Sligro Food Group N.V.

Half-year figures 2019

Amsterdam, 18 July 2019

Agenda

Welcome	Koen Slippens
Half-year figures 2019	Rob van der Sluijs
Market developments	Koen Slippens
Developments at SFG	Koen Slippens
Outlook	Koen Slippens

Net sales

amounts * € million	H1-2019	H1-2018[1]	H1-2019	H1-2018[1]
Net sales	**1,135**	**1,131**	**100.0%**	**100.0%**
Gross margin	272	276	24.0%	24.4%
Other operating income	9	-	0.9%	0.0%
Expenses	-225	-214	-19.9%	-18.9%
EBITDA	**56**	**62**	**5.0%**	**5.5%**
Depreciation	-28	-19	-2.5%	-1.7%
EBITA	**28**	**43**	**2.5%**	**3.8%**
Amortisation	-10	-12	-1.0%	-1.1%
EBIT	**18**	**31**	**1.5%**	**2.7%**
Interest	-2	-	-0.1%	0.1%
Profit before tax	**16**	**31**	**1.4%**	**2.8%**
Taxes	-3	-6	-0.3%	-0.6%
Net profit from continuing operations	**13**	**25**	**1.1%**	**2.2%**
Net profit from discontinued operations	**-**	**4**	**0.0%**	**0.3%**
Net profit for the half-year	**13**	**29**	**1.1%**	**2.5%**

1) The comparative figures 2018 have not been adjusted for the IFRS change in accounting policy.

- Slight growth in Dutch market, lower volume.
- We are experiencing pressure in the drinks and catering sectors.
- Adjusted for the impact of IFRS 15, growth is in line with the market.

- Belgian market contracting.
- Antwerp picking up each month.
- Growth in Belgium much better than the market.

Net sales: country segments

amounts * € million	Netherlands[1]			Belgium			SFG		
	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1
2019 Net Sales	472	550	1,022	56	57	113	528	607	1,135
2018 Net Sales	472	551	1,023	53	55	108	525	606	1,131
Total increase	**-**	**-1**	**-1**	**3**	**2**	**5**	**3**	**1**	**4**
Signing fees (impact of IFRS 15)	-1	-2	-3	-	-	-	-1	-2	-3
Easter	-7	7	-	-0	0	-	-7	7	-
Other organic	8	-6	2	3	2	5	11	-4	7
Organic increase	**-**	**-1**	**-1**	**3**	**2**	**5**	**3**	**1**	**4**
Organic growth	*-0.1%*	*-0.1%*	*-0.1%*	*6.0%*	*5.1%*	*5.6%*	*0.5%*	*0.3%*	*0.4%*
'Other' organic growth	*1.6%*	*-1.1%*	*0.2%*	*6.3%*	*4.9%*	*5.6%*	*2.1%*	*-0.5%*	*0.7%*

1) Net sales Netherlands includes turnover from Belgian customers directly serviced by the Netherlands.

Netherlands

- IFRS 15 changes depress sales.
- Holiday periods very good, May and early June very weak.

Belgium

- Java and ISPC outperform the market.
- Antwerp picking up.

Profit before tax

Sligro Food Group N.V.

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1) The comparative figures 2018 have not been adjusted for the IFRS change in accounting policy.

- Harsh market climate with little growth in sales and significant cost inflation.
- Overhead cost structure not sufficiently adjusted yet to the phase without Retail.
- 'Investing' in strategic projects (Heineken integration and SAP implementation).
- Operation in NL in line with previous year, despite cost inflation.
- Implementation of IFRS 16 in 2019, has led to significant shifts in the P&L ➔ notes on 'Profit before tax'.

Impact of IFRS 16 - key figures

amounts * € million	H1 2019 without IFRS 16	Changes	H1 2019 with IFRS 16
Net Sales	**1,135**		**1,135**
Gross margin	272		272
Other operating income	9		9
Expenses	-235	10	-225
EBITDA	**46**	**10**	**56**
Depreciation charges & impairment	-20	-8	-28
EBITA	**26**	**2**	**28**
Amortisation	-10		-10
EBIT	**16**	**2**	**18**
Net finance income and expense	-	-2	-2
Profit before tax	**16**	-	**16**
Taxes	-3		-3
Net profit from continuing operations	**13**	-	**13**

- IFRS 16 has led to an improvement in EBITDA, EBITA and EBIT.
- Lease costs presented as depreciation and interest expense per January 2019.

