



Sligro Food Group N.V.

# Annual figures 2017

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Amsterdam, 25 January 2018

## Programme

Welcome	Koen Slippens
Annual figures 2017	Rob van der Sluijs
Food Retail	Koen Slippens
Foodservice	Koen Slippens
Outlook for 2018	Koen Slippens

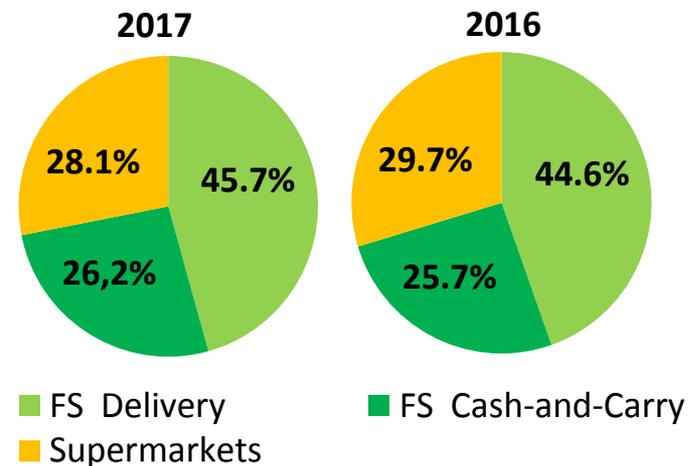
# Net sales



Sligro Food Group N.V.

amounts *€ million*	2017	2016	2017	2016
<b>Net sales</b>	<b>2,970</b>	<b>2,813</b>	<b>100.0%</b>	<b>100.0%</b>
Gross margin	695	645	23.4%	22.9%
Other operating income	19	4	0.7%	0.1%
Expenses	-540	-493	-18.2%	-17.4%
<b>EBITDA</b>	<b>174</b>	<b>156</b>	<b>5.9%</b>	<b>5.6%</b>
Impairments	-2	-2	-0.1%	-0.1%
Depreciation	-49	-42	-1.6%	-1.5%
<b>EBITA</b>	<b>123</b>	<b>112</b>	<b>4.2%</b>	<b>4.0%</b>
Amortisation	-26	-25	-0.9%	-0.9%
<b>EBIT</b>	<b>97</b>	<b>87</b>	<b>3.3%</b>	<b>3.1%</b>
Interest	4	4	0.1%	0.1%
<b>Profit before tax</b>	<b>101</b>	<b>91</b>	<b>3.4%</b>	<b>3.2%</b>
Taxes	-20	-18	-0.7%	-0.6%
<b>Profit for the year</b>	<b>81</b>	<b>73</b>	<b>2.7%</b>	<b>2.6%</b>

2017	SFG	FS	FR
Net sales	+ 5.6%	+ 7.9%	+ 0.1%
Organic growth	+ 2.1%	+ 3.0%	+ 0.1%



# Net Sales: Geographical segmentation



Sligro Food Group N.V.

amounts \* € million

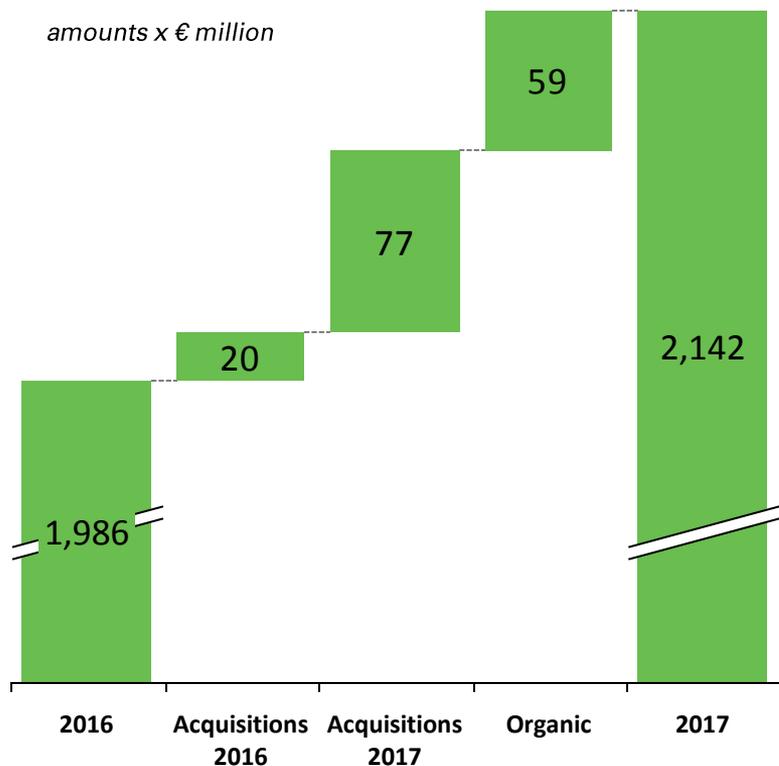
<b>Net sales</b>	<b>Foodservice</b>		<b>Food retail</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
The Netherlands	1,912	1,841	828	827	2,740	2,668
Belgium from the Netherlands <sup>1</sup>	41	39	-	-	41	39
Belgium from Belgium	189	106	-	-	189	106
<b>Total</b>	<b>2,142</b>	<b>1,986</b>	<b>828</b>	<b>827</b>	<b>2,970</b>	<b>2,813</b>

1) This relates on the one hand to delivery sales from the Dutch delivery centres to Belgian customers. On the other hand, these are Belgian customers from the border area who shop at the Dutch cash-and-carry wholesaler outlets.

# Net sales Foodservice



Sligro Food Group N.V.



2017	FS
Net sales	+ 7.9%
Organic growth	+ 3.0%

- Again outperformed Dutch market, with a further increase in market share to 24.4% (FSIN)
- Outperformed Belgian market, with our market share rising to 3.4% (Foodservice Alliance)
- Strong growth in Delivery service
- Cash-and-carry in the Netherlands experiencing pressure on sales in line with the market
- Inflow of acquisitions €97 million

# Net sales Foodservice



Sligro Food Group N.V.

amounts *€ million	Q1	Q2	Q3	Q4	Total
<b>Reported sales</b>	<b>466</b>	<b>553</b>	<b>531</b>	<b>592</b>	<b>2,142</b>
as a % of previous year	8.6%	8.0%	4.3%	10.4%	7.9%
Shift in Easter	5	-5	-	-	-
Trend in consignments	-8	-	5	5	2
Acquisitions	-20	-15	-19	-43	-97
<b>Adjusted organic underlying</b>	<b>443</b>	<b>533</b>	<b>517</b>	<b>554</b>	<b>2,047</b>
as a % of previous year	3.3%	4.1%	1.6%	3.4%	3.1%
<b>Adjusted organic, incl. consignments</b>	<b>451</b>	<b>533</b>	<b>512</b>	<b>549</b>	<b>2,045</b>
as a % of previous year	5.1%	4.1%	0.6%	2.4%	3.0%

