



Sligro Food Group N.V.

## 2020 annual figures

---

28 January 2021

# Agenda



- 
- |                                   |                    |
|-----------------------------------|--------------------|
| • Welcome                         | Koen Slippens      |
| • 2020 annual 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 loss<sup>1</sup>



Sligro Food Group N.V.

x € million	2020		2019	
Net sales	1,946	100.0%	2,395	100.0%
Cost of net sales	(1,478)	-76.0%	(1,811)	-75.6%
<b>Gross margin</b>	<b>468</b>	<b>24.0%</b>	<b>584</b>	<b>24.4%</b>
Other operating income	4	0.2%	13	0.5%
Total operating costs excluding depreciation, amortisation and impairments	(397)	-20.3%	(470)	-19.6%
<b>Gross operating result (EBITDA)</b>	<b>75</b>	<b>3.9%</b>	<b>127</b>	<b>5.3%</b>
Depreciation and impairments of tangible fixed assets and right-of-use assets	(68)	-3.5%	(61)	-2.5%
<b>Operating result before amortisation (EBITA)</b>	<b>7</b>	<b>0.4%</b>	<b>66</b>	<b>2.8%</b>
Amortisation and impairments of intangible fixed assets	(83)	-4.3%	(22)	-1.0%
<b>Operating profit (EBIT)</b>	<b>(76)</b>	<b>-3.9%</b>	<b>44</b>	<b>1.8%</b>
Financial income and expenses	(2)	-0.1%	(2)	0.0%
<b>Pre-tax profit</b>	<b>(78)</b>	<b>-4.0%</b>	<b>42</b>	<b>1.8%</b>
Income taxes	8	0.4%	(8)	-0.4%
<b>Net profit</b>	<b>(70)</b>	<b>-3.6%</b>	<b>34</b>	<b>1.4%</b>

x € million	Netherlands	Belgium	Group
2020 net sales	1,777	169	1,946
2019 net sales	2,166	229	2,395
<b>Total decrease</b>	<b>(389)</b>	<b>(60)</b>	<b>(449)</b>
<i>Decline</i>	<i>-18.0%</i>	<i>-26.0%</i>	<i>-18.7%</i>
Organic	1,735	169	1,904
Acquisition of "De Kweker"	42	-	42
<b>Total decrease</b>	<b>1,777</b>	<b>169</b>	<b>1,946</b>
<i>Decline organic net sales</i>	<i>-19.9%</i>	<i>-26.0%</i>	<i>-20.5%</i>

## Net Sales

- Drop in net sales is entirely COVID-19 related.
- Major differences between segments:
  - Catering, events and hospitality were hit hard;
  - Healthcare and petrol were not hit as hard.
- Drop in net sales was € 0.5 billion, not including the acquisition of 'De Kweker' and the increase in tobacco sales.
- 5 extra days due to leap year and financial calendar change, impact of approx. € 20 million.
- Ratio of C&C/DS: 43% / 57% (2019: 32% / 68%).

<sup>1</sup> Unaudited.

# COVID-19 impact on net sales in the Netherlands<sup>1</sup>

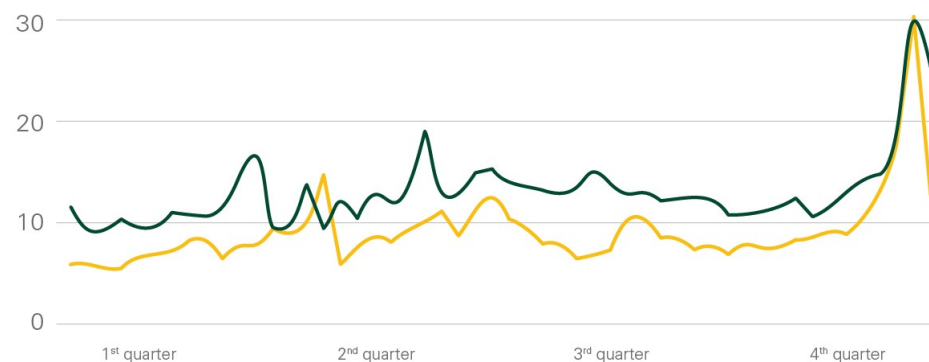


Sligro Food Group N.V.