Impact of IFRS 16 - balance sheet

Sligro Food Group N.V.

amounts * € million	Without change in accounting policy 29-12-2018	Changes	With change in accounting policy 29-12-2018
Assets			
Lease assets	-	166	166
Financial assets	12	2	14
Other non-current assets	658	-	658
Total non-current assets	**670**	**168**	**838**
Current assets	**544**	-	**544**
Total assets	**1,214**	**168**	**1,382**
Equity and liabilities			
Paid-up and called capital	3	-	3
Reserves	534	-12	522
Total shareholders' equity	**537**	**-12**	**525**
Lease liabilities	-	164	164
Other long term liabilities	215	-	215
Total long-term liabilities	**215**	**164**	**379**
Lease liabilities	-	16	16
Other current liabilities	462	-	462
Total current liabilities	**462**	**16**	**478**
Total equity and liabilities	**1,214**	**168**	**1,382**

- Changes seen mainly in leased company buildings.
- Impact of € 12 million on shareholders' equity

Analysis of profit before tax

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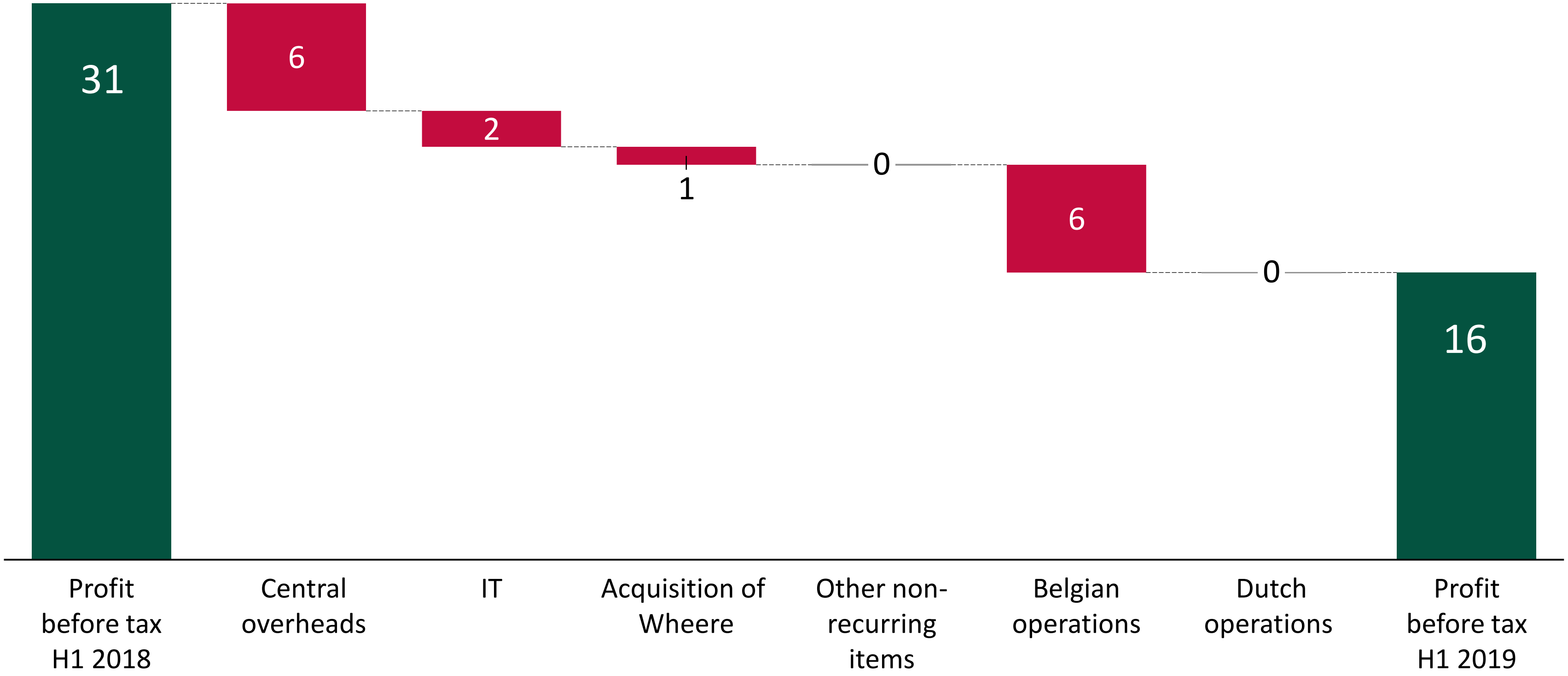
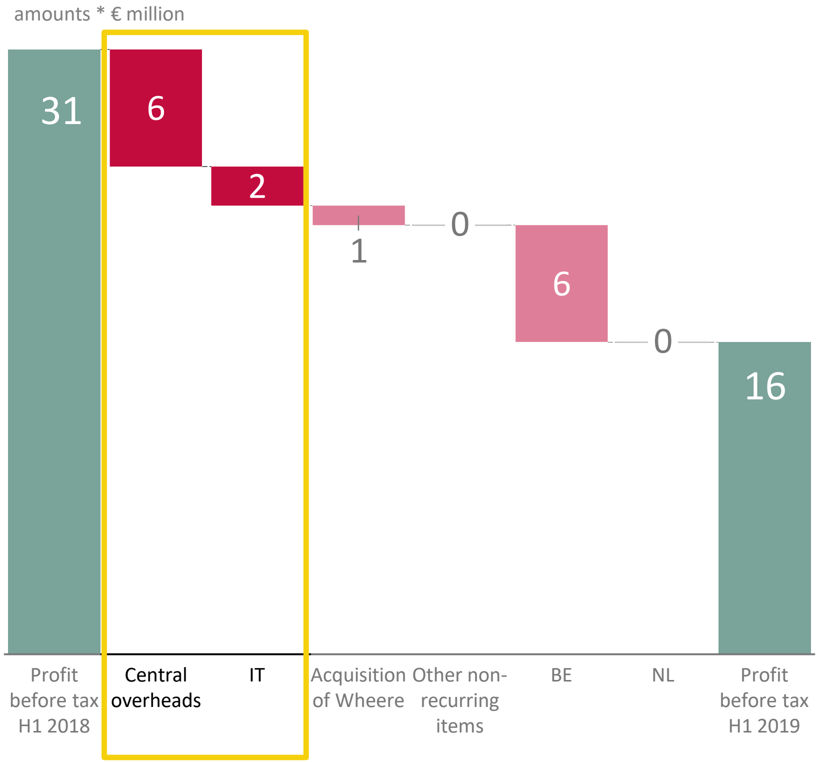
amounts * € million



