

Press release

2013 FULL-YEAR FIGURES

Sligro Food Group net profit for 2013 € 68 million

Profit for the 2013 financial year was € 68 million, down 0.9% compared with 2012. As reported on 2 January 2014, sales in 2013 were 1.3% higher at €2,498 million. Organic growth was 0.9% (excluding the effect of (changes in VAT on) tobacco products). Market conditions in the second half of the year were worse than in the first half, with the consequence that the modest increase in profit in the first half was followed by a slight fall in the second.

Koen Slippens, CEO

'Sligro Food Group was able to maintain its results at a good level in 2013 in a market in which consumer spending was under increasing pressure as the year progressed. Without the additional (accounting) pension costs, profit would actually have increased.

For the first time, free cash flow exceeded a 'magical level' amounting to € 101 million, enabling us to propose an unchanged dividend of € 1.05 per share. We also propose to pay an interim dividend for 2014 of € 0.40 in October. Although there are signs of an economic recovery, we do not expect it to drive growth in consumer spending in 2014. We are busy implementing a number of improvements and have announced two valuable acquisitions, giving us energy to address the challenges that face us in the year ahead.'

Key figures

	x € million	Change in %
Sales	2,498	1.3
Gross operating result (ebitda)	142	(0.3)
Operating result before amortisation (ebita)	101	1.7
Operating result (ebit)	89	0
Net profit	68	(0.9)
Free cash flow	101	5.2
Shareholders' equity	571	3.0
Net interest-bearing debt	38	(45.5)
Earnings per share (x € 1)	1.55	(0.6)
Dividend per share (x € 1)	1.05	0

Gross profit was € 21 million higher at € 578 million. Gross profit as a percentage of sales increased by 0.5% to 23.1%. Of this increase, 0.4 percentage points reflected changes in VAT on and lower sales of tobacco products, which together had the effect of reducing sales by € 43 million.

Total operating expenses were also higher, increasing by € 21 million to € 493 million. As a percentage of sales, this equates to an increase by 0.6% to 19.7%, of which the effect of tobacco products accounted for 0.4 percentage points. There were also changes in the foodservice sales mix, an increase of €4 million in the (accounting) pension costs due to revised actuarial assumptions and higher ICT expenses.



The operating result was unchanged at € 89 million. The share in the results of associates was € 2 million lower, due to a lower result at one of our associates and the start-up loss at Superdirect.

The Foodservice operating result was € 4 million lower at € 81 million, mainly attributable to the market conditions, the changes in the foodservice sales mix and higher (accounting) pension costs.

The Food Retail operating result doubled to € 8 million, thanks to an improved gross profit margin and implementation of our Medium-Term Plan.

Earnings per share were € 1.55, one euro cent less than in 2012. We propose to keep the dividend at € 1.05 per share, consisting of a regular dividend of € 0.80 (2012: € 0.80) and a variable dividend of € 0.25 (2012: € 0.25).

With a view to 'equalising' the cash flow, we propose to pay the dividend in two instalments from 2014 onwards, paying an interim dividend for the first time on 20 October 2014, when Sligro Food Group will have had a stock market listing for 25 years. We propose to fix the interim dividend at half of the regular dividend for the previous year, which means that the interim dividend this year will be € 0.40 per share.

The high free cash flow has almost halved the net interest-bearing debt to € 38 million. The combination of high free cash flow and a low level of debt means that our financial position in these uncertain times is exceptionally strong.

Outlook

We depend directly or indirectly on Dutch consumer expenditure. We do not expect the current signs of economic recovery to have a positive impact on spending in 2014 and there are few special circumstances that are likely to have an effect. In recent years we have learned to live with stagnating or deteriorating economic conditions by taking prompt action. In these markets, we are working hard to implement the EMTÉ Medium-Term Plan, the Sligro revitalisation project and our cost-reduction programme and we will be busy with the integration of Rooswinkel and Horeca Totaal Sluis – all worthwhile challenges. The acquisitions we have made last year and this year will contribute around € 55 million to group sales in 2014. This will be offset by a reduction in sales of some € 25 million due to the effect of VAT changes on tobacco sales in the first half of 2014. The (accounting) pension costs will increase by a further € 2 million, but this will not

involve the payment of additional contributions. As usual, we prefer not to give a firm prediction of the full-year result.

The 2013 annual report will be published on 31 January 2014.

A presentation on the full-year figures will be given today in a press conference and a meeting for analysts. The presentation can be found at www.sligrofoodgroup.com.

Developments in the first quarter will be discussed in detail in the trading update on 17 April. The half-year figures will be published on 17 July.

Veghel, 23 January 2014

On behalf of the management of Sligro Food Group N.V.