## Cash-and-carry sites in the Netherlands

Weekly development in net sales compared to last year  
(x € million)

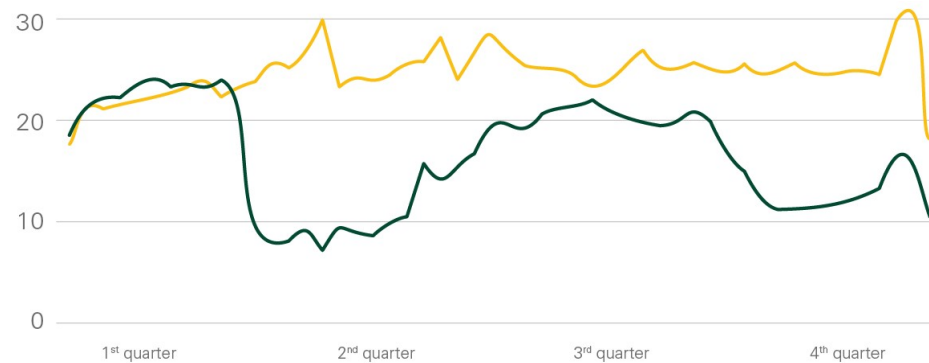
2020  
2019



## Delivery service sites in the Netherlands

Weekly development in net sales compared to last year  
(x € million)

2020  
2019



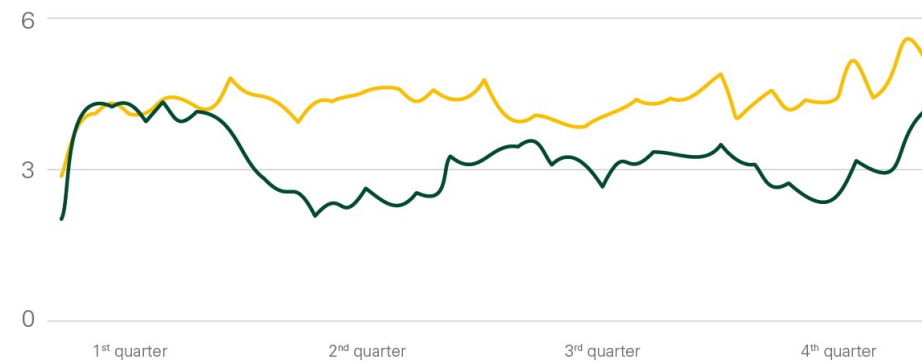
<sup>1</sup> Unaudited.

# COVID-19 impact on net sales in Belgium<sup>1</sup>

## Belgium cash-and-carry and delivery service

Weekly development in net sales compared to last year  
(x € million)

2020  
2019



<sup>1</sup> Unaudited.

# Gross margin<sup>1</sup>



Sligro Food Group N.V.

× € million	Netherlands	Belgium	Group
<b>2020</b>			
Net sales	1,777	169	1,946
Cost of net sales	(1,351)	(127)	(1,478)
<b>Gross margin</b>	<b>426</b>	<b>42</b>	<b>468</b>
<i>Gross margin as % of net sales</i>	<i>24.0</i>	<i>24.5</i>	<i>24.0</i>
<b>2019</b>			
Net sales	2,166	229	2,395
Cost of net sales	(1,633)	(178)	(1,811)
<b>Gross margin</b>	<b>533</b>	<b>51</b>	<b>584</b>
<i>Gross margin as % of net sales</i>	<i>24.6</i>	<i>22.2</i>	<i>24.4</i>

- Mixed effect due to major change to customer mix.
- Increase in tobacco sales and lower net sales from services pushed the margin down by approx. 1.3%.
- Extra shrinkage due to COVID-19 of approx. € 3 million pushed the margin down by approx. 0.4%.
- Different ratio of net sales of cash-and-carry/delivery service → positive impact.
- Improved procurement conditions.

<sup>1</sup> Unaudited.

## Other operating income<sup>1</sup>

x € million	2020	2019
Rental income	1	2
Gain on the sale of tangible fixed assets	2	3
Other non-recurring results	1	8
<b>Total</b>	<b>4</b>	<b>13</b>

- Rental income down €1 million, partly due to the sale of properties.
- €5 million EMTÉ service fee (TSA) in the first half of 2019.
- Sale of Maison Niels de Veye brought in € 3 million in the first half of 2019.

<sup>1</sup> Unaudited.