Central overheads and IT

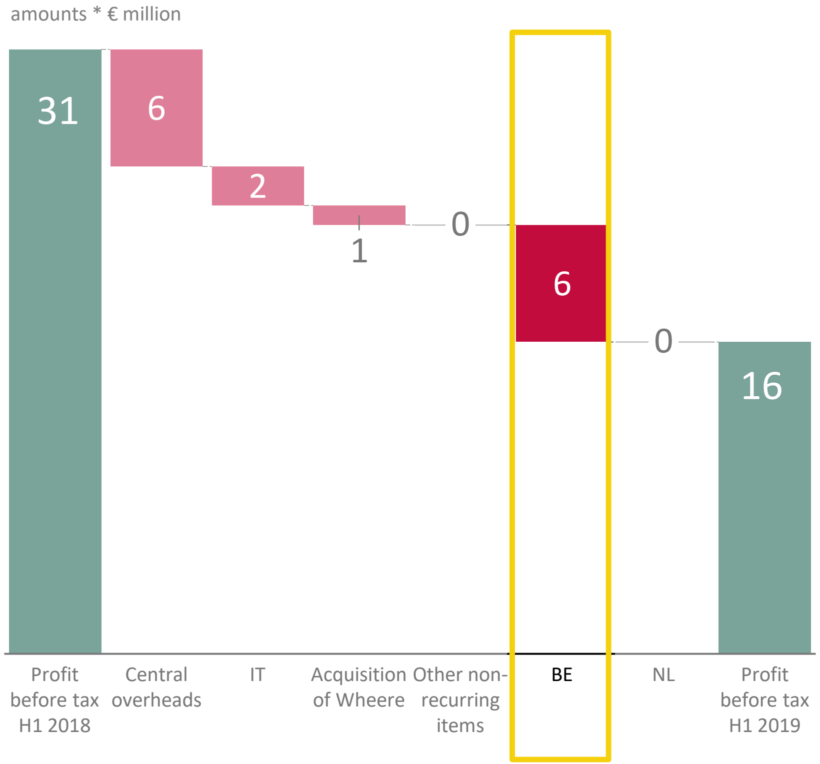


- Net loss of € 7 million on cover for overheads and central DC from Retail.
- Ongoing programme to align organisation, to be completed in 2019, still insufficient financial impact in H1-2019.
- Extra costs for IT; currently partly duplicated expense for old landscape while building up new.
- Temporary external expertise and capacity for major programmes (Heineken integration and SAP).
- Major programmes on schedule.
- Net € 8 million of extra central expenses borne by Foodservice Netherlands.

Non-recurring items

- One-off consultancy fees for the acquisition of Wheere (De Kweker) € 1 million in H1-2019, consolidation of De Kweker from July 2019.
- Non-recurring items broke even on balance:
  - Sale of Maison Niels de Veye in Q1-2019.
  - Book profit on sales of vacant properties, impairment on discontinued projects.
  - Services to EMTÉ ceased end of June; final details settled.

