



Sligro Food Group N.V.

2021 half-year figures

22 July 2021

Agenda



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- | | |
|-----------------------------------|--------------------|
| • Welcome | Koen Slippens |
| • 2021 half-year figures | Rob van der Sluijs |
| • Developments in the Netherlands | Koen Slippens |
| • Developments in Belgium | Koen Slippens |
| • Developments in the Group | Koen Slippens |
| • Outlook | Koen Slippens |

Abridged statement of profit or loss¹



Sligro Food Group N.V.

× € million	H1-2021		H1-2020	
Net sales	788	100.0%	943	100.0%
Cost of net sales	(599)	-76.0%	(722)	-76.6%
Gross margin	189	24.0%	221	23.4%
Other operating income	4	0.5%	3	0.3%
Total operating costs excluding depreciation, amortisation and impairments	(158)	-20.1%	(197)	-20.9%
Gross operating result (EBITDA)	35	4.4%	27	2.9%
Depreciation and impairments of tangible fixed assets and right-of-use assets	(31)	-3.9%	(34)	-3.6%
Operating result before amortisation (EBITA)	4	0.5%	(7)	-0.7%
Amortisation and impairments of intangible fixed assets	(9)	-1.1%	(72)	-7.7%
Operating result (EBIT)	(5)	-0.6%	(79)	-8.4%
Financial income and expenses	(1)	-0.2%	(3)	-0.3%
Pre-tax profit (loss)	(6)	-0.8%	(82)	-8.7%
Income taxes	2	0.3%	10	1.1%
Net profit (loss)	(4)	-0.5%	(72)	-7.6%

× € million	Netherlands	Belgium	Group
H1-2020 net sales	719	69	788
H1-2019 net sales	858	85	943
Total decrease	(139)	(16)	(155)
<i>Decline</i>	<i>-16.3%</i>	<i>-18.6%</i>	<i>-16.5%</i>

Net sales

- After a decline in Q1, return to growth in Q2 vs 2020.
- Decrease vs pre-COVID:
 - Q1: -43%;
 - Q2: -24%.
- Major differences between segments.
- Cash-and-carry/delivery service ratio: 47/53 (2020: 41/59).
- 2020: 11 weeks of lockdown & 13 weeks of private individual access to cash-and-carry stores.
- 2021: 20 weeks of lockdown & no private individual access to cash-and-carry stores.

¹ Not audited.

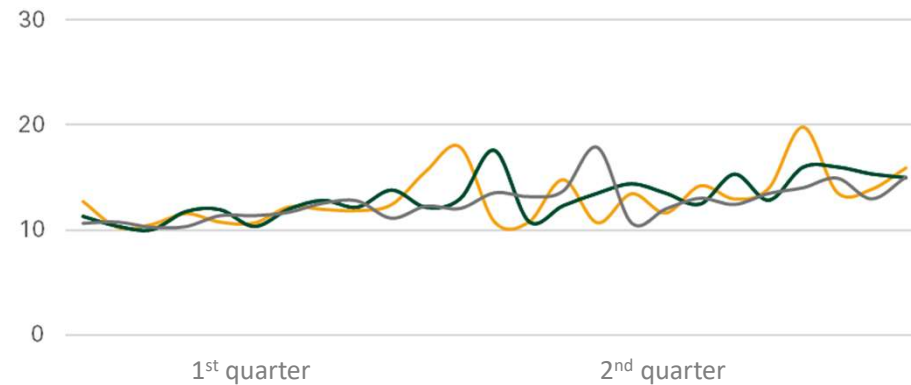
COVID-19 impact on net sales in the Netherlands¹



Cash-and-carry sites in the Netherlands

Weekly development in net sales compared to previous years
(x € million)