# Operating costs<sup>1</sup>

x € million	2020	2019
<b>Operating costs</b>		
Employee expenses	230	275
Accommodation costs	31	30
Costs to sell	17	20
Logistics costs	86	112
General costs	33	33
<b>Total</b>	<b>397</b>	<b>470</b>

## Employees:

- Reduction of flexible supply of temporary staff;
- Vacancies filled only to a limited degree;
- Use of NOW scheme<sup>2</sup> in the Netherlands: € 22 million;
- Use of TWO scheme<sup>3</sup> in Belgium € 4 million;
- Restructuring provision in relation to the closure of Océan Marée €2 million.

## Logistics:

- Less efficient scaling down of logistics costs; services to customers at same level while volumes are down;
- Compensation logistic service providers € 2 million.

## Sales:

- Extra receivables formed for receivables and loans provided of € 2 million under costs to sell;
- Targeted savings on marketing spending.

<sup>1</sup> Unaudited.

<sup>2</sup> Temporary emergency bridging measure to preserve employment.

<sup>3</sup> Temporary unemployment owing to force majeure.



# Depreciation, amortisation and impairments<sup>1</sup>



Sligro Food Group N.V.

x € million	2020	2019
<b>Depreciation and impairments of tangible fixed assets</b>		
Land and buildings	18	16
Machinery and equipment	7	6
Other fixed assets	23	21
Right-of-use assets	20	17
Impairments		1
<b>Total</b>	<b>68</b>	<b>61</b>
<b>Amortisation and impairments of intangible fixed assets</b>		
Sit locations, customer relationships, brand names and other	12	12
Software	9	10
Impairment of software	1	
Impairment of goodwill and other intangible fixed assets	61	
<b>Total</b>	<b>83</b>	<b>22</b>

- Lease costs were up with € 3 million partly due to sale and leaseback transactions.
- Impairment of approx. € 1 million on decommissioned assets and software.
- Investments in SO 4.0<sup>2</sup> software and infrastructure have increased amortisation and depreciation by approximately € 4 million.
- Start of amortisation of new ERP landscape from commissioning in 2021.
- Impairment of goodwill and other intangible assets in Belgium € 60 million (see appendix).

<sup>1</sup> Unaudited.

<sup>2</sup> Sligro Online 4.0.

# Financial income and expenses and income taxes<sup>1</sup>

x € million	2020	2019
<b>Financial income and expenses</b>		
Financing expenses on leases	4	3
Financing expenses on financial liabilities	5	4
Other financing income and expenses	0	0
Share in result of associates	(7)	(5)
<b>Total</b>	<b>2</b>	<b>2</b>
<b>Income taxes</b>		
Liability for financial year	(4)	6
Charge in and release from deferred tax liabilities	(4)	2
<b>Total</b>	<b>(8)</b>	<b>8</b>

## Financial income and expenses:

- Interest and costs increased by € 1 million due to costs for waivers and increased mark-ups for higher leverage ratios during the year;
- Financing expenses on lease costs were up € 1 million due to sale and leaseback transactions 2019/2020;
- Share in the result of associates increased with € 2 million.

## Income taxes:

- Income tax expense due to negative taxable profit, available for future tax offset;
- €1 million in late income from 2019 in the Netherlands;
- Deferred tax assets and deferred tax liabilities in NL (government decision) and BE (correction) adjusted based on current corporate income tax rate leads to € 4 million expense in 2020.

<sup>1</sup> Unaudited.

# Abridged statement of cash flows<sup>1</sup>



Sligro Food Group N.V.

x € million	2020	2019
Net cash flow from business operations	95	135
Interest received and paid	(5)	(7)
Dividends received from participations	4	5
Income tax paid	5	(1)
<b>Net cash flow from operating activities</b>	<b>99</b>	<b>132</b>
Investments/divestments in business operations	1	(51)
Investments/divestments in fixed assets	(8)	(79)
Repayments by associates	(1)	3
<b>Net cash flow from investing activities</b>	<b>(8)</b>	<b>(127)</b>
Long-term borrowings drawn/repaid	(67)	36
Change in own shares	1	(1)
Lease liabilities paid	(23)	(18)
Dividend paid		(62)
<b>Net cash flow from financing activities</b>	<b>(89)</b>	<b>(45)</b>
<b>Change in cash, cash equivalents and short-term borrowings from credit institutions</b>	<b>2</b>	<b>(40)</b>
Opening balance	(7)	33
Closing balance	(5)	(7)
Free cash flow	67	38

x € million	2020	2019
Investments intangible fixed assets	(24)	(21)
Investments tangible fixed assets	(46)	(104)
Disinvestments tangible fixed assets	62	46
<b>Net disinvestments (investment) fixed assets</b>	<b>(8)</b>	<b>(79)</b>

- Drop in cash flows from operating activities due to lower EBITDA.
- Position of postponed tax payments due to COVID-19 € 13 million.
- Investments:
  - CAPEX limited where possible;
  - Income from sale & leaseback and sale of decommissioned assets;
  - Change in 'CAPEX' accounts payable € 7 million.
- No final dividend for 2019 and no dividend for 2020.
- Free cash flow of € 67 million used to reduce debt.