Foodservice operations: Belgium



- Investment in Belgium to facilitate the prominent growth:
  - ‘Investment’ in central head office for SFG Belgium (staff).
  - Expansion of physical infrastructure in Rotselaar/Antwerp (depreciation charge).
  - Legal and tax consultancy (general expenses).
- With only a few sites, these expenses have a major effect on results, leading to the start-up losses (already announced).

Foodservice Belgium

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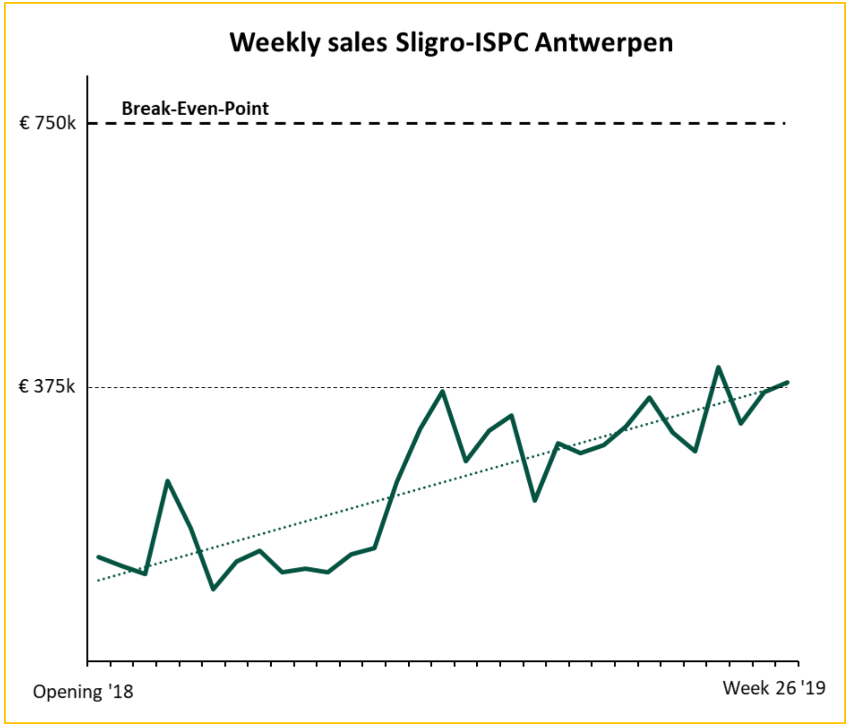

- Sales in Belgium outperformed the market, driven by progress at Antwerp.
- Strong improvement in sales in Antwerp (see image).
- Gross margin depressed mainly by relatively high inventory losses in Antwerp, some underlying pressure from shift in mix.
- Operating losses at Antwerp because of fixed costs at the site and, for the time being, insufficient sales.

Foodservice operations: Netherlands

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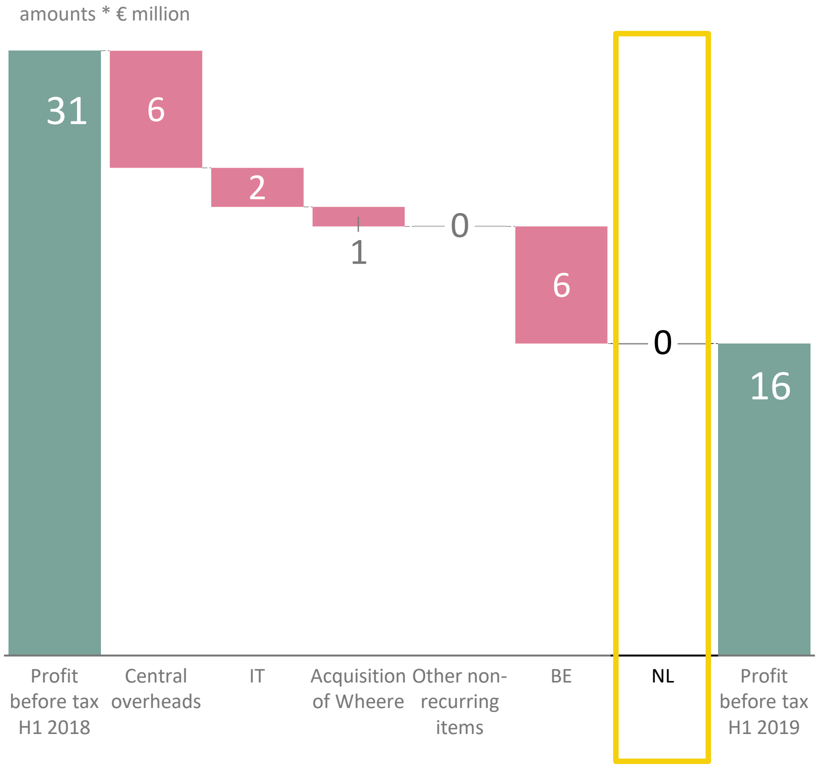

- Sales (adjusted for impact of IFRS 15) in line with the market.
- Cash-and-carry sales falling. Delivery continues to grow.
- Underlying gross profit slightly up thanks to better promotional margins.
- Inflation in transport, energy and staff costs already absorbed to a reasonable extent by cost efficiency programmes.
- Result of operation in NL in line with previous year, despite challenging market.