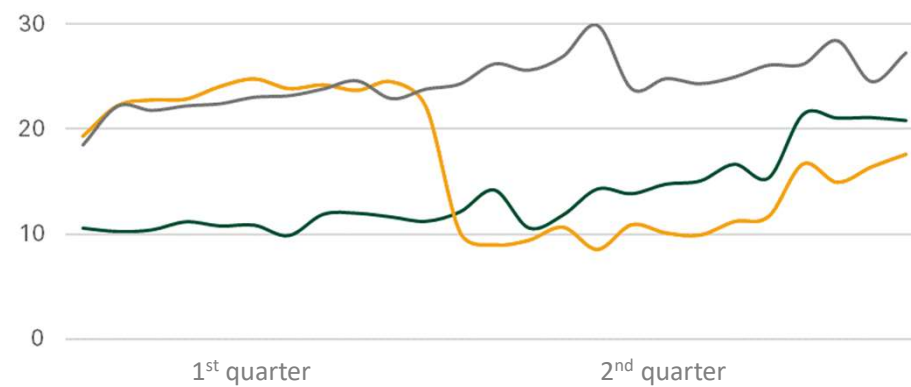
2021
2020
2019



Delivery service sites in the Netherlands

Weekly development in net sales compared to previous years
(x € million)

2021
2020
2019



¹ Not audited.

COVID-19 impact on net sales in Belgium¹

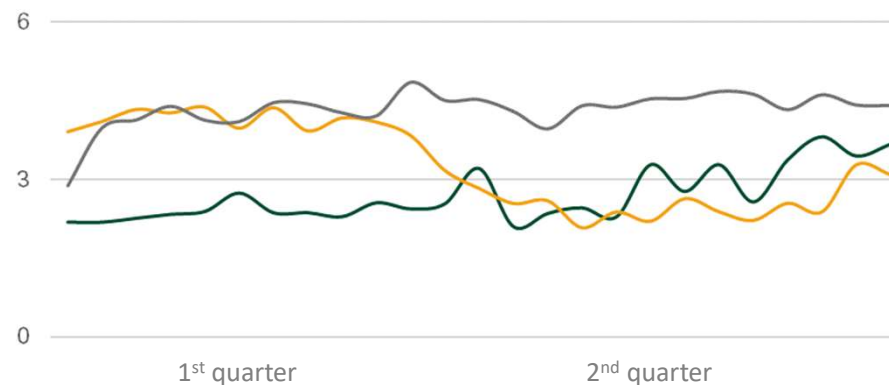


Sligro Food Group N.V.

Belgium Cash-and-Carry & Delivery Service

Weekly development in net sales compared to previous years
(x € million)

2021
2020
2019



¹ Not audited.

Gross margin¹



Sligro Food Group N.V.

× € million	Netherlands	Belgium	Group
H1-2021			
Net sales	719	69	788
Cost of net sales	(547)	(52)	599
Gross margin	172	17	189
<i>Gross margin as % of net sales</i>	<i>23.9</i>	<i>25.3</i>	<i>24.0</i>
H1-2020			
Net sales	858	85	943
Cost of net sales	(657)	(65)	(722)
Gross margin	201	20	221
<i>Gross margin as % of net sales</i>	<i>23.4</i>	<i>23.1</i>	<i>23.4</i>

- With similar mix effects in the customer segments last year.
- Continued relatively high tobacco share and low net sales from services have reduced the gross profit margin.
- Gap increased as percentage of net sales, thus decreasing gross profit margin by approx. 0.1%.
- Different ratio of net sales from cash-and-carry/delivery service → positive impact.
- High operating leverage in cash-and-carry, enabling great gains, especially in BE.

¹ Not audited.

Other operating income¹

x € million	H1-2021	H1-2020
Rental income	0	0
Gain on the sale of tangible fixed assets	4	3
Other non-recurring results	0	0
Total	4	3

- Book profit of almost € 4 million thanks to sale of former Van Hoeckel site in 's-Hertogenbosch.
- Book profit last year of € 3 million:
 - Sale and leaseback of Drachten € 1 million;
 - Sale of part of the building in Amersfoort € 1 million;
 - Other sales € 1 million.

¹ Not audited.