<sup>1</sup> Unaudited.

# H1 versus H2 2020<sup>1</sup>



Sligro Food Group N.V.

x € million	H1-2020		H2-2020		Year	
Net sales	943	100.0%	1,003	100.0%	1,946	100.0%
Cost of net sales	(722)	-76.6%	(756)	-75.4%	(1,478)	-76.0%
<b>Gross margin</b>	<b>221</b>	<b>23.4%</b>	<b>247</b>	<b>24.6%</b>	<b>468</b>	<b>24.0%</b>
Other operating income	3	0.3%	1	0.1%	4	0.2%
Total operating costs excluding depreciation, amortisation and impairments	(197)	-20.9%	(200)	-19.9%	(397)	-20.3%
<b>Gross operating result (EBITDA)</b>	<b>27</b>	<b>2.9%</b>	<b>48</b>	<b>4.8%</b>	<b>75</b>	<b>3.9%</b>
Depreciation and impairments of tangible fixed assets and right-of-use assets	(34)	-3.6%	(34)	-3.4%	(68)	-3.5%
<b>Operating result before amortisation (EBITA)</b>	<b>(7)</b>	<b>-0.7%</b>	<b>14</b>	<b>1.4%</b>	<b>7</b>	<b>0.4%</b>
Amortisation and impairments of intangible fixed assets	(72)	-7.6%	(11)	-1.1%	(83)	-4.3%
<b>Operating profit (EBIT)</b>	<b>(79)</b>	<b>-8.4%</b>	<b>3</b>	<b>0.3%</b>	<b>(76)</b>	<b>-3.9%</b>
Financial income and expenses	(3)	-0.3%	1	0.1%	(2)	-0.1%
<b>Pre-tax profit</b>	<b>(82)</b>	<b>-8.7%</b>	<b>4</b>	<b>0.4%</b>	<b>(78)</b>	<b>-4.0%</b>
Income taxes	10	1.1%	(2)	-0.2%	8	0.4%
<b>Net profit</b>	<b>(72)</b>	<b>-7.6%</b>	<b>2</b>	<b>0.2%</b>	<b>(70)</b>	<b>-3.6%</b>

<sup>1</sup> Unaudited.

# Segment cash flows<sup>1</sup>



Sligro Food Group N.V.

x € million	Netherlands		Belgium		Group	
	2020	2019	2020	2019	2020	2019
Net cash flow from business operations	97	163	(2)	(28)	95	135
Interest received and paid	(5)	(7)		(0)	(5)	(7)
Dividends received from participations	4	5			4	5
Income tax paid	5	0		(1)	5	(1)
<b>Net cash flow from operating activities</b>	<b>101</b>	<b>161</b>	<b>(2)</b>	<b>(29)</b>	<b>99</b>	<b>132</b>
Investments/divestments in business operations	1	(51)			1	(51)
Investments/divestments in fixed assets	(7)	(71)	(1)	(8)	(8)	(79)
Repayments by associates	(1)	3			(1)	3
<b>Net cash flow from investing activities</b>	<b>(7)</b>	<b>(119)</b>	<b>(1)</b>	<b>(8)</b>	<b>(8)</b>	<b>(127)</b>
Long-term borrowings drawn/repaid	(68)	36	1	0	(67)	36
Capital contribution / current account	(2)	(40)	2	40		0
Change in own shares	1	(1)			1	(1)
Lease liabilities paid	(21)	(16)	(2)	(2)	(23)	(18)
Dividend paid		(62)				(62)
<b>Net cash flow from financing activities</b>	<b>(90)</b>	<b>(83)</b>	<b>1</b>	<b>38</b>	<b>(89)</b>	<b>(45)</b>
<b>Change in cash, cash equivalents and short-term borrowings from credit institutions</b>	<b>4</b>	<b>(41)</b>	<b>(2)</b>	<b>1</b>	<b>2</b>	<b>(40)</b>
Opening balance	(17)	24	10	9	(7)	33
<b>Closing balance</b>	<b>(13)</b>	<b>(17)</b>	<b>8</b>	<b>10</b>	<b>(5)</b>	<b>(7)</b>

<sup>1</sup> Unaudited.