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→ Notes to the annual figures
by Koen Slippens

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Profile: www.sligrofoodgroup.com

Appendix 1

Consolidated profit and loss account

for 2013

(x € 1,000)

	2013	2012 ¹⁾	2011
Revenue	2,498,431	2,467,382	2,420,216
Cost of sales	(1,920,151)	(1,909,686)	(1,858,611)
Gross margin	578,280	557,696	561,605
Other operating income	3,436	2,932	3,925
Staff costs	(264,283)	(255,103)	(246,177)
Premises costs	(62,556)	(61,023)	(59,465)
Selling costs	(22,383)	(20,359)	(20,134)
Logistics costs	(72,161)	(67,327)	(66,445)
General and administrative expenses	(18,413)	(14,527)	(14,338)
Depreciation of property, plant and equipment	(41,164)	(43,181)	(44,078)
Amortisation of intangible assets	(12,279)	(10,616)	(9,923)
Total operating expenses	(493,239)	(472,136)	(460,560)
Operating profit	88,477	88,492	104,970
Finance income	346	199	137
Finance expense	(4,897)	(5,492)	(7,033)
Share in results of associates	3,074	5,450	5,137
Profit before tax	87,000	88,649	103,211
Tax	(19,021)	(20,073)	(25,004)
Profit for the year	67,979	68,576	78,207
Attributable to shareholders of the company	67,979	68,576	78,207
Figures per share	€	€	€
Basic earnings per share	1,55	1,56	1,78
Diluted earnings per share	1,55	1,56	1,78
Proposed dividend	1,05	1,05	1,05

1) Amended for changes in accounting policies Employee Benefits (IAS19R, see page 7)

Appendix 2

Consolidated cash flow statement

for 2013

(x € 1,000)

	2013	2012	2011
Receipts from customers	2,709,552	2,656,086	2,606,585
Other operating income	3,473	2,633	3,633
	<u>2,713,025</u>	<u>2,658,719</u>	<u>2,610,218</u>
Payments to suppliers	(2,209,938)	(2,179,495)	(2,143,778)
Payments to employees	(136,953)	(135,017)	(131,513)
Payments to the government	(211,791)	(197,258)	(192,821)
	<u>(2,558,682)</u>	<u>(2,511,770)</u>	<u>(2,468,112)</u>
Net cash generated from operations	154,343	146,947	142,106
Interest received	346	199	137
Dividend received from associates	4,781	5,187	5,530
Interest paid	(4,878)	(5,302)	(7,340)
Corporate income tax paid	(21,958)	(18,015)	(16,634)
Net cash flow from operating activities	<u>132,634</u>	<u>129,016</u>	<u>123,799</u>
Acquisitions/investments	(18,882)	(1,250)	
Sale of associates/operations		50	
Capital expenditure on property, plant and equipment/investment property/assets held for sale	(35,209)	(36,494)	(50,068)
Receipts from disposal of property, plant and equipment/investment property/assets held for sale	5,971	8,083	6,476
Capital expenditure on intangible assets	(3,878)	(4,639)	(3,597)
Investments in/loans to associates	(417)	(159)	(290)
Repayments by associates	1,867	211	
Net cash flow from investing activities	<u>(50,548)</u>	<u>(34,198)</u>	<u>(47,479)</u>
Repayment of long-term borrowings			(53,109)
Proceeds from long-term borrowings			
Paid to joint venture		(70)	(30)
Repurchase of own shares	(3,006)	(3,311)	(3,472)
Dividend paid	(46,009)	(46,153)	(30,813)
Net cash flow from financing activities	<u>(49,015)</u>	<u>(49,534)</u>	<u>(87,424)</u>
Movement in cash, cash equivalents and short-term bank borrowings	33,072	45,286	(11,104)
Opening balance	101,646	56,360	67,464
Closing balance	<u>134,717</u>	<u>101,646</u>	<u>56,360</u>

Appendix 3

Consolidated balance sheet

as at 28 December 2013 before profit appropriation

(x € 1,000)

ASSETS	28-12-2013	29-12-2012	31-12-2011
Goodwill	126,107	126,287	126,287
Other intangible assets	52,939	44,575	50,552
Property, plant and equipment	286,048	293,334	307,242
Investment property	13,223	13,503	15,225
Investments in associates	42,943	43,984	42,551
Other financial assets	4,499	9,589	9,279
Total non-current assets	525,759	531,272	551,136
Inventories	192,123	210,658	197,352
Trade and other receivables	140,013	109,010	110,618
Other current assets	6,845	6,658	8,016
Assets held for sale	6,604	9,093	7,634
Cash and cash equivalents	134,717	101,646	56,360
Total current assets	480,302	437,065	379,980
Total assets	1,006,061	968,337	931,116
EQUITY AND LIABILITIES	28-12-2013	29-12-2012	31-12-2011
Paid-up and called capital	2,655	2,655	2,655
Reserves	568,297	551,854	537,911
Total shareholders' equity attributable to shareholders of the company	570,952	554,509	540,566
Deferred tax liabilities	27,942	31,201	35,006
Employee benefits	3,506	3,493	2,947
Other provisions	163	197	191
Long-term borrowings	119,315	174,792	174,169
Total long-term liabilities	150,926	209,683	212,313
Current portion of long-term borrowings	53,232	0	0
Bank borrowings	0	0	0
Trade and other payables	148,475	122,439	106,798
Corporate income tax	3,533	4,148	156
Other taxes and social security contributions	32,672	31,764	24,073
Other liabilities, accruals and deferred income	46,271	45,794	47,210
Total current liabilities	284,183	204,145	178,237
Total equity and liabilities	1,006,061	968,337	931,116