Operating costs¹



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× € million	H1-2021	H1-2020
Operating costs		
Employee expenses	92	114
Accommodation costs	14	16
Costs to sell	1	9
Logistics costs	35	41
General costs	16	17
Total	158	197

Employees:

- Limited deployment of flexible staff;
- Vacancies filled only to a limited degree;
- Use of NOW wage subsidy scheme² in the Netherlands € 28 million;
- Use of TWO wage subsidy scheme³ in Belgium € 2 million.

Sales:

- Release from provision for doubtful debts and lower allocation to provision for loans granted;
- No significant losses on accounts receivable positions;
- Increased income from modified customer events;
- Targeted savings on marketing and sales costs.

Logistics:

- In line with development of sales in delivery;
- Compensation for carriers of € 2 million.

¹ Not audited.

² The Dutch government's temporary wage subsidy scheme (NOW).

³ The Belgian government's temporary unemployment due to force majeure scheme (TWO).

Depreciation, amortisation and impairment¹



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× € million	H1-2021	H1-2020
Depreciation and impairments of tangible fixed assets		
Land and buildings	8	9
Machinery and equipment	3	3
Other fixed assets	10	13
Right-of-use assets	10	9
Impairments	0	
Total	31	34
Amortisation and impairments of intangible fixed assets		
Sit locations, customer relationships, brand names and other	6	6
Software	3	4
Impairment of software		2
Impairment of goodwill and other intangible fixed assets		60
Total	9	72

- Decline in depreciation due to investment restrictions.
- One-off non-cash impairment in Belgium last year.

¹ Not audited.

Financial income and expenses and income tax¹



× € million	H1-2021	H1-2020
Financial income and expenses		
Finance costs on leases	2	2
Finance costs on financial liabilities	2	2
Other financing income and expenses	0	0
Share in result of associates	(3)	(1)
Total	1	3
Income taxes		
Liability for financial year	(2)	(6)
Charge in and release from deferred tax liabilities	(0)	(4)
Total	(2)	(10)

Financial income and expenses:

- Profit from participations grew by €2 million.

Income taxes:

- Corporate income tax gain in the first half of 2021 was € 2 million.
- Corporate income tax gain from the final return for 2020: € 1 million.
- Agreement reached with the Dutch and Belgian tax authorities about the transfer pricing method in the context of MLC² up to the end of the 2019 tax year.
- Same system for 2020 and 2021.
- BAPA³ application for 2021 onwards submitted.

¹ Not audited.

² Multilateral control.

³ Bilateral Advance Pricing Agreements.

Abridged statement of cash flows¹



Sligro Food Group N.V.

x € million	H1-2021	H1-2020
Net cash flow from business operations	57	19
Interest received and paid	(1)	(3)
Dividends received from participations	3	0
Income tax received and paid	1	2
Net cash flow from operating activities	60	18
Investments/divestments in business operations		1
Investments/divestments in fixed assets	(10)	18
Repayments by associates	2	
Net cash flow from investing activities	(8)	19
Long-term borrowings drawn/repaid	0	(0)
Change in own shares	1	1
Lease liabilities paid	(12)	(9)
Dividend paid		
Net cash flow from financing activities	(11)	(8)
Change in cash, cash equivalents and short-term borrowings from credit institutions	41	29
Opening balance	(5)	(7)
Closing balance	36	22
Free cash flow	40	28

x € million	H1-2021	H1-2020
Investments intangible fixed assets	(10)	(11)
Investments tangible fixed assets	(5)	(32)
Disinvestments tangible fixed assets	5	61
Net disinvestments (investment) fixed assets	(10)	18

- Higher cash flow from business operations due to better operating result and reduction of working capital.
- Position of deferred tax payments (Q4-2020) due to COVID-19 € 34 million:
 - Repayments planned in Q3 2021.
- Investments:
 - CAPEX limited where possible;
 - Proceeds from sale of vacant Van Hoeckel premises, almost €6 million;
 - Sale and leaseback transactions in 2020.
- No dividend for 2020 and 2021 due to NOW support.
- Free cash flow of € 40 million used to reduce debt position.

