the European Union (EU-IFRS), and IAS 34 Interim Financial Reporting. It does not contain all the information required for full financial statements and should be read in conjunction with the 2008 consolidated financial statements.

Audit status

This half-year report is unaudited.

Accounting policies applied in the preparation of the interim financial statements

The same accounting policies have been applied by the Group in this half-year report as in the 2008 consolidated financial statements. As a consequence of the change in the application of IFRS 8 Operating Segments, the retail property operating segment has been combined with the food retail operating segment, bringing the segment analysis in this half-year report directly into line with the management reporting. The comparative figures for 2008 have been restated accordingly.

The reconciliation with 2008 is as follows:

(x € million)

	2008 segmentation		*Comparative*
	Food retail	*Retail property*	*figures for 2008 in 2009*
Net sales	378.9	-	378.9
Other operating income	1.5	1.5	3.0
Operating profit (EBIT)	2.1	1.2	3.3
Operating profit before depreciation and amortisation (EBITDA)	13.8	1.2	15.0
Net investments	1.7	(7.3)	(5.6)

Seasonal effects

There is a seasonal pattern in the foodservice business, with sales normally higher in the second half than in the first. This is mainly due to relatively high expenditure in the foodservice channel in the Christmas period, followed by relatively low expenditure at the start of the new year. Because this variation in sales is also accompanied by a shift in the sales mix, profitability in the second half is generally higher than in the first half. There is no significant seasonal pattern in the food retail business.

Pensions

The employee benefits provision was reduced by €1.6 million in the first half in connection with contribution payments. In accordance with the guidelines issued by the regulator, the Nederlandsche Bank, the funding ratio of the company pension fund in mid-2009 is estimated at approximately 105%.

Segmentation of results for the first half of 2009

(x € million)

	Foodservice		Food retail		Total	
	2009	2008	2009	2008	2009	2008
Net sales	723.8	699.5	362.1	378.9	1.085.9	1.078.4
Other operating income	0.2	2.9	0.3	3.0	0.5	5.9
Operating profit	36.7	37.7	(1.1)	3.3	35.6	41.0
as % of sales (EBIT)	5.1	5.4	(0.3)	0.9	3.3	3.8
Operating profit before depreciation and amortisation (EBITDA)	49.9	49.7	10.7	15.0	60.6	64.7
as % of sales	6.9	7.1	3.0	3.9	5.6	6.0
Net capital expenditure[1)]	20.6	25.2	2.0	(5.6)	22.6	19.6
Net capital employed[2)]	406.0	406.4	181.2	198.4	587.2	604.8

1) On property, plant and equipment, intangible assets and assets held for sale.

2) Excluding financial fixed assets.

Other operating income

(x € million)

	2009	2008
Rental income	1.5	1.9
Book profit on sale of assets	(1.0)	1.2
Fair value adjustments	-	0.2
Other	-	2.6
	0.5	**5.9**

Profile

Sligro Food Group N.V. encompasses food retail and foodservice companies selling directly and indirectly to the entire Dutch food and beverages market. The group pursues a multichannel strategy, covering various forms of sale and distribution (cash-and-carry and delivery) and using several different distribution channels (retail and wholesale).

Food retail

The food retail business comprises some 130 full-service supermarkets. The outlets run by the Group operate the EM-TÉ format and those run by independent retailers operate the Golff format. .

Foodservice

The foodservice activities comprise two businesses that work closely together.

- Sligro offers both cash-and-carry and delivery services from 45 large cash-and-carry stores and 10 delivery centres serving bars and restaurants, leisure facilities, volume users, company caterers, fuel retailers, small and medium-sized enterprises and smaller retailers.
- Inversco-Van Hoeckel specialises in large foodservice accounts, such as institutional customers and national bar and restaurant chains.

Sligro Fresh Partners operates the group's in-house production facilities, making specialised convenience products and fish and patisserie items.

We endeavour to keep around 60,000 lines – dry goods, perishables and food-related non-food items – in stock at all times so that our customers can be assured of prompt service. We also provide commercial and business management support, ranging from complete franchise packages to advice on store layouts, training services and inspirational theme days and workshops.

CIV Superunie B.A., which has a market share of around 35% of the Dutch supermarket sector, handles Sligro Food Group's food retail purchases. In view of its size and market position, the group handles its own purchases of foodservice products.

Sligro Food Group companies actively seek to share expertise and utilise the substantial scope for economies of scale. Activities that are primarily client-related take place largely at an individual operating company level, with behind-the-scenes management at a central level. Joint purchasing, combined with direct and detailed margin management, means our gross margins are rising. Operating expenses are kept in check through ongoing, tight cost control and a joint, integral logistics strategy.

Group synergy is further enhanced by joint IT systems, joint management of property and group management development. Staff are encouraged to make the most of their talents and develop their full potential, with inspiration, training and personal development being the key concepts in this respect.

Sligro Food Group strives to be a high-quality company achieving steady, managed growth in all its activities and for all its stakeholders.

Sales in 2008 totalled €2,168 million, while net profit was over €71 million. The group employed an average of 5,600 full-time equivalents in 2008.

Sligro FOOD GROUP N.V.