- Net sales rose €157 million compared with 2016 (+7.9%)
- Organic development + €59 million (+3.0%)

Quarterly comparison less transparent:

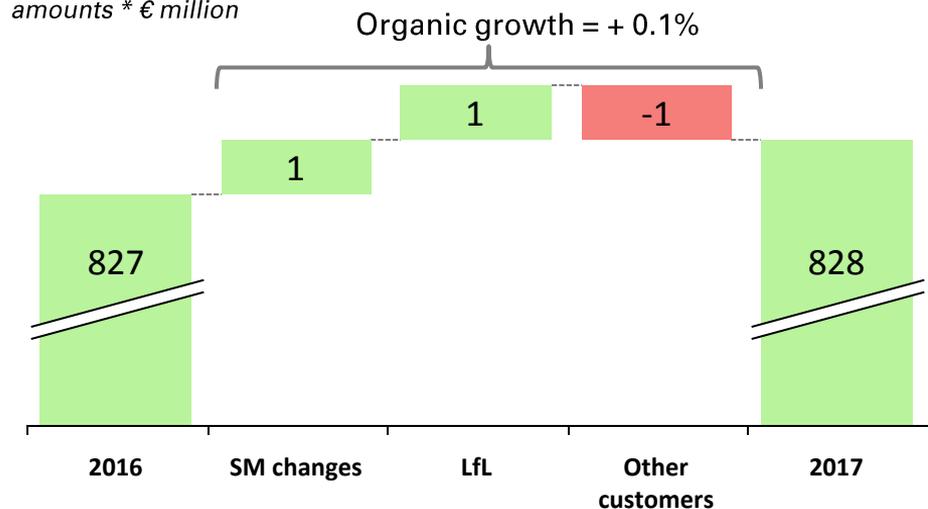
- Inflow of acquisitions during the year
- Easter shifts from Q1 to Q2
- Consignment sales (export) increased in H1 by €8 million and decreased in H2 by €10 million

# Net sales Food Retail



Sligro Food Group N.V.

amounts \* € million



2017	FR
Net sales	+ 0.1%
Organic growth	+ 0.1%

- EMTÉ failed to keep pace with national market
- Regional market position remained virtually unchanged
- 4 stores added in 2016, 3 stores closed in 2017
- Year-end 2017: 27 EMTÉ 3.0 outlets
  - 26 own stores
  - 1 franchise

LfL	Nielsen	IRI	Ave.	LFL	Δ
Q1	2.3%	2.5%	2.4%	-1.2%	-3.6%
Q2	4.3%	5.0%	4.7%	0.6%	-4.1%
Q3	2.6%	2.9%	2.8%	-0.6%	-3.4%
Q4	4.2%	4.6%	4.4%	1.9%	-2.5%
Year	3.4%	3.8%	3.6%	0.2%	-3.4%

# Gross margin



Sligro Food Group N.V.

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<b>Net sales</b>	<b>2,970</b>	<b>2,813</b>	<b>100.0%</b>	<b>100.0%</b>
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<b>Profit for the year</b>	<b>81</b>	<b>73</b>	<b>2.7%</b>	<b>2.6%</b>

- SFG gross margin percentage 0.5% higher than 2016
- Active price and promotions management delivered a positive margin boost at FR and FS
  - Different mix of promotions and promotional mechanisms used
- Data as driver behind more effective/relevant promotions in collaboration with suppliers

# Other operating income

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- Reduction of EMTÉ store property portfolio continued and resulted in book profits of €7 million (2016: € 2 million)
- Sale of beer&cider deliveries turnover in Foodservice delivery to HEINEKEN generates book profit of €9 million

# Expenses 1/2



Sligro Food Group N.V.

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- Total of costs, impairment, depreciation and amortisation up 0.9% to 20.8%
- Costs increased as a result of:
  - Wage costs (strengthening of central organisation, EMTÉ 3.0 format)
  - Depreciation costs (conversion)
  - Non-recurring consultancy costs (acquisitions, start-up costs Sligro Belgium)

# Expenses 2/2



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- Foodservice:
  - Acquisition and integration costs
  - Start-up costs in Belgium
  - Economies of scale not adequately converted into cost savings
- Food Retail:
  - Additional wage costs 3.0 and strengthening of FR organisation
  - Impairment as a result of writing off assets on conversion

# EBITA



Sligro Food Group N.V.

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- EBITA Foodservice increased by €12 million:
  - Positive contribution of acquisitions
  - Non-recurring book profit of €9 million from sale of beer&cider Delivery turnover to HEINEKEN
  - Still insufficient cost efficiency from economies of scale
- EBITA Food Retail decreased by €1 million
  - Result under pressure owing to insufficient sales growth and higher costs
  - Book profits from disposal of retail property

# Analysis of operational performance



Sligro Food Group N.V.

	Foodservice		Food retail		Total	
amounts *€ million	2017	2016	2017	2016	2017	2016
EBITDA reported	148	131	26	25	174	156
Depreciation and impairments	-37	-32	-14	-12	-51	-44
Amortisation of software	-8	-8	-	-	-8	-8
Amortisation of other intangible assets (excl. acquisition)	-6	-5	-	-	-6	-5
<b>EBIT before amortisation of intangible assets from acquisition</b>	<b>97</b>	<b>86</b>	<b>12</b>	<b>13</b>	<b>109</b>	<b>99</b>
Book profits	-9	-	-7	-2	-16	-2
Impairments	-	-	2	2	2	2
Advisory costs of acquisitions	4	1	-	-	4	1
Start-up costs Belgium	2	1	-	-	2	1
<b>subtotal non-recurring expenses</b>	<b>-3</b>	<b>2</b>	<b>-5</b>	<b>-</b>	<b>-8</b>	<b>2</b>
<b>Underlying operating profit</b>	<b>94</b>	<b>88</b>	<b>7</b>	<b>13</b>	<b>101</b>	<b>101</b>

'operational performance' of Foodservice increased by €6 million

'operational performance' of Food Retail decreased by €6 million

# Depreciation, amortisation, interest & tax



Sligro Food Group N.V.

amounts *€ million*	2017	2016
<b>Depreciation / Impairments</b>		
Impairments	-2	-2
Depreciation	-49	-42
	-51	-44
amounts *€ million	2017	2016
<b>Amortisation</b>		
Software	-8	-8
Customer contracts	-6	-5
Customers / store locations from acquisitions	-12	-12
	-26	-25
amounts *€ million	2017	2016
<b>Interest</b>		
Share in results of associates	9	8
Net financing expense	-5	-4
	4	4
amounts *€ million	2017	2016
<b>Tax</b>		
Profit tax	-20	-18

- Impairment does relate to not reused assets following conversion to EMTÉ 3.0
- Depreciation increase as a result of conversion of Sligro and EMTÉ to 3.0
- Amortisation increase from acquisitions in 2016/2017 at Foodservice, decrease at Food Retail as a result of the EDAH run-off
- Another strong performance from associates
- In 2017, the innovation box was discontinued (€3 million), offset by release of DTL Belgium