¹ Not audited.

Segment cash flows¹



Sligro Food Group N.V.

x € million	Netherlands		Belgium		Group	
	H1-2021	H1-2020	H1-2021	H1-2020	H1-2021	H1-2020
Net cash flow from business operations	56	16	1	3	57	19
Interest received and paid	(1)	(3)	0	0	(1)	(3)
Dividends received from participations	3	0			3	0
Income tax received and paid		2	1	0	1	2
Net cash flow from operating activities	58	15	2	3	60	18
Investments/divestments in business operations		1				1
Investments/divestments in fixed assets	(9)	18	(1)	0	(10)	18
Repayments by associates	2				2	
Net cash flow from investing activities	(7)	19	(1)	0	(8)	19
Long-term borrowings drawn/repaid	0	(0)			0	(0)
Change in own shares	1	1			1	1
Lease liabilities paid	(11)	(8)	(1)	(1)	(12)	(9)
Dividend paid						
Net cash flow from financing activities	(10)	(7)	(1)	(1)	(11)	(8)
Change in cash, cash equivalents and short-term borrowings from credit institutions	41	27	0	2	41	29
Opening balance	(13)	(17)	8	10	(5)	(7)
Closing balance	28	10	8	12	36	22

¹ Not audited.

Segment figures¹



Sligro Food Group N.V.

× € million	Netherlands		Belgium		Group	
	H1-2021	H1-2020	H1-2021	H1-2020	H1-2021	H1-2020
Net sales	719	858	69	85	788	943
Gross margin as % of net sales	23.9	23.4	25.3	23.1	24.0	23.4
Gross operating result (EBITDA)	38	30	(3)	(3)	35	27
Operating profit before amortisation (EBITA)	11	0	(7)	(7)	4	(7)
Operating profit (EBIT)	2	(11)	(7)	(68)	(5)	(79)
Net profit	2	(10)	(6)	(62)	(4)	(72)
Average net invested capital	732	803	64	83	796	886
EBITDA as % of net sales	5.2	3.5	(3.7)	(3.0)	4.4	2.9
EBIT as % of net sales	0.2	(1.3)	(10.3)	(79.4)	(0.7)	(8.4)
EBITDA as % of average net invested capital	11.7	12.5	(4.6)	(4.2)	10.4	10.9
EBIT as % of average net invested capital	1.4	2.7	(20.1)	(88.4)	(0.3)	(5.9)
Free cash flow	40	26	0	2	40	28
Net investments	(9)	(18)	(1)	(0)	(10)	(18)

¹ Not audited.

Financing¹



Sligro Food Group N.V.

× € million	Jun-2021	Dec-2020	Jun-2020
Borrowings from credit institutions			
Long-term	160	160	160
Repayment obligations			77
Short-term		18	
Derivatives			(10)
Total	160	178	227
Cash and cash equivalents			
Cash and cash equivalents	36	13	22
Net interest-bearing debt/EBITDA as %²			
Net interest-bearing debt (excl. IFRS 16)	124	165	205
EBITDA past 12 months (excl. IFRS 16)	58	58	82
Actual	2.2	2.8	2.5
Convenant Rabobank	< 3.5	< 3.5	< 3.0
Convenant USPP	< 3.0	< 3.0	< 3.0

- Free cash flow used to reduce debt position.
- Stayed within original financing covenants thanks to interventions in expenses and investments as at end of June:
Net interest-bearing debts/EBITDA = 2.2.
- Covenant with respect to net interest-bearing debts/EBITDA (excluding IFRS 16) broadened temporarily following deal with financiers:
 - Max. at end of June: 4.5 (turned out not to be necessary).
- Extension of short-term credit facility to end of 2022, with option to extend by one year.
- No formal measurement has taken place outside the original agreements so far.
- No repayment obligations for the years to come.

¹ Not audited.

