Press release
2008 results

2008 net profit of €71.3 million for Sligro Food Group

The profit for the year came out at over €71 million, a fall of €3 million or 3.8% compared with 2007 although there was an increase of 10.2% if the non-recurring book profit of over €9 million in 2007 is excluded. As reported on 2 January, sales in 2008 totalled €2,168 million, an increase of 4.9%. Organic growth in sales was 6.4%.

Koen Slippens, Executive Board Chairman, said, "In challenging market conditions, Sligro Food Group was able to achieve an underlying increase in results of 10% while at the same time considerably improving its financial position. We can be happy with that."

Key-figures

	(x € M) 2008	Increase as %
Ebitda	147	8.9
Ebit	99	2.8
Profit after tax	71	(3.8)
Cash flow from operating acivities	103	23.7
Net interest-bearing debt	184	(23.7)

Gross profit was 9.0% higher at €516 million, while the gross margin rose by 0.9% to 23.8% as a result of a change in the mix of business activities and an organic improvement at Foodservice. The change in the mix of the business activities also had an impact on the composition and level of the group's operating expenses, which increased by 0.9% to 19.7% of sales. The effect of the cost saving programmes implemented during 2008 will be seen in full in 2009. Depreciation and amortisation charges increased by over €9 million to more than €48 million as a result of the extensive capital expenditure programme in recent years.

The net effect was to increase operating profit by almost €3 million to nearly €99 million. Other operating income included in the operating profit fell by almost €3 million as lower book profits were made in 2008. Operating profit fell by 0.1% to 4.5% of sales. By contrast, gross operating profit (Ebitda) rose by €12 million to €147 million, representing a percentage increase of 0.3% to 6.8%.

Operating profit at Food retail fell by over €2 million to €2 million. This was more than offset by a rise in the profits of associates resulting from the transfer of the profitable MeerMarkt/Attent sales to Spar. Gross operating profit at Food retail rose by almost €5 million to nearly €26 million and so Food retail is now making a significant contribution to our operating cash flow.

Foodservice saw its operating profit increase by over €7 million to almost €95 million, partly as a result of favourable organic sales performance and improvements in deliveries. Gross operating profit at Foodservice increased by almost €10 million to nearly €120 million.

Net earnings per share were €1.63 compared with €1.72 in 2007, a fall of 5.2%. It is proposed to distribute a dividend of €0.65 for 2008, which is the same as in the previous year. The dividend may be taken in cash or in shares at the shareholder's option, with the stock dividend being roughly equal to the cash alternative.

Net cash flow from operating activities increased by almost €20 million to €103 million as a result of the increase in gross operating profit and improved working capital management. Net cash flow from investing activities fell by more than €45 million to €30 million as the programme of supermarket conversions had been brought to a successful conclusion at the end of 2007 and so considerably less capital expenditure was required. Furthermore, despite the market conditions, property, plant and equipment which was no longer in use was sold for almost €20 million. The funds made available were used to repay some €58 million of interest-bearing debt and for the dividend to shareholders.
At the end of 2008, net interest-bearing debt was €184 million, which is 1.25 times the gross operating profit, and so Sligro Food Group has an extremely solid financial position in these uncertain times.

Prospects

Economic conditions changed abruptly during the autumn of 2008 and so we, like many others, are not clear about precisely what the near future will bring although, in our opinion, the economic climate will continue to be stormy for some time. Fortunately, our sectors of the market are relatively less sensitive as people still have to eat, but the change in conditions will certainly affect our activities to some extent. The foodservice market will be affected slightly more than the food retail market but less than had once been thought. Furthermore, we are assuming that Foodservice, as has been the case for many years, will again perform better than the market in 2009, thanks to the strength of our formats. We have not seen a fall in organic sales in the past twenty years and do not expect one in 2009 although organic growth will be lower than in 2008, partly as a result of a fall in inflation.

We expect to be able to offset the pressure on gross margins that always arises in such market conditions with our strong purchasing position, sales mix improvements and a further increase in the share of private labels in sales. Cost control becomes even more important in difficult market conditions than in the normal state of affairs. The measures taken in this area in 2008 will certainly make a contribution, as will Sligro Food Group's characteristic cost leadership and entrepreneurial culture.

We are drawing up a master plan for structural improvements in the profitability of our food retail activities. The related study into converting the Golff format into an EM-TÉ franchise format is under way. We expect to be able to report on this in March 2009.

Despite challenging market conditions, we look forward to the future with confidence as our foodservice activities are very well positioned and we also expect to benefit gradually from our efforts in Food retail. We do not have sufficient information on current market conditions to make a specific forecast.
We will provide more information on developments in the first quarter of the year in our trading update on 16 April 2009. Our half-year figures will be published on 16 July 2009.