# Net profit



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- Net profit €81 million (+ 9.9%)
- Excluding non-recurring book profit on sale of beer&cider, net profit of €74 million (+0.6%)
- Proposed dividend: €1.40 per share

	2017	2016
Profit for the year (€ million)	81	73
Earnings per share (€)	1.83	1.67
Proposed dividend (€)	1.40	1.30
of which regular (€)	1.10	1.00
of which variable (€)	0.30	0.30

# Results by segment



Sligro Food Group N.V.

amounts *€ million*	Foodservice		Food retail	
	2017	2016	2017	2016
Revenue	2,142	1,986	828	827
Other operating income	9	-	10	4
EBITDA	148	131	26	25
EBITA	111	99	12	13
EBIT	91	82	6	5
EBITDA as % of revenue	6.9%	6.6%	3.2%	3.0%
EBITA as % of revenue	5.2%	5.0%	1.4%	1.5%
EBIT as % of revenue	4.3%	4.1%	0.7%	0.6%
Net capital expenditure	63	59	11	21
Depreciation and amortisation software	-44	-40	-15	-12
Net capital employed (year-end)	676	563	103	105
EBITDA as % of average CE	23.8%	25.1%	25.1%	21.3%
EBITA as % of average CE	18.1%	18.9%	11.1%	10.9%
EBIT as % of average CE	14.7%	15.6%	5.9%	4.1%

## Foodservice

- Outperformed markets in NL and BE
- Gross profit margin increased owing to active pricing and promotions policy
- Non-recurring costs of acquisition and integration and start-up BE and not enough cost reductions from economies of scale

## Food Retail

- Like-for-Like below the market
- Gross profit margin increased owing to active pricing and promotions policy
- 3.0 room for improvement operationally



Sligro Food Group N.V.

# Cash flow statement

amounts *€ million *	2017	2016
Net cash generated from operations	195	181
Net finance income	2	1
Corporate income tax paid	-25	-29
<b>From operating activities</b>	<b>172</b>	<b>153</b>
Acquisitions / divestments	-127	-49
Disposal of operating activities	11	
Investments in associates	-1	-1
Net capital expenditure	-73	-80
<b>From investing activities</b>	<b>-190</b>	<b>-130</b>
Changes in debt	43	29
Dividend paid / change in own shares	-57	-54
<b>From financing activities</b>	<b>-14</b>	<b>-25</b>
Movement in cash and short-term bank borrowings	-32	-2
Balance at start of year	92	94
<b>Balance year-end</b>	<b>60</b>	<b>92</b>
<b>Free cash flow</b>	<b>98</b>	<b>72</b>

- Free cash flow significantly improved
- Working capital fallen to four days of sales as a result of SCF programme and inventories reduction
- Acquisitions of ISPC, Tinteligen and HEINEKEN Wholesale
- Disposal of operating activities includes book profit on sale of beer&cider in Delivery
- Dividend relates to final 2016 dividend (€0.85 per share) and interim 2017 dividend (€0.50 per share)

amounts *€ million	2017	2016
<b>Cash flow from changes in working capital</b>		
Inventories	-7	18
Debtors and other current assets	32	15
Current liabilities / other	-63	-59
<b>Total working capital</b>	<b>-38</b>	<b>-26</b>

# Segmented cash flow



Sligro Food Group N.V.

amounts *€ million *	Foodservice		Food retail	
	2017	2016	2017	2016
EBIT	91	82	6	5
Depreciation and amortisation of software	45	40	14	12
Amortisation of other intangible assets	12	9	6	8
Other operating income in CAPEX	-9	-	-8	-1
Changes in working capital and other changes	38	-2	-	28
Financial income and expense	-	-	2	1
Corporate income tax paid	-24	-28	-1	-1
<b>From operating activities</b>	<b>153</b>	<b>101</b>	<b>19</b>	<b>52</b>
Net capital expenditure	-63	-59	-11	-21
<b>Free cash flow</b>	<b>90</b>	<b>42</b>	<b>8</b>	<b>30</b>

## Foodservice

- Increase in result
- Investments: conversion of 3.0 and online
- WC improvement from SCF and inventories

## Food Retail

- Decline in result
- Investments increasing as a result of conversion to EMTÉ 3.0
- NCE declines due to disposal of retail property

# Food Retail

- Market trends
- Sligro Food Group's Food Retail business
- Plans for 2018 and beyond

# Market trends in Food Retail in 2017

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- Food Retail grew in 2017 by 3.6% \*
- Economic recovery continues and is reflected in the sales trend
- Inflation/price according to Statistics Netherlands (CBS) approximately 2%, which means volume growth as well
- Consumer still responsive to promotions and is looking for 'Convenience'
- Online activities of established and new players continue to grow
- More food in non-food retail, also dilution between Food Retail and Foodservice
- Increased attention to City-store concepts
- Increase in sales area and migration of stores to outside existing shopping areas

\* Average of IRI and Nielsen figures

# Food Retail market share in 2017



Sligro Food Group N.V.

in %

Food retail market players <sup>1</sup>	2017	2016	2015	2014
Albert Heijn	35.3	35.3	35.0	34.1
Jumbo	18.5	18.4	17.5	14.0
C1000 <sup>2</sup>	-	-	1.0	5.8
Plus <sup>3</sup>	6.4	6.2	6.2	5.9
Aldi / Lidl	16.5	16.6	16.6	16.4
Sligro Food Group <sup>3</sup>	2.5	2.6	2.7	2.7
Other <sup>4</sup>	20.8	20.9	21.0	21.1
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

1) Source: Sales figures from the companies themselves and market definition according to Nielsen and IRI

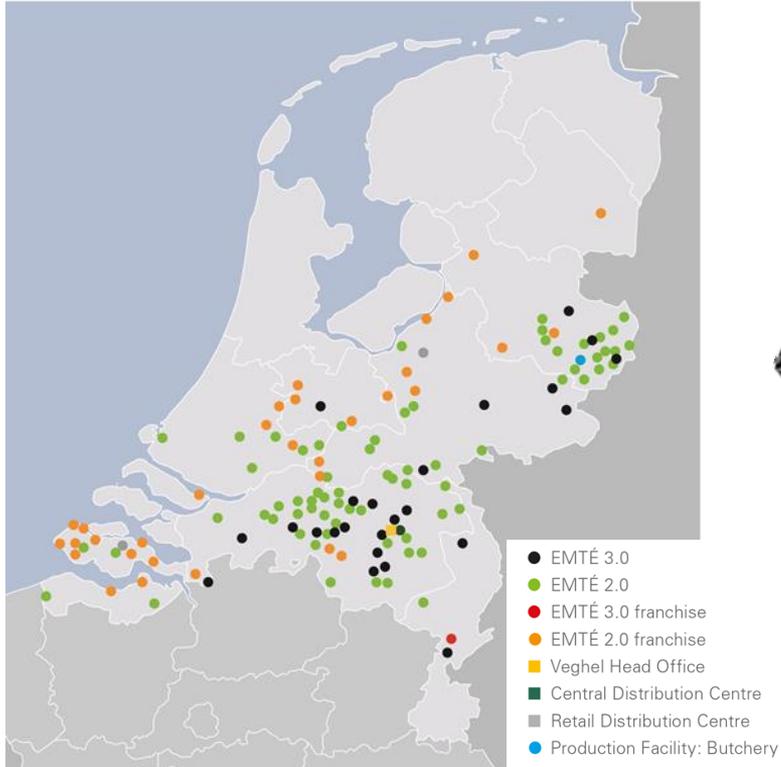
2) Taken over by Jumbo in 2012

3) Member of the Superunie purchase cooperative. Superunie members have a market share of approximately 30%