² Based on the adjusted figures, not including application of IFRS 16. The facilities' documentation states that, in the event of changes to the accounting rules that exceed the boundaries of the covenants, the report may be based on rules that were applicable before the change.

Net profits and earnings per share¹



x € million	H1-2021	H1-2020
Net profit (loss)	(4)	(72)
Net profit (loss) excluding impairments	(4)	(16)
Earnings per share (x € 1)	(0.09)	(1.63)

- Net loss improved (even when excluding impairment in 2020), but still loss-making.
- NOW support received in Q1 and Q2, so no bonuses and dividend in 2021.
- The focus on recovery of the financial position has paid off.

¹ Not audited.



Developments in the Netherlands

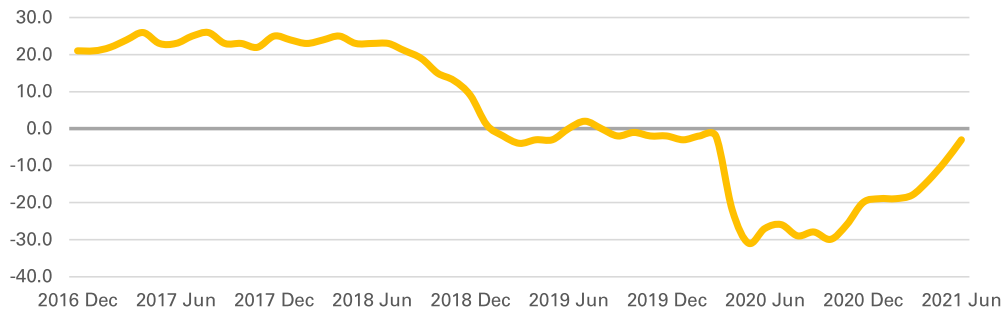
General economic developments in the Netherlands



Sligro Food Group N.V.

Consumer confidence

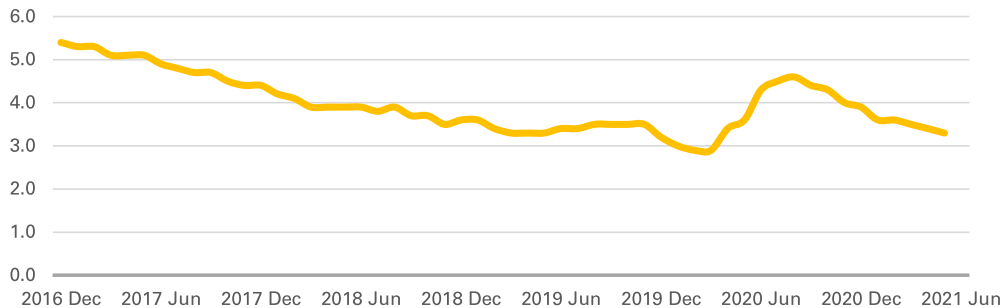
(Source: CBS)



- Consumer confidence and unemployment rate almost back at pre-COVID-19 levels.
- ‘Hidden’ unemployment is the uncertain factor.
- Again some uncertainty, but no far-reaching restrictions with a major impact on our business expected.

Unemployment rate

(Source: CBS)



Developments in the Netherlands

- Sales markets suffering from consequences of strict lockdown until mid-May.
- Strong recovery in June as a result of the easing of the measures.
- Ongoing efforts to reduce costs and cash.
- Focused choices made amongst High Five ambitions.
- Large proportion of Heineken customers already migrated to new online environment. When these customers started up again, they could experience the benefits of our 'one order, one delivery, one invoice' promise.
- Smeding collaboration model revised to improve fruit and vegetable proposition.

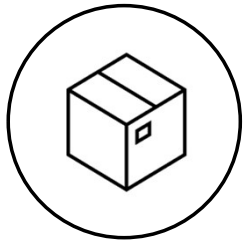


Delivery service customer satisfaction

One order, one delivery, one invoice live!