The figures for 2008 will be discussed at our press conference and in a meeting with analysts today. Our presentation can be found on www.sligrofoodgroup.com. The 2008 Annual Report will be published on 3 February 2009.

Veghel, 22 January 2009

On behalf of the Executive Board of Sligro Food Group N.V.
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Encl.:
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Appendix 1

Consolidated profit and loss account for 2008

(x € 1,000)

	2008	*2007*	*2006*
Revenue	**2,167,585**	**2,065,686**	**1,661,175**
Cost of sales	(1,651,526)	(1,592,431)	(1,301,883)
Gross margin	**516,059**	**473,255**	**359,292**
Other operating income	**8,171**	**10,785**	**7,956**
Staff costs	(220,997)	(198,778)	(143,641)
Premises costs	(59,635)	(51,241)	(31,383)
Selling costs	(20,842)	(24,350)	(15,153)
Logistics costs	(62,115)	(61,625)	(48,097)
General administrative expenses	(13,808)	(13,181)	(10,038)
Depreciation of property, plant & equipment	(40,211)	(33,829)	(25,740)
Amortisation of intangible assets	(8,069)	(5,212)	(2,843)
Total operating expenses	**(425,677)**	**(388,216)**	**(276,895)**
Operating profit	**98,553**	**95,824**	**90,353**
Finance income	1,188	976	636
Finance expense	(12,232)	(11,921)	(7,422)
Share in profits of associates	4,838	1,682	868
Transaction result on investment in an associate		9,409	
Profit before tax	**92,347**	**95,970**	**84,435**
Tax	(20,999)	(21,793)	(22,356)
Profit for the year	**71,348**	**74,177**	**62,079**
Attributable to shareholders of the company	**71,348**	**74,177**	**62,079**

Figures per share	***€***	***€***	***€***
Basic earnings per share	1.63	1.72	1.46
Diluted earnings per share	1.63	1.72	1.46
Proposed dividend	0.65	0.65	0.57

Appendix 2

Consolidated cash flow statement for 2008

(x € 1,000)	2008	2007	2006
Receipts from customers	2,350,712	2,235,456	1,806,851
Other operating income	3,590	4,075	3,819
	2,354,302	2,239,531	1,810,670
Payments to suppliers	(1,931,487)	(1,889,084)	(1,517,337)
Payments to employees	(116,829)	(103,887)	(76,330)
Payments to the government	(177,136)	(137,657)	(108,946)
	(2,225,452)	(2,130,628)	(1,702,613)
Net cash generated from operations	128,850	108,903	108,057
Interest received	1,188	976	636
Dividend received from associates	1,014	561	446
Interest paid	(12,411)	(11,348)	(7,550)
Corporation tax paid	(15,817)	(15,995)	(23,084)
Net cash flow from operating activities	**102,824**	**83,097**	**78,505**
Acquisitions/participations	(6,600)	(28,634)	(171,752)
Sale of associates/operations	5,483	27,879	2,760
Capital expenditure on property, plant and equipment/investment property/assets held for sale	(46,901)	(89,825)	(43,787)
Receipts from disposal of property, plant and equipment/investment property/assets held for sale	19,502	15,758	16,136
Capital expenditure on intangible assets	(1,451)	(1,049)	(725)
Loans to associates	(30)	(65)	(50)
Repayments by associates	62	234	468
Receipts from disposal of investment in an associate			61
Net cash flow from investing activities	**(29,935)**	**(75,702)**	**(196,889)**
Share issue		1,777	2,516
Long-term borrowing			125,000
Repayment of long-term debt	(28,151)	(26,129)	(13,440)
Paid to/received from joint venture	(750)	(4,062)	10,000
Dividend paid	(13,855)	(9,730)	(18,091)
Net cash flow from financing activities	**(42,756)**	**(38,144)**	**105,985**
Movement in cash, cash equivalents and short-term bank borrowings	**30,133**	**(30,749)**	**(12,399)**
Balance at start of year	(29,250)	1,499	13,898
Balance at end of year	**883**	**(29,250)**	**1,499**

Appendix 3

Consolidated balance sheet as at 27 December 2008 before profit appropriation

(x € 1,000)

ASSETS	27-12-2008	29-12-2007	30-12-2006
Goodwill	127,547	127,732	134,131
Other intangible assets	48,917	52,983	20,004
Property, plant & equipment	282,988	279,086	214,959
Investment property	25,186	33,183	30,804
Investments in associates	39,582	35,729	4,726
Other financial assets	1,745	2,503	2,688
Total non-current assets	**525,965**	**531,216**	**407,312**
Inventories	199,652	187,016	150,379
Trade and other receivables	119,486	105,607	82,940
Other current assets	4,777	9,969	58,584
Assets held for sale	1,847	7,467	6,705
Cash and cash equivalents	23,426	16,698	13,346
Total current assets	**349,188**	**326,757**	**311,954**
Total Assets	**875,153**	**857,973**	**719,266**