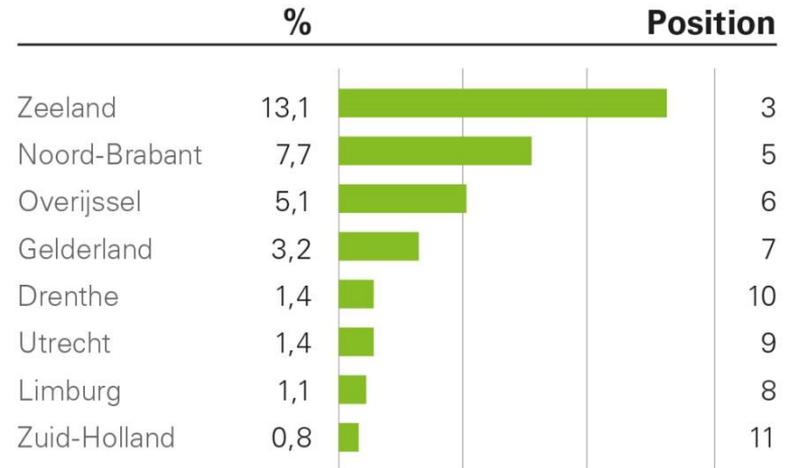
4) Almost all in the 'Other' category are members of Superunie

# Robust & stable regional market position for EMTÉ

## EMTÉ's market share by province



## Regional Market Share



Source: IRI

2017	LFL total	LFL 2.0	LFL 3.0 excl. conversion	Av. IRI/Nielsen
Q1	-1.2%	-0.8%	-0.3%	2.4%
Q2	0.6%	0.6%	2.9%	4.7%
Q3	-0.6%	-1.2%	3.0%	2.8%
Q4	1.9%	1.7%	2.6%	4.4%
<b>Total</b>	<b>0.2%</b>	<b>0.0%</b>	<b>2.3%</b>	<b>3.6%</b>

- EMTÉ (both 2.0 and 3.0), despite high customer rating, failed to keep pace with national market growth
- Franchise operations performing relatively well in comparison with own stores
- 3.0 scoring better, but not yet at the target level

# Customer rating: Net Promoter Score

2017

+46



Promoters  
**51%**

Passive  
**44%**

Detractors  
**5%**

2016

+43

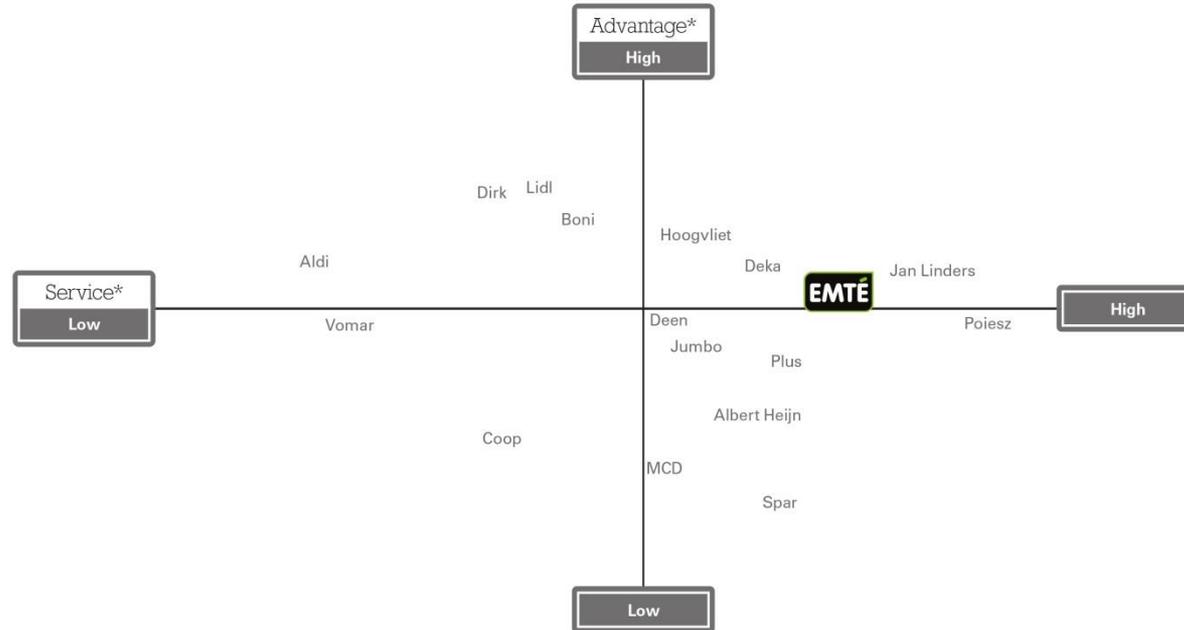


Promoters  
**48%**

Passive  
**47%**

Detractors  
**5%**

# Customer rating: Supermarket report GfK



\* Dimensions of axes on positioning matrix made up of GfK measurement aspects::

- Advantage consists of two aspects: Low prices and offers
- Service consists of six aspects: Inventories, quality, wide range, employees, store convenience and store image

# Overall ranking #4 in GfK Supermarket report 2017



Sligro Food Group N.V.