Net profit

amounts * € million	H1-2019	H1-2018[1]	H1-2019	H1-2018[1]
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1) The comparative figures 2018 have not been adjusted for the IFRS change in accounting policy.

- All of retail classified for 6 months as 'discontinued operations' in H1-2018.
- Interim dividend for 2019 of € 0.55 per share, payable on 30 September.

Segment information

Sligro Food Group N.V.

Amounts * € million	NL		BE		SFG	
	H1-2019	H1-2018[1]	H1-2019	H1-2018[1]	H1-2019	H1-2018[1]
Net sales[2]	1.022	1.023	113	108	1.135	1.131
Gross margin as % of net sales	24,2%	24,4%	22,1%	23,9%	24,0%	24,4%
Other operating income	9	-	-	-	9	-
EBITDA	59	60	-3	2	56	62
EBITA	34	43	-6	-	28	43
EBIT	25	32	-7	-1	18	31
Profit before tax	23	32	-7	-1	16	31
EBITDA as % of net sales	5,8%	5,9%	-1,8%	1,5%	5,0%	5,5%
EBITA as % of net sales	3,3%	4,2%	-4,8%	0,2%	2,5%	3,8%
EBIT as % of net sales	2,4%	3,1%	-6,2%	-1,1%	1,5%	2,7%
Free cash flow	-14	1	1	-2	-13	-1
Net capital expenditure	53	36	4	10	57	46

- Organizational structure and management changed per January 1st.
- Management team and local organization per country.
- Supportive central structure.

1) The comparative figures 2018 have not been adjusted for the IFRS change in accounting policy.
2) Net sales Netherlands includes turnover from Belgian customers directly serviced by the Netherlands.

Cash flow statement

Sligro Food Group N.V.

amounts * € million	NL H1-2019	NL H1-2018[1]	BE H1-2019	BE H1-2018	SFG H1-2019	SFG H1-2018[1]
Net cash generated from operations	42	59	6	8	48	67
Net finance income	3	2	-	-	3	2
Corporate income tax paid	-7	-24	-	-	-7	-24
From operating activities	**38**	**37**	**6**	**8**	**44**	**45**
Acquisitions / participation	-55	-	-	-	-55	-
Disposal of operating activities	1	-	-	-	1	
Investments in associates	-	-	-	-	-	-
Net capital expenditure	-52	-36	-5	-10	-57	-46
From investing activities	**-106**	**-36**	**-5**	**-10**	**-111**	**-46**
Changes in debt	37	-	-4	-	33	-
Dividend paid / change in own shares	-36	-33	-	-	-36	-33
From financing activities	**1**	**-33**	**-4**	**-**	**-3**	**-33**
Movement in cash and short-term bank borrowings	-67	-32	-3	-2	-70	-34
Balance at start of year	24	49	9	11	33	60
Balance at end of first half year	**-43**	**17**	**6**	**9**	**-37**	**26**
Free cash flow	**-14**	**1**	**1**	**-2**	**-13**	**-1**

- Lower cash flow from operating activities because of pressure on results.
- Corporate income tax lower after refund in 2019 for overpaid advance in 2018.
- Acquisition of Wheere (De Kweker) and sale of Maison Niels de Veye.
- Proceeds from disposals of vacant properties € 6 million.
- Investment in Delivery Service network, Cash-and-carry 3.0 and implementation SAP.

1) This concerns the comparative figures for this year from the 2018 half-yearly financial statements, which include both the continuing operations and discontinued operations.

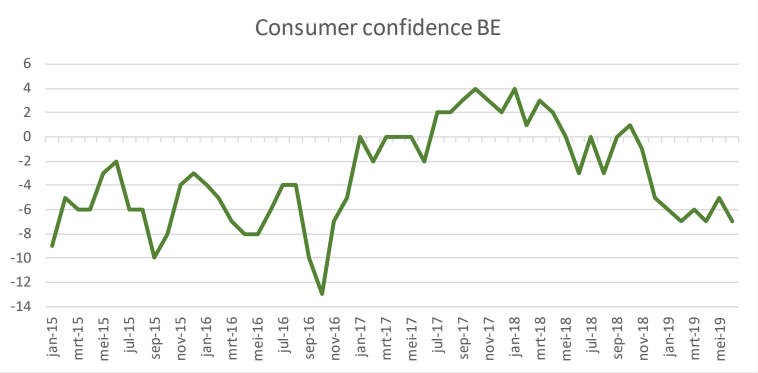
Sligro Food Group N.V.