# Segment results<sup>1</sup>



x € million	Netherlands		Belgium		Group	
	2020	2019	2020	2019	2020	2019
Net sales	1,777	2,166	169	229	1,946	2,395
Gross margin as % of net sales	24.0	24.6	24.5	22.2	24.0	24.4
Gross operating profit (EBITDA)	78	130	(3)	(3)	75	127
Operating profit before amortisation (EBITA)	18	76	(11)	(10)	7	66
Operating profit (EBIT)	(3)	57	(73)	(13)	(76)	44
Net profit	(3)	45	(67)	(11)	(70)	34
Average net invested capital	760	756	92	117	852	873
EBITDA as % of net sales	4.4	6.0	(1.7)	(1.3)	3.9	5.3
EBIT as % of net sales	(0.1)	2.6	(43.3)	(5.7)	(3.9)	1.8
EBITDA as % of average net invested capital	10.3	17.1	(3.2)	(2.5)	8.8	14.5
EBIT as % of average net invested capital	(0.3)	7.6	(79.7)	(11.1)	(8.9)	5.0
Free cash flow	72	77	(5)	(39)	67	38
Net investments	11	78	0	7	11	85

<sup>1</sup> Unaudited.

# Financing<sup>1</sup>



Sligro Food Group N.V.

× € million	Dec-2020	Jun-2020	Dec-2019
<b>Schulden aan kredietinstellingen</b>			
Long-term	160	160	160
Repayment obligations	-	77	77
Short-term	18		26
Derivatives	-	(10)	(9)
<b>Total</b>	<b>178</b>	<b>227</b>	<b>254</b>
<b>Cash and cash equivalents</b>			
Cash and cash equivalents	13	22	19
<b>Net interest-bearing debt/EBITDA as %<sup>2</sup></b>			
Net interest-bearing debt (excl. IFRS 16)	165	205	235
EBITDA past 12 months (excl. IFRS 16)	59	82	107
Actual	2.8	2.5	2.2
Convenant Rabobank	< 3.0	< 3.0	< 3.0
Convenant USPP	< 3.5	< 3.0	< 3.0

- In December 2020, USPP from 2010 repaid (\$ 75 million) and repayment to Rabo (€ 10 million).
- Free cash flow used to reduce interest-bearing debts.
- Stayed within original financing frameworks thanks to interventions in expenses and investments as at 31/12/2020:  
Net interest-bearing debt / EBITDA = 2.8.
- Covenant with respect to net interest-bearing debt / EBITDA (excluding IFRS 16) broadened temporarily following deal with financiers:
  - Max as at 31/12/2020: 5.5x (turned out not to be necessary);
  - Max as at 30/06/2021: 4.5x.
- Reached a deal with our financiers that offers extra leeway during 2021:
  - Additional € 100 million committed revolving credit facility extended from 30/06/2021 to 31/12/2021.

<sup>1</sup> Unaudited.

<sup>2</sup> 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 leading to exceeding the boundaries of the covenants, the report may be based on rules that were applicable before the change.

# Net profits and earnings per share<sup>1</sup>

x € million	2020	2019
<b>Net profit</b>		
From continuing operations	(70)	34
From discontinued operations		(1)
<b>Total</b>	<b>(70)</b>	<b>33</b>
<b>Earnings per share</b>		
Earnings per share from continuing operations	(1.59)	0.78
Earnings per share from discontinued operations		(0.03)
<b>Total</b>	<b>(1.59)</b>	<b>0.75</b>

- No final dividend for 2019.
- No dividend for 2020.
- The priority is to restore the financial position in light of the uncertainty of the coming period.

<sup>1</sup> Unaudited.



A young man with short brown hair, wearing a dark green polo shirt with a logo, is smiling warmly at the camera. He is leaning forward and holding a yellow and green carton of juice. The background is a brightly lit grocery store aisle with shelves of products, slightly out of focus. The overall tone is warm and positive.