Overall		Versafdelingen		Aanbiedingen		Personeel		Winkelgemak	
Waardering									
1. Poiesz	7.82	1. EMTÉ	7.95	1. Nettorama	7.87	1. Spar	8.28	1. Poiesz	8.02
2. Nettorama	7.81	2. Poiesz	7.84	2. EMTÉ	7.84	2. Poiesz	8.10	2. Spar	8.01
3. Jan Linders	7.81	3. Nettorama	7.82	3. Jan Linders	7.84	3. EMTÉ	8.06	3. Jan Linders	7.92
4. EMTÉ	7.78	4. Jan Linders	7.79	4. Poiesz	7.83	4. MCD	8.00	4. EMTÉ	7.86
5. Dekamarkt	7.72	5. Lidl	7.74	5. Hoogvliet	7.76	5. Jan Linders	7.96	5. Hoogvliet	7.83
6. Hoogvliet	7.70	6. PLUS	7.67	6. Dekamarkt	7.73	6. PLUS	7.95	6. PLUS	7.83
7. Lidl	7.68	7. Deen	7.66	7. Dirk	7.72	7. Deen	7.88	7. Albert Heijn	7.79
8. PLUS	7.66	8. Jumbo	7.66	8. Boni	7.71	8. Dekamarkt	7.88	8. Jumbo	7.79
9. Jumbo	7.63	9. Albert Heijn	7.66	9. Albert Heijn	7.67	9. Jumbo	7.78	9. Dekamarkt	7.79
		10. Dekamarkt	7.63	10. Deen	7.66	10. Boni	7.77	10. MCD	7.75
		11. Hoogvliet	7.58	11. PLUS	7.66	11. Albert Heijn	7.76	11. Boni	7.71
		12. MCD	7.51	12. Lidl	7.65	12. Nettorama	7.74	12. Deen	7.64
		13. Spar	7.48	13. Vomar	7.47	13. Hoogvliet	7.73	13. Nettorama	7.62
		14. Boni	7.41	14. Spar	7.45	14. Coop	7.71	14. Lidl	7.61
		15. Coop	7.37	15. MCD	7.43	15. Dirk	7.53	15. Coop	7.61
		16. Dirk	7.36	16. Jumbo	7.42	16. Aldi	7.48	16. Dirk	7.55
		17. Vomar	7.34	17. Coop	7.41	17. Lidl	7.47	17. Vomar	7.51
		18. Aldi	7.13	18. Aldi	7.30	18. Vomar	7.40	18. Aldi	7.45
		Gemiddelde supermarkten	7.61	Gemiddelde supermarkten	7.61	Gemiddelde supermarkten	7.72	Gemiddelde supermarkten	7.73
Kwaliteit		Breedte assortiment		Voorraad		Winkeluitstraling		Lage prijzen	
1. Jan Linders	8.04	1. Jan Linders	7.92	1. Nettorama	7.98	1. Poiesz	8.00	1. Nettorama	8.07
2. Poiesz	8.03	2. Albert Heijn	7.91	2. Poiesz	7.96	2. Spar	7.87	2. Lidl	7.85
3. Nettorama	8.02	3. Poiesz	7.81	3. Jan Linders	7.88	3. PLUS	7.83	3. Aldi	7.80
4. EMTÉ	7.94	4. EMTÉ	7.80	4. Dekamarkt	7.82	4. Jan Linders	7.82	4. Dirk	7.76
5. Lidl	7.92	5. Jumbo	7.80	5. EMTÉ	7.77	5. EMTÉ	7.76	5. Boni	7.60
6. Albert Heijn	7.91	6. Hoogvliet	7.79	6. Albert Heijn	7.75	6. Dekamarkt	7.70	6. Hoogvliet	7.49
7. Dekamarkt	7.88	7. PLUS	7.76	7. Lidl	7.73	7. Albert Heijn	7.63	7. Dekamarkt	7.30
8. Hoogvliet	7.87	8. Dekamarkt	7.73	8. PLUS	7.67	8. Jumbo	7.62	8. Vomar	7.27
9. PLUS	7.87	9. Deen	7.66	9. Dirk	7.66	9. Deen	7.59	9. Jumbo	7.16
10. Spar	7.87	10. Nettorama	7.63	10. Hoogvliet	7.66	10. MCD	7.56	10. Jan Linders	7.16
11. Boni	7.83	11. Lidl	7.61	11. Jumbo	7.66	11. Hoogvliet	7.55	11. Deen	7.08
12. Deen	7.83	12. MCD	7.60	12. MCD	7.65	12. Coop	7.47	12. EMTÉ	7.05
13. Jumbo	7.80	13. Boni	7.60	13. Boni	7.30	13. Dirk	7.30	13. Poiesz	6.91
14. Dirk	7.76	14. Dirk	7.57	14. Deen	7.60	14. Lidl	7.29	14. PLUS	6.84
15. Aldi	7.72	15. Coop	7.43	15. Spar	7.57	15. Boni	7.29	15. Coop	6.66
16. MCD	7.71	16. Aldi	7.40	16. Aldi	7.54	16. Vomar	7.26	16. Albert Heijn	6.53
17. Coop	7.71	17. Vomar	7.36	17. Coop	7.52	17. Nettorama	7.18	17. MCD	6.45
18. Vomar	7.60	18. Spar	7.30	18. Vomar	7.52	18. Aldi	6.87	18. Spar	6.23
		Gemiddelde supermarkten	7.75	Gemiddelde supermarkten	7.70	Gemiddelde supermarkten	7.52	Gemiddelde supermarkten	7.08

# Food Retail contribution to Sligro Food Group sales



Sligro Food Group N.V.

- Organic sales growth +0.1%, identical consumer sales + 0.2%
- EMTÉ not able to keep pace with the market
- 12 stores in 3.0 format added in 2017 (year-end 2017: 27)
- Conversion to 3.0 put on hold (4x conversions in H2)
- Concentration on improving profitability and optimising the format
- Campaigns are bearing fruit and this approach will be continued in 2018
- Despite sales performance not yet meeting expectations, universal customer satisfaction
  - 1st place for most customer-friendly supermarket (SAMR)
  - Awarded best Butchery department for the 8th time (GfK)
  - Awarded best Cheese department for the fourth time (GfK)
  - 1st place in 'Promo Compliance Award 2017' by Smartspotter



# Food Retail at SFG, Evaluation of future 1/2

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## Q2-2017:

- Evaluation of business case EMTÉ 3.0 and future of Food Retail at SFG
- Possible to achieve business case, but will take longer
- Use second half of the year to investigate various alternative strategies for the future, continuing on our own no longer appears to be best option

## H2-2017:

- Investigation into and comparison of different strategic alternatives (continue, partnership, sell) by comprehensive market exploration with domestic and foreign players
- Partnership has added value, but implementation in practice is complex
- Lots of interest in acquisition from market players, but still need to see extent to which loss of synergy (€15 - €20 million per annum) can be offset

## Food Retail at SFG, Evaluation of future 2/2

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### **Ultimo December 2017:**

- All alternatives considered and evaluated
- Start of formal process to agree a partnership or sale transaction in 2018
- Food Retail activity qualifies under IFRS as a 'discontinued operation' and is recognised as such in the financial statements

### **2018:**

- Finalise formal process and complete transaction
- Continue balancing all the interests of all the stakeholders to reach a well-considered solution
- Care will take priority over speed

# Plans for 2018 and beyond

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## **Strategic:**

- Finalise partnership or sale transaction for our Food Retail activities

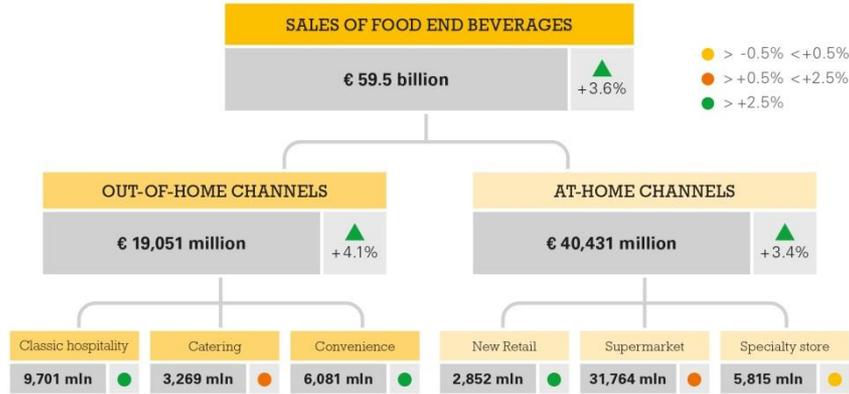
## **Operational:**

- Conversion to 3.0 format for relocations or necessary renovations (no conversions in Q1 2018 based on the current planning)
- Concentrate on improving profitability and optimisation of the operation of the 2.0 and the 3.0 generation