Sligro Food Group

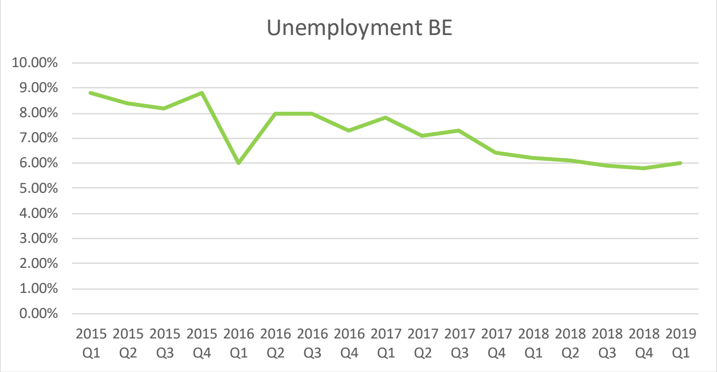
- Market developments
- Developments at SFG

Market developments: Belgium

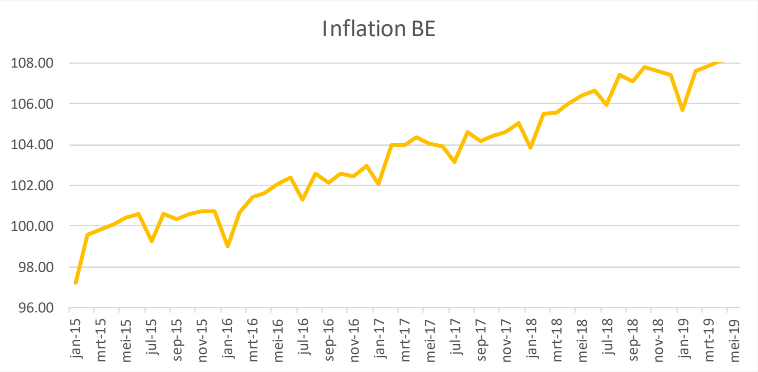
Sligro Food Group N.V.



Source: nbb.stat - consumentenenquete



Source: Statbel - werkloosheidsgraad voor Belgie per kwartaal



Source: Statbel - HICP

- Foodservice Market Q1 2019 -2%
- Foodservice Market Q2 2019 is expected to be comparable to Q1 2019.
- SFG FS BE H1 2019 (total) +5.6%

Source: Foodservice Alliance – Foodservice barometer – quarterly update (comparatives based on MAT Q1 2019 vs. MAT Q1 2018)

Update: SFG Belgium

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- Belgian market under pressure and contracting.
- Java and ISPC beating the market, additional growth coming from Antwerp → market significantly outperformed
- Central head office for SFG Belgium now set up; still inefficient until implementation of SAP
- Next step: legal integration under way; involves non-recurring legal and other costs
- New sites: promising developments in various locations.