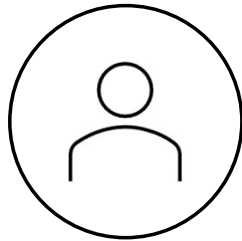


Final situation for customers



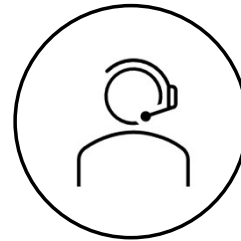
Product range

Complete food & drink range.



Sales & Service

Heineken for Beer & Cider and Sligro for all other products.



Ordering

One order for the whole product range on the Sligro Online portal.



Delivery

One complete delivery of all food and drink by Sligro.



Invoice

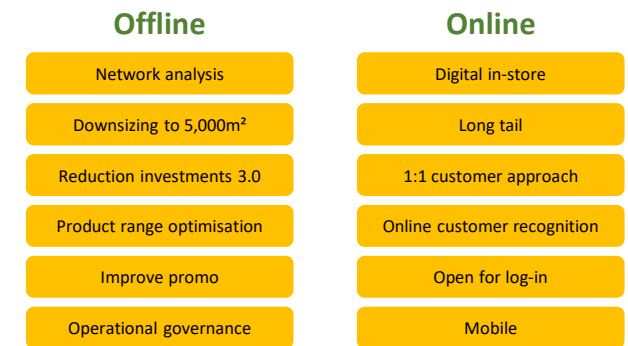
One invoice from Heineken and Sligro.

- Heineken customers are now really going to experience the convenience of the partnership between Sligro and Heineken.
- Now customers are starting back up again, Sligro will see a benefit from the platform after years of investment.
- Integrating the wines initially proved difficult, but a complete and attractive wine package has been successfully added.

Cash-and-carry customer satisfaction

- Improvements made to product choice.
- Cash-and-carry continues to grow, even without non-cardholders access.
- Restarted conversion to 3.0:
 - Already completed in 2021:
 - Downsizing of cash-and-carry at Rotterdam-Zuid (Q1);
 - ENTRÉE Brasserie changed to ENTRÉE (11 branches, Q2).
 - Scheduled for 2021:
 - Remodelling and downsizing of Heerlen (Q3) and Arnhem cash-and-carry stores (Q4).

Offline and online complement each other



Returns in the delivery segment

- Impact of long lockdown especially noticeable in delivery.
- A lot of focus on preparing to start back up.
- Shortage of DC staff and drivers covered at a regional level on restart.
- Benefit from long-term partnerships and being a good employer.
- Huge recovery put pressure on staffing at a regional level, but is under control.
- Network of sites:
 - Already completed in 2021:
 - Changes to SmitVis Veghel in connection with the integration of Océan Marée (Q2);
 - Changes to the delivery service at Nieuwegein for the relocation of XDC (Q2);
 - Sale of former Van Hoeckel site that was no longer in use (Q2).
 - Scheduled for 2021:
 - Changes to Kennedylaan 8 for the relocation of XDC and receipt of Christmas hampers (Q3);
 - Start of construction on new fresh distribution centre in Veghel to replace the current centre (Q4).



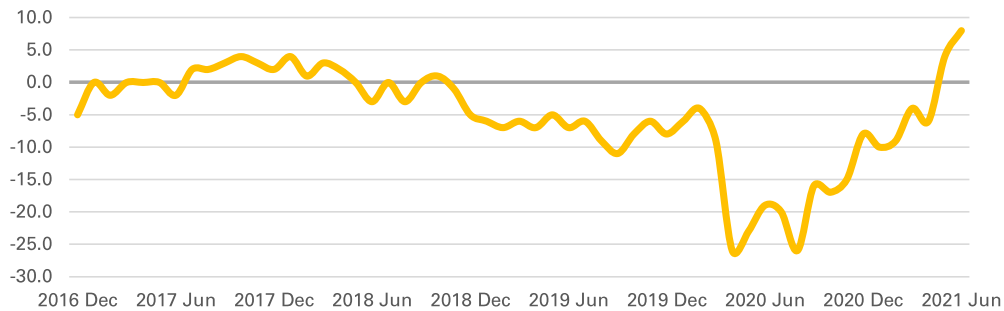
First pile of our new fresh produce distribution centre in Veghel