# Foodservice

- Market trends
- Sligro Food Group's Foodservice business
- Plans for 2018 and beyond

# Market trends in Foodservice NL 2017



Source: FSIN Beleidsmonitor 2018 / 2019

- Market size NL consumer value €19.1 billion, growth of 4.1% (FSIN)
  - Growth outstripped inflation
  - Volume growth again
- Market size NL wholesale value €6.9 billion, growth of 2.9% (FSIN)
- Growth in all segments, including healthcare (part of catering), which is growing after years of contraction
- Classical hospitality continues strong growth of previous year

# Foodservice the Netherlands market share



Sligro Food Group N.V.

Foodservice Netherlands market share  
in %

## Foodservice market players <sup>1</sup>

	2017	2016	2015
Sligro Food Group	24.4	24.0	23.6
Lekkerland	13.3	13.2	13.1
Bidfood	10.8	10.8	11.1
Hanos	7.8	7.6	7.5
Makro	5.5	5.9	6.3
Total for various beverage wholesalers	13.1	13.3	13.4
Other Maxxam (VHC, Horesca, Topclass Groep)	6.1	6.1	6.0
Supertrade (Digross, Interkring, De Kweker, Huuskens)	4.7	4.7	5.1
Other	14.3	14.4	13.9
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

1) Source: Foodservice Beleidsmonitor 2018.



# Market trends in Foodservice BE 2017



Source: Jaarmonitor Foodservice Channel Insights 2017, Foodservice Alliance  
 1) Compared with 2016

- Market size BE consumer value €20.2 billion<sup>1)</sup> (FS Alliance)
- Market size BE wholesale value €7.1 billion, growth of 2.4% (FS Alliance)
- Market definitions for the Netherlands and Belgium differ
- Opportunities for SFG:
  - Fragmented Foodservice market offers options for consolidation
  - Introduction of 'witte kassa' (a regulated cash register system to combat fraud)

1) Figures the same as 2016, no update available

# Foodservice Belgium market share

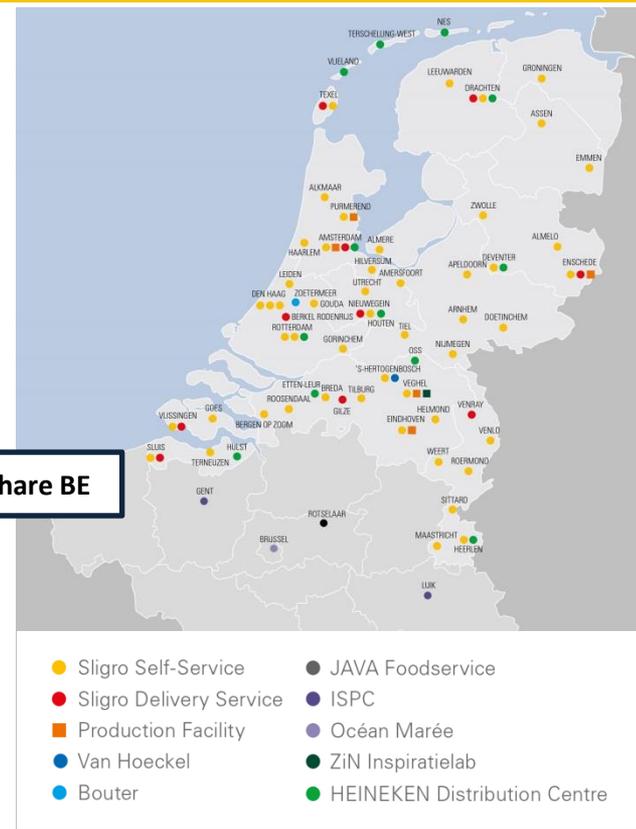


Sligro Food Group N.V.

Foodservice Belgium market share  
in %

## Foodservice market players <sup>1</sup>

	2017
Bidfood	5.4
Metro <sup>2</sup>	4.6
Sligro Food Group	3.4
Other top ten wholesalers	9.4
Subtop 40 wholesalers	11.0
Final 110 groothandels	1.4
Supermarket and fresh food specialists	64.8
	<b>100.0</b>



1) Source: Foodservice Alliance, Nationaal Foodservice Grossiersrapport 21-09-2017

2) The Metro figures relate to the Metro format only. Given that the Metro format is based in Belgium for consumers, it no longer counts towards the market definition.

- Our overall growth in the FS NL market (organic + acquisitions) is +3.9%
- Our overall growth in the BE FS market (organic + acquisitions) is + 59.0%
- Outperformed the market in the Netherlands and Belgium and gained market share
  
- Acquisitions in 2016 added €20 million to FS sales
  - JAVA (€19 million) 2 months
  - De Kweker (€1 million) 2 months
  
- Acquisitions in 2017 added €77 million to FS sales
  - ISPC (€59 million) 7 months
  - Tinteligen (€3 million) 6 months
  - HEINEKEN (€15 million) 1 month

# FS developments Sligro Food Group NL



- Sligro 3.0 format performing well, C&C sales as a whole under pressure in line with the market
  - 17 outlets converted to 3.0 format (+5 outlets in 2017)
- We have consciously been reducing infant food and beer consignments (particularly for export purposes) since H2-2017. Annually, impact is limited, but still major shift throughout the year
- Not able to adequately translate sales increase in the Netherlands into efficiency/cost improvements
- Integration of Tinteligen completed
- Bouter from two sites to one in Zoetermeer
- 5 C&C outlets converted to 3.0 format
- Integration of HEINEKEN just started

# ZiN and Sligro Online order platform



Sligro Food Group N.V.