Market developments: Netherlands

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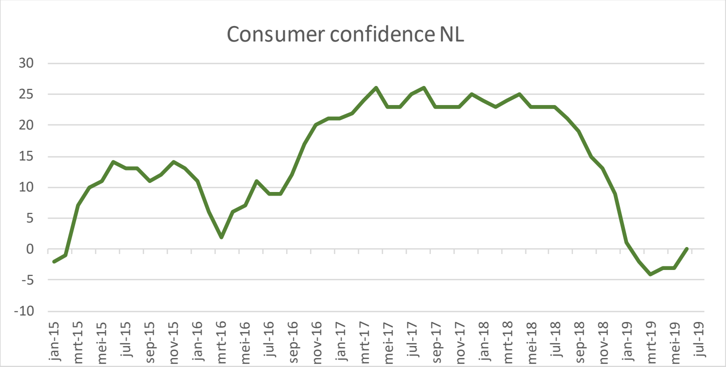
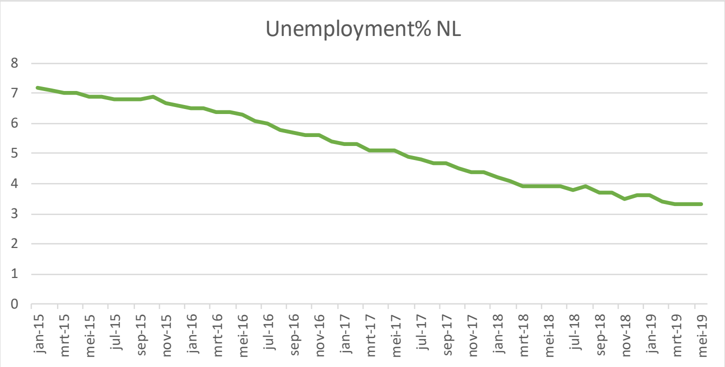
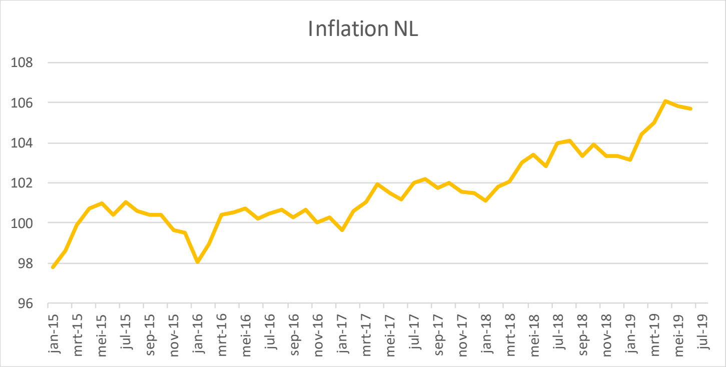


Source: CBS: consumentenvertrouwen



Source: CBS: Werkloosheid per maand (15-75 jaar)



Source: CBS: HICP

- Foodservice Market Q1 2018 +3.4%
- Foodservice Market Q1 2019 +0.2%
- SFG FS NL H1 2019 (comparable) +0.2%

Source: Foodstep – Foodservice Periodemonitor P6

Developments at SFG Netherlands

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- Growth in sales of 0.2% in line with the market.
- Decline in consumer confidence and with it spending in our market.
- Cost inflation lags economic development:
  - After 5% increase in logistics costs in 2018 (May 3.5%, December 1.5%), a further 4% increase in January 2019.
  - Major rise in energy prices.
- Cost efficiency programmes for logistics set up in H2-2018 and early 2019 are bearing fruit (expect to achieve our plans over a full year).
- Central overhead costs and central DC still weighing heavily on Foodservice after disposal of Retail.
- Cost efficiency programme (central costs) for this under way but as yet insufficient effect.
- We maintain our focus on strategic programmes but these do incur additional costs at this stage.

SFG Netherlands - Property

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Roll-out of Sligro 3.0 - 2019

- C&C Apeldoorn - Type I [April] (-750 m2)
- C&C Leiden – Type III [July]
- C&C Deventer – Type III to type I [September] (-1,500 m2)
- C&C Hilversum – Type III [November]

Property sales

- Enschede, Delivery Service (with a view to Deventer)
- Enschede Toekomststraat, former Retail building
- Zoetermeer Signaalrood, former head office Bouter

Delivery Service start of construction – 2019

- DS Deventer
- DS Maastricht
- DS Breda
- Orientation DS Utrecht


Construction of DS Deventer

Update on strategic partnership with Heineken

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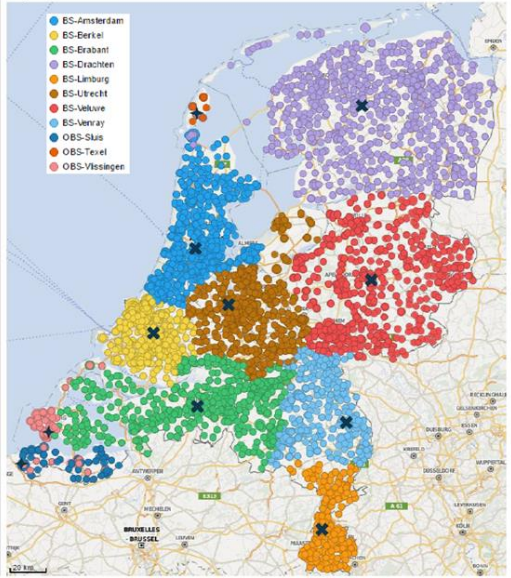
- Service levels in very good shape (including King's Birthday holiday).
- Well on schedule for achieving first integration of premises after summer 2019.
- Then gradual progress to one site and one truck per customer from autumn 2019.



- Achieve next integration phase (one order, one invoice) in 2020.
- Total integration ready within three years as planned.
- Pressure on sales and inefficient logistics until integration (customers waiting for benefits from integration), strongly visible in particular in 2019.
- Wine delivery model adjusted, short-term dip in sales, month-on-month growth and recovery of wine position.
- A few years of very hard work but we still see proposed business case as very realistic; revenues will phase in from 2020 onwards.