Appendix 4

Consolidated statement of changes in equity for 2013

for 2013 before profit appropriation

(x € 1,000)

	Paid-up and called capital	Share premium	Other reserves	Revalua- tion reserve	Hedging- reserve	Treasury shares reserve	Total
Balance as at 29-12-2012	2,655	31,106	530,576	3,113	(2,578)	(10,363)	554,509
Transactions with owners							
Share-based payments			290				290
Dividend paid			(46,009)				(46,009)
Repurchase of own shares						(3,006)	(3,006)
	0	0	(45,719)	0	0	(3,006)	(48,725)
Total realised and unrealised results							
Profit for the year			67,979				67,979
Investment property			(235)	235			0
Cash flow hedge					(991)		(991)
Reclassification					(42)		(42)
Actuarial results			(1,778)				(1,778)
	0	0	65,966	235	(1,033)	0	65,168
Balance as at 28-12-2013	2,655	31,106	550,823	3,348	(3,611)	(13,369)	570,952

Consolidated statement of recognised income and expense

for 2013

(x € 1,000)

	2013	2012 ¹⁾	2011
Profit for the year	67,979	68,576	78,207
Items never recognised in the profit and loss account:			
Actuarial gains and losses on defined-benefit plans, net of tax	(1,778)	(4,324)	(4,906)
Items recognised or which may be recognised in the profit and loss account:			
Effective part of movements in the fair value of cash flow hedge of long-term loans, net of tax	(991)	(1,023)	958
Reclassified to consolidated profit and loss account	(42)	(271)	(174)
	<u>(1,033)</u>	<u>(1,294)</u>	<u>784</u>
Income and expense recognised directly in shareholders' equity	<u>(2,811)</u>	<u>(5,618)</u>	<u>(4,122)</u>
Recognised income and expense for the year	<u>65,168</u>	<u>62,958</u>	<u>74,085</u>
Attributable to shareholders of the company	<u>65,168</u>	<u>62,958</u>	<u>74,085</u>

1) Amended for changes in accounting policies Employee Benefits (IAS19R, see below)

Accounting policies

The financial reporting policies applied by the Group in this report are the same as those for the consolidated financial statements for 2012 except for the changes resulting from the amended IAS19R Employee Benefits, as already explained in the 2012 annual report. This has led to the pension costs relating to defined benefit plans in the comparative figures for 2012 (relative to the actual figures reported for 2012) increasing by €1.3 million a year to €3.7 million. After tax, the effect for the full-year in 2012 amounts to €1.0 million. This additional charge reduces the figure for actuarial gains and losses included in the recognised income and expense. The actuarial computation based on IAS19R has not been performed for 2011 and the figures for 2011 have accordingly not been restated.

Appendix 5

Segmented analysis of results

(x € million)	Foodservice		Food retail		Total	
	2013	2012 ³⁾	2013	2012 ³⁾	2013	2012 ³⁾
Revenue	1,658	1,634	840	833	2,498	2,467
Other operating income	1	2	3	1	4	3
Gross operating profit (EBITDA)	114	115	28	27	142	142
Operating profit before amortisation (EBITA)	86	88	15	11	101	99
Operating profit (EBIT)	81	85	8	4	89	89
Net capital employed (year-end) ¹⁾	426	424	172	191	598	615
EBITDA as % of sales	6.9	7.1	3.3	3.2	5.7	5.8
EBITA as % of sales	5.2	5.4	1.8	1.4	4.0	4.0
EBIT as % of sales	4.9	5.3	0.9	0.5	3.5	3.6
EBITA as % of average net capital employed	20.2	20.4	8.3	5.7	16.6	15.7
EBIT as % of average net capital employed	19.1	19.7	4.1	1.9	14.6	14.0
Free cash flow ²⁾	77	70	24	26	101	96
Net CAPEX	33	24	3	9	36	33

1) Excluding investments in associates.

2) Excluding interest and share in results of associates.

3) Amended for changes in accounting policies Employee Benefits (IAS19R, see page 7)