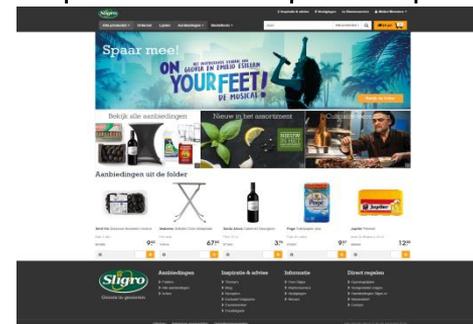
## ZiN inspiration centre in 2017

- 3,000 m<sup>2</sup> unique, inspiring inspiration lab
- 1 full year of operation
- 43% of our customers aware of ZiN
- > 15,000 visitors from food sector
- > 1,000 food professionals trained
- 58 business partners registered



## Sligro Online order platform in 2017

- November 2016 v1 live; operational for 1 year
- 79% of our delivery customers have already switched
- Q4 2017 start of transition to nationally operating large customers
- Customers are positive:
  - Quality of search function
  - Simple navigation
  - Images displayed
- Area for improvement is speed of platform

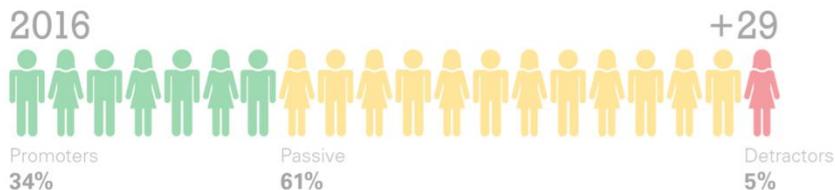
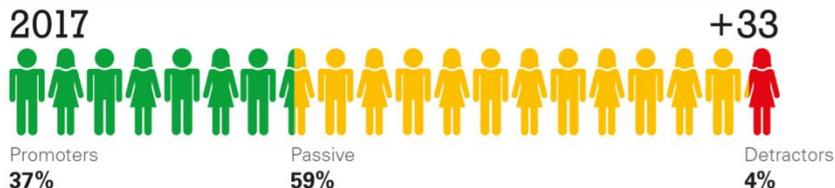


# Sligro Food Group Foodservice

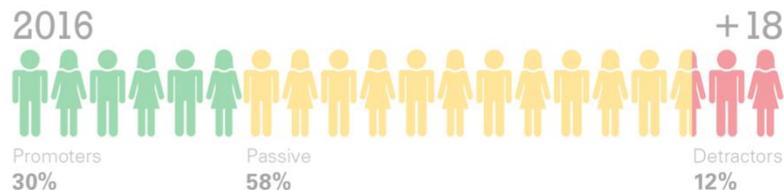
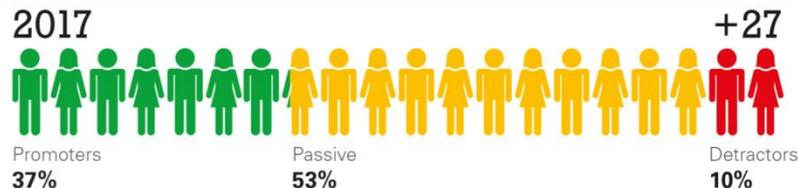


Sligro Food Group N.V.

## Sligro Cash & Carry



## Sligro Delivery



- Net Promotor Score positive for C&C and Delivery
- The operational performance of our delivery service is highly rated
- Our customers value developments in the 3.0 format, physically in the C&C and online
- Like us, our customers still have criticisms of the speed and stability of our online platform

## Sligro 3.0 rollout continues

- **2017 conversion to 3.0 style:**
  - Purmerend (new site type III) [May]
  - Tiel (type I) [August]
  - Almelo (type III) [September]
  - Venlo (type III) [November]
  - Goes (type I) [November]
- **2018 Planned conversion to 3.0 style**
  - Breda (type III) [Q2]
  - Helmond (type I) [Q2]
  - 's-Hertogenbosch (type IV) [Q3]
  - Antwerp (type IV OBS) [Q4]
  - Deventer type III) [Q4]



# FS developments Sligro Food Group NL

- Establishment of Sligro Food Group Belgium as central back-office organisation
- Legal integration completed at year-end 2017: There are only four entities under Sligro Food Group Belgium:
  - Sligro – ISPC (hospitality and other market segments)
  - JAVA Foodservice (institutional & catering market)
  - Ocean Maree (fish production business)
  - Freshtrans (transport)
- Acquisition and integration of ISPC
- Preparation of implementation of IT platform in Belgium
- Frozen food DC in Rotselaar taken into use (4,000 m<sup>2</sup>)
- Construction started on OBS Antwerp (opening Q4 2018)
- Permit process in Bruges ongoing, acceleration of new site identification in connection with slow permit processes



# Sligro & HEINEKEN



Sligro Food Group N.V.



1 DECEMBER 2017

“Completion of  
transaction

=

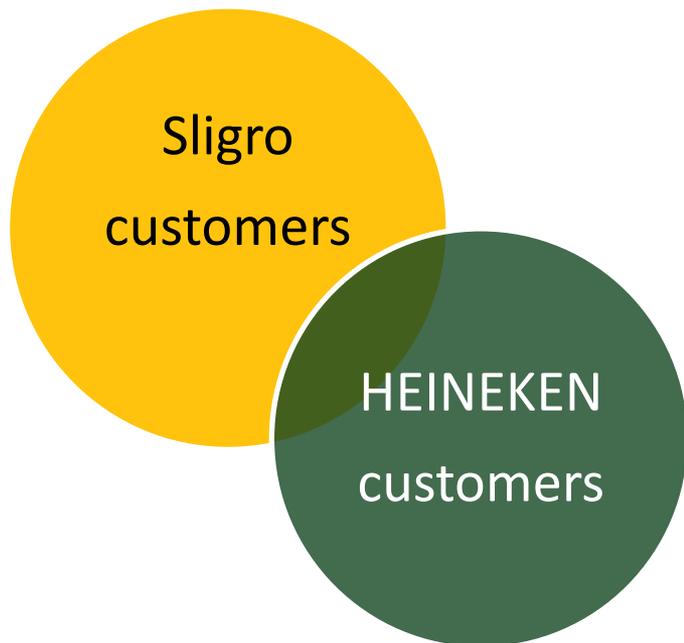
Start of partnership”

 14.000 new customers

 400 new colleagues

 150 extra lorries

 13 new DCs



- Sligro: approximately 25,000 delivery locations
- HEINEKEN: approximately 18,000 delivery locations
- Limited overlap (approx. 4,000) between the customer files
- Customer will in time receive a 'one stop shop' solution
- All orders will in time be placed on the Sligro.nl order platform
- Combined deliveries where possible/desired
- Upsell potential for both parties

# Sligro & HEINEKEN– Supply Chain



Sligro Food Group N.V.

## Current situation 2017



- Sligro: 8 delivery locations & 2 C&C outlets with delivery
- HEINEKEN wholesale: 10 distribution centres & 3 hubs on the Wadden islands



## Integration of Supply Chain:

1. Integrate HNK DC into Sligro SC and IT landscape
  2. Physical integration where already possible, combine transport where possible
  3. Construction of 4 locations
  4. Full integration
  5. Close all HNK DCs
  6. Wadden islands situation remains unchanged
- Integration process lasts 3-4 years
  - Investment of approx. €100 million
  - Sale & lease back
  - Net CAPEX SFG €20 million

## Future situation 2021



- Sligro: 8 delivery locations & 2 C&C outlets & 3 hubs on the Wadden islands

## Plans for 2018 and beyond

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- Further rollout of Sligro Online 3.0, including for HEINEKEN customers
- Improve speed and stability of Sligro Online 3.0 and gradually add functionality
- Complete IT integration of HEINEKEN DCs and focus on customer retention
- Prepare physical HEINEKEN integration project
- Further conversion and rollout of 3.0 C&C outlets
- Design of C&C of the future is ready (based on 3.0 format)
- Value creation of scale growth through cost efficiency
- Opening Sligro-ISPC Antwerp
- Further integration of Belgian activities under Sligro Food Group Belgium

# SFG Plans for 2018 and beyond general

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- Selection of IT platform for full replacement of SFG IT in the next four to five years, starting in Belgium.
- Review organization and management model in line with international ambition



Sligro Food Group N.V.