Update on De Kweker

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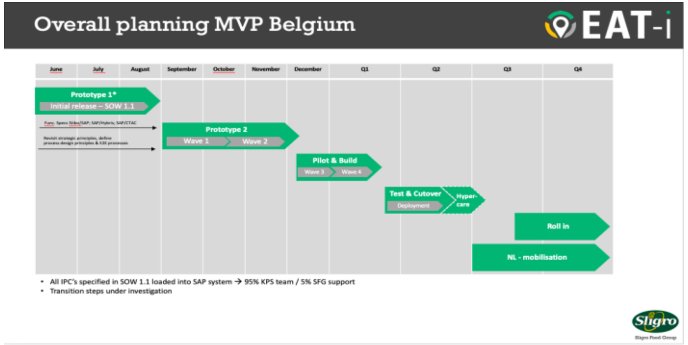
Acquisition completed on 17 June 2019:

- De Kweker sales circa € 130 million (50/50 C&C/DS); making slight losses.
- Fruit and vegetable sales under pressure; making serious losses.
- Investigation of sale or discontinuation of fruit and vegetable business ongoing; completion by end of 2019.
  - H2-2019 losses and sale/discontinuation costs.
- De Kweker integration plan almost complete. Start after integration of Heineken in Amsterdam (DS) and relocation to Food Center Amsterdam.
- Synergy in purchases, head office services and physical infrastructure.
- Consequently, very good position achieved in Amsterdam with Heineken and Sligro.
- Positive contribution to earnings per share expected per H2-2020.

Update on new IT landscape

- Scoping & alignment phase completed.
- Next steps:
  - Start of Prototype phase in H2-2019
  - Construction and Pilot phase in Q1-2020
  - Testing in Q2-2020
  - Roll-in BE during H2-2020.
- CAPEX and costs in line with earlier expectations.
- Phase out of old landscape; build-up of new landscape under way; involves temporary additional costs.



Outlook

Outlook

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- Continuing pressure on market growth can be expected given trend in consumer confidence.
- Cost inflation has to be absorbed further through improved efficiency and savings.
- Additional attention to cost reduction Central Overhead and Central DC.
- Strong focus on completing strategic programmes:
    - Integration of Heineken, first integration of premises after the summer
    - SAP implementation, roll-out in BE on schedule in 2020
    - Organisational changes to be implemented in HK, NL and BE
    - Growth in sales in BE appropriate to infrastructure in place.
- Short-term pressure on results.
- No concrete forecast of full-year results.


BtoB
Back to Business

Appendix

Profit and loss account

Sligro Food Group N.V.

Amounts * € million	H1-2019	H1-2018[1]	Change	H1-2019	H1-2018[1]
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EBIT	**18**	**31**	**-43.3%**	**1.5%**	**2.7%**
Interest	-2	-	-383.9%	-0.1%	0.1%
Profit before tax	**16**	**31**	**-49.3%**	**1.4%**	**2.8%**
Taxes	-3	-6	-51.2%	-0.3%	-0.6%
Net profit from continuing operations	**13**	**25**	**-48.7%**	**1.1%**	**2.2%**
Net profit from discontinued operations	**-**	**4**	**-**	**0.0%**	**0.3%**
Net profit for the half-year	**13**	**29**	**-56.1%**	**1.1%**	**2.5%**

1) The comparative figures 2018 have not been adjusted for the IFRS change in accounting policy.

Balance sheet

Sligro Food Group N.V.

amounts * € million	30-06-2019	30-6-2018[1]		30-06-2019	30-6-2018[1]
			Shareholders' equity	**502**	**647**
Non-current assets					
Intangible assets	325	292	**Non-current liabilities**		
Property, plant and equipment	360	318	Provisions	30	28
Lease assets	161	-	Long-term borrowings	236	195
Financial assets	64	61	Lease liabilities	159	-
	910	**671**		**425**	**223**
Current assets			**Current liabilities**		
Inventories	226	207	Current portion of long-term borrowing and lease liabilities	87	14
Receivables and other current assets	260	234	Trade and other payables	320	280
Cash and cash equivalents	23	24	Other current liabilities	93	75
	509	**465**		**500**	**369**
Assets held for sale	8	220	Liabilities directly related to assets held for sale	-	117
	517	**685**		**500**	**486**
Total assets	**1,427**	**1,356**	**Total equity and liabilities**	**1,427**	**1,356**

1) This concerns the comparative figures for this year from the 2018 half-yearly financial statements.


Sligro


Sligro