EQUITY AND LIABILITIES	27-12-2008	29-12-2007	30-12-2006
Paid-up and called capital	2,622	2,587	2,545
Reserves	423,393	372,188	310,292
Total Shareholders' equity attributable to shareholders of the company	**426,015**	**374,775**	**312,837**
Deferred tax liabilities	19,834	16,808	12,473
Employee benefits	14,032	11,285	5,899
Other provisions	213	851	1,159
Bank borrowings	153,905	183,700	212,141
Total long-term liabilities	**187,984**	**212,644**	**231,672**
Current portion of long-term debt	30,652	28,452	28,714
Short-term bank borrowings	22,543	45,948	11,847
Trade and other payables	128,743	114,461	81,048
Corporation tax	3,516	3,501	3,505
Other taxes and social security contributions	27,847	27,285	14,146
Other liabilities, accruals and deferred income	47,853	50,907	35,497
Total current liabilities	**261,154**	**270,554**	**174,757**
Total Equity and Liabilities	**875,153**	**857,973**	**719,266**

Appendix 4

Consolidated statement of movements in shareholders' equity for 2008 before profit appropriation

(x € 1,000)

	Paid-up and called capital	Share premium	Other reserves	Revalua-tion reserve	Hedging-reserve	Profit before appro-priation	Total
Balance as at 30-12-2006	**2,545**	**29,439**	**213,684**	**5,276**	**(186)**	**62,079**	**312,837**
Profit appropriation			62,079			(62,079)	0
Exercise of share options	10	1,767					1,777
Stock dividend	32	(32)					0
Dividend paid			(9,730)				(9,730)
Property investments			(660)	660			0
Profit after tax			(6,413)		2,127	74,177	69,891
Balance as at 29-12-2007	**2,587**	**31,174**	**258,960**	**5,936**	**1,941**	**74,177**	**374,775**
Profit appropriation			74,177			(74,177)	0
Stock dividend	35	(35)					0
Dividend paid			(13,855)				(13,855)
Property investments			877	(877)			0
Profit after tax			(5,430)		(823)	71,348	65,095
Balance as at 27-12-2008	**2,622**	**31,139**	**314,729**	**5,059**	**1,118**	**71,348**	**426,015**

Consolidated statement of recognised income and expense for 2008

(x € 1,000)

	2008	2007
Movement in cash-flow hedge of long-term loan	(823)	2,127
Actuarial results of defined-benefit plans	(5,430)	(6,413)
Income and expense recognised directly in shareholders' equity	(6,253)	(4,286)
Profit for the year	71,348	74,177
Total recognised income and expense for the year	**65,095**	**69,891**
Attributable to shareholders of the company	**65,095**	**69,891**

Appendix 5

Segmented analysis of results

(x € million)

	Foodservice		Foodretail		Retail property		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Net sales	1,443.9	1,351.0	723.7	714.7			2,167.6	2,065.7
Other operating income	3.2	3.9	2.7	2.7	2.3	4.2	8.2	10.8
Ebitda	119.5	110.0	25.8	21.0	1.6	3.8	146.8	134.8
Ebit	94.8	87.4	2.2	4.6	1.6	3.8	98.6	95.8
Ebitda as % of net sales	8.3	8.1	3.6	2.9			6.8	6.5
Ebit as % of net sales	6.6	6.5	0.3	0.6			4.5	4.6
Capital employed (at year-end)	427.6	398.1	191.0	213.3	25.2	33.2	643.8	644.6
Ebit as % of average capital employed	23.0	22.4	1.1	2.3	5.1	11.9	15.3	15.4
Net capital expenditure[1)]	39.4	44.0	(1.5)	37.4	(7.9)	1.3	30.0	82.7
Depreciation and amortisation	24.7	22.6	23.6	16.4			48.3	39.0

1) In tangible and intangible assets, on transaction basis.

Supermarket information[1)]

	Number of stores at year-end		Retail space at year-end (x 1,000 m²)		Consumer sales (x € million)		Like-for-like sales index	
	2008	2007	2008	2007	2008	2007	2008	2007
EM-TÉ	84	80	96	92	540	390	104	99
Golff	55	67	46	56	282	286	104	101
Total	139	147	142	148	822	676	104	100

1) Excluding MeerMarkt- and Attent-formats and including VAT.

Profile

Sligro Food Group N.V. encompasses food retail and food-service companies selling directly and indirectly to the entire Dutch food and beverages market. The group pursues a multi-channel 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 activities comprise around 140 full-service supermarkets, of which over 80 are operated by the group itself under the EM-TÉ format and almost 60 are operated by independent food retailers under the Golff format.

Foodservice

The foodservice activities comprise two businesses that work closely together.

Sligro offers both cash-and-carry and delivery services from 44 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.