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# Outlook

# Outlook (1/3)

- Economy is growing at the same rate as in previous years in the Netherlands and Belgium
- We expect to be able to outperform the Foodservice markets in NL and BE organically and with acquisitions
- As usual, we refrain from making any definite forecasts, however given a relative large number of exceptional effects and events in 2018 some guidance

- HEINEKEN adds another €135 million in net non-organic sales growth:
  - Wholesale sales: + €180 million annual sales, EBIT on target DS average
  - Beer&cider deliveries turnover sold: - €30 million annual sales, EBIT on target DS average
  - Fees for services: + €20 million annual sales, 100%, EBIT on target DS average
  - Upsell: 2018 dominated by customer retention, upsell from 2019
  - Supply Chain Efficiency: 2018 dominated by 'grip' and start of integration, gradual efficiency towards 2021
- Tinteligen adds an additional €2 million in non-organic sales growth,
- ISPC adds another €25 million in non-organic sales growth
- Consignment trade (export) will be reduced further in H1-2018 by approximately €10 million
- Under IFRS 15, our fee on Fresh Partners sales no longer qualifies as sales: sales - €19 million, gross profit remains the same in €
- If the government plans for a corporate income tax reduction are accepted, in 2018 we will have a one-off release of the deferred tax provision of €3 million

## Outlook (3/3)

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- Over the next few years, SFG will replace its entire IT landscape to create more flexibility and to be able to integrate and grow internationally:
  - Programme duration: 4 to 5 years (in connection with risk spread)
  - One-off implementation: approximately €60 million CAPEX, spread over 4 to 5 years
  - Structural IT costs after implementation are slightly higher than is currently the case
  - Impact on the 2018 figures, approximately €6 million
- In the run-up to the opening of Sligro-ISPC in Antwerp, the start-up costs for Belgium will increase a little compared with 2017
- Impact on Food Retail transaction:
  - Transaction impact not known in this phase
  - Under IFRS 'discontinued operations' means that we no longer depreciate or amortise assets under Food Retail, until the actual transaction, so there is an impact on profit margins



# Focus!

# Appendices

# Profit & loss account



Sligro Food Group N.V.

amounts *€ million <sup>*</sup>	2017	2016	change	2017	2016
<b>Net sales</b>	<b>2,970</b>	<b>2,813</b>	<b>5.6%</b>	<b>100.0%</b>	<b>100.0%</b>
Gross margin	695	645	7.7%	23.4%	22.9%
Other operating income	19	4	372.0%	0.7%	0.1%
Expenses	-540	-493	9.7%	-18.2%	-17.4%
<b>EBITDA</b>	<b>174</b>	<b>156</b>	<b>11.3%</b>	<b>5.9%</b>	<b>5.6%</b>
Impairments	-2	-2	12.5%	-0.1%	-0.1%
Depreciation	-49	-42	13.8%	-1.6%	-1.5%
<b>EBITA</b>	<b>123</b>	<b>112</b>	<b>10.3%</b>	<b>4.2%</b>	<b>4.0%</b>
Amortisation	-26	-25	4.2%	-0.9%	-0.9%
<b>EBIT</b>	<b>97</b>	<b>87</b>	<b>12.1%</b>	<b>3.3%</b>	<b>3.1%</b>
Interest	4	4	-1.6%	0.1%	0.1%
<b>Profit before tax</b>	<b>101</b>	<b>91</b>	<b>11.5%</b>	<b>3.4%</b>	<b>3.2%</b>
Taxes	-20	-18	18.1%	-0.7%	-0.6%
<b>Profit for the year</b>	<b>81</b>	<b>73</b>	<b>9.9%</b>	<b>2.7%</b>	<b>2.6%</b>

# Balance sheet



Sligro Food Group N.V.

amounts *€ million*	30-12-2017	31-12-2016		30-12-2017	31-12-2016
<b>Non-current assets</b>			<b>Shareholders' equity</b>	<b>651</b>	<b>627</b>
Intangible assets	298	221			
Property, plant and equipment	303	361	<b>Provisions</b>	<b>28</b>	<b>33</b>
Investment property		20			
Financial assets	62	68	<b>Long-term borrowings</b>	<b>193</b>	<b>103</b>
	<b>663</b>	<b>670</b>			
<b>Current assets</b>			<b>Current liabilities</b>		
Inventories	207	245	Current portion of long-term borrowings	14	71
Receivables and other current assets	198	205	Trade and other payables	252	294
Cash and cash equivalents	58	92	Other current liabilities	86	87
	<b>463</b>	<b>542</b>		<b>352</b>	<b>452</b>
Assets held for sale	221	3	Liabilities directly related to assets held for sale	123	
	<b>684</b>	<b>545</b>		<b>475</b>	<b>545</b>
<b>Total assets</b>	<b>1,347</b>	<b>1,215</b>	<b>Total equity and liabilities</b>	<b>1,347</b>	<b>1,215</b>

# Segment information



Sligro Food Group N.V.

amounts *€ million*	Foodservice				Food retail				Total			
	2017-II	2016-II	2017-I	2016-I	2017-II	2016-II	2017-I	2016-I	2017-II	2016-II	2017-I	2016-I
Revenue	1,123	1,045	1,019	941	412	413	416	414	1,535	1,458	1,435	1,355
Other operating income	9	-	-	-	3	3	7	1	12	3	7	1
EBITDA	88	76	60	55	12	14	14	11	100	90	74	66
EBITA	69	60	42	39	6	6	6	7	75	66	48	46
EBIT	58	51	33	31	4	2	2	3	62	53	35	34
EBITDA as % of revenue	7.8%	7.3%	5.9%	5.9%	2.9%	3.4%	3.3%	2.7%	6.5%	6.2%	5.2%	4.9%
EBITA as % of revenue	6.1%	5.7%	4.2%	4.2%	1.5%	1.6%	1.3%	1.6%	4.9%	4.5%	3.4%	3.4%
EBIT as % of revenue	5.2%	4.8%	3.2%	3.3%	1.0%	0.6%	0.4%	0.7%	4.0%	3.6%	2.4%	2.5%
Net capital expenditure	29	32	34	27	6	13	5	8	35	45	39	35
Depreciation <sup>1</sup> and amortisation software	-23	-21	-21	-19	-9	-7	-6	-5	-32	-28	-27	-24

1) including impairments

I figures for the first half of the year

II figures for the second half of the year