Developments in Belgium

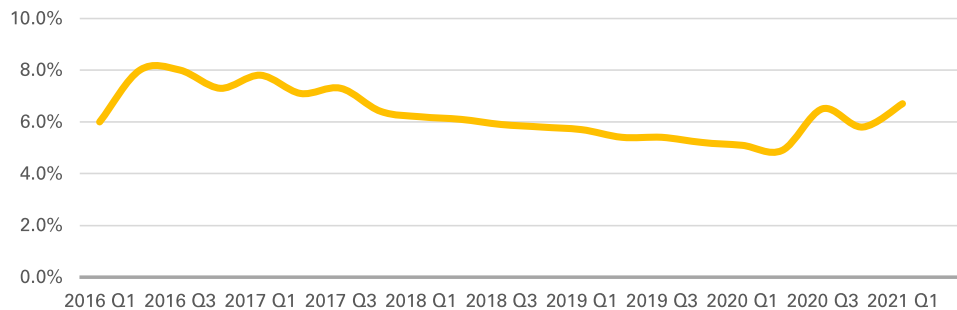
General economic developments in Belgium

Consumer confidence
(Source: National Bank of Belgium)



- Strong recovery of consumer confidence as in the Netherlands.
- No reduction in unemployment unlike in the Netherlands.
- Belgium has opted for a more gradual reduction of restrictions in contrast to the Netherlands.

Unemployment rate
(Source: National Bank of Belgium)



Developments in Belgium



- Strong drop in delivery sales; substantial increase in cash-and-carry.
- Product range harmonised to allow a greater part of Belgium's supply to run through the central distribution centre in Veghel:
 - Improved procurement position (synergies);
 - Efficiency gains in the supply chain.
- Closure of Océan Marée in Belgium and transfer of volumes to SmitVis in the Netherlands completed, all without disruptions to our customers.

Network of sites

Already completed in 2021

- Optimisation of Sligro-ISPC store in Antwerp (Q1).
- Dismantling of Océan Marée (Q2).

Scheduled for 2021

- Preparations for Ghent delivery service site and Leuven cash-and-carry store.



Antwerp cash-and-carry store



Developments in the Group

SAP launch

- New article master data environment launched in Q1.
- New ERP landscape in Belgium not implemented before the summer as was intended:
 - Complexity of integral upgrading of IT infrastructure;
 - Restrictions in making progress due to lockdown.
- Implementation of new ERP landscape now planned for 2022, in consideration of:
 - Expected amount of work remaining;
 - Impact of the markets starting back up in the second half of the year.
- The scope is set. Residual testing, adjusting where necessary and training are the most important final steps.
- Quality of the built solution is good.
- Delays do, however, result in additional costs.



A happy, committed and professionally strong team

A lot was done behind the scenes last year and has now been brought into the organisation:

- Formulated purpose (SFG Compass) and updated core values. Core values are now loaded into the organisation step by step.
- Leadership & People Management Programme:
 - All managers (>500) have:
 - Had a 360-degree assessment on the 5 elements of the SFG leadership model;
 - Followed the programme's basic modules on:
 - Managers' responsibilities;
 - Learning and achievement cycle;
 - Employee vitality and sickness absence.
 - An individual learning programme (online and offline) to follow based on development goal from assessment.
- Consistent improvement approach set up based on Target Operating Model.
- Increase in employee satisfaction maintained at 6.3.





Outlook

Market conditions

- Despite recent increases in the number of infections, no large-scale reintroduction of restrictions is expected.
- Recovery is expected in the various customer segments over the course of the second half of the year:
 - Uncertainty as yet around the business catering, events and education segments;
 - Other customer segments show strong recovery and may return to pre-COVID levels in the second half of the year.
- Increasing inflation is foreseen, given the scarcity of raw materials and staff, which will drive up prices.

Sligro

- When volumes increase:
 - Structural cost-reducing measures taken in recent years will impact the results;
 - We can start expanding our services to Sligro and Heineken customers from our integrated platform, with one order, one delivery and one invoice.
- In the current market, inflation can be passed on (with a delay).
- No statement on result this year.

TOT ZIENS

WELKOM

IN HET SEIZOEN



Abridged statement of financial position¹



Sligro Food Group N.V.

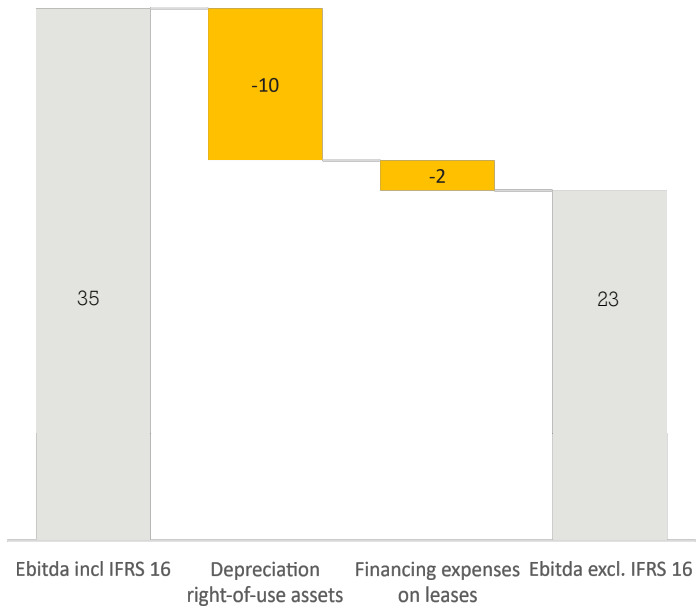
× € million	Jun-2021	Dec-2020	× € million	Jun-2021	Dec-2020
Assets			Liabilities		
Intangible fixed assets	274	274	Paid-up and called-up capital	3	3
Tangible fixed assets	283	299	Reserves	426	429
Right-of-use assets	210	216	Total shareholders' equity	429	432
Financial fixed assets	62	64			
Total fixed assets	829	853	Borrowings from credit institutions	160	160
Inventories	212	188	Lease liabilities	213	218
Trade and other receivables	118	110	Other non-current liabilities	26	24
Cash and cash equivalents	36	13	Total non-current liabilities	399	402
Other current assets	49	34			
Total current assets	415	345	Provisions	1	3
			Borrowings from credit institutions		18
			Lease liabilities	19	19
			Accounts payable	266	217
			Other current liabilities	130	107
			Total current liabilities	416	364
Total assets	1,244	1,198	Total liabilities	1,244	1,198

¹ Not audited.

EBITDA for ratio calculation¹



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- EBITDA reported from 2019 including IFRS 16.
- Financing based on Net Debt/EBITDA ratio not including IFRS 16.
- Not including IFRS 16 paints a better picture of the cash position.

¹ Not audited.

Jumbo Coop claim



- On 13 March 2020, Sligro learnt of a writ of summons issued by the Jumbo & Coop consortium, resulting from the transaction concerning the sale of EMTÉ in 2018.
- The consortium alleges that in the context of this transaction, an incorrect picture had been painted of EMTÉ's historic profitability, as a result of which the performance following the acquisition fell short of the consortium's expectations.
- Sligro dismisses all accusations out of hand. The positions of the consortium do not have a factual or legal basis.
 - The witness hearing at the request of J&C further confirmed Sligro's stance.
- There is no reason whatsoever to compensate the consortium.
 - A provision for this claim has not been recognised.
- Sligro goes into the legal proceedings with great confidence.
 - Preparations are underway for substantive proceedings (hearing on 27 September 2021).