# Developments in the Netherlands

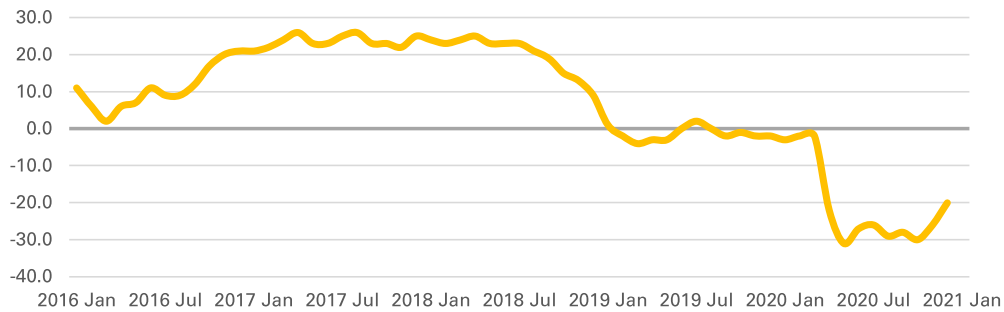
# General economic developments in the Netherlands



Sligro Food Group N.V.

### Customer confidence

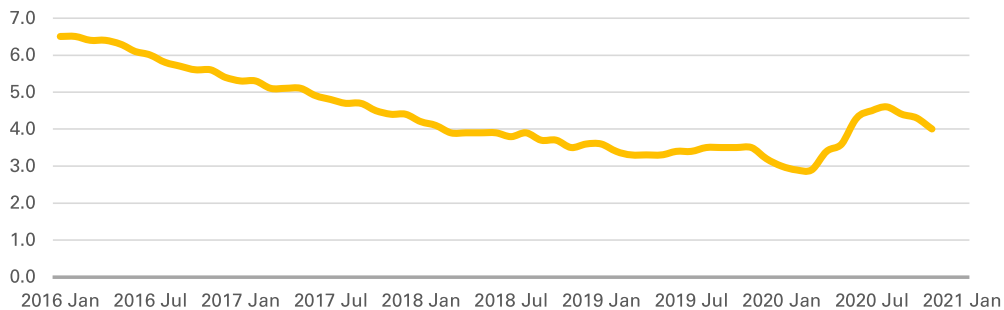
(Source: CBS)



- Due to the COVID-19 pandemic, consumer confidence has fallen sharply and unemployment has risen.
- 'Hidden' unemployment is the uncertain factor.

### Unemployment rate

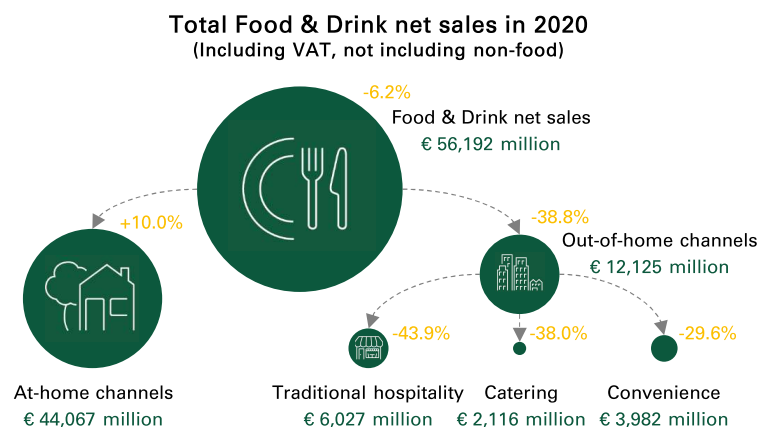
(Source: CBS)



# Food Service market development in the Netherlands



Sligro Food Group N.V.



Source: FoodService Instituut Nederland

Food service market parties as %	2020	2019	2018
Sligro	26.6	24.2	24.3
Beverage wholesalers	11.9	16.1	16.7
Bidfood	10.9	11.0	11.3
Hanos	12.0	11.0	10.6
Pascal Groep	8.4	8.1	8.0
Other wholesalers	12.6	11.1	11.3
Makro	5.0	5.3	5.4
<b>Wholesalers sub-total</b>	<b>87.4</b>	<b>86.8</b>	<b>87.6</b>
Logistics service providers	6.8	6.1	6.0
Sales through retailers	5.8	7.1	6.4
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: FoodService Instituut Nederland

- Sligro's market share grew considerably by 2.4%.
- Food Service market contracted sharply due to government measures taken to stem the COVID-19 pandemic.
- After the first lockdown, markets recovered rapidly.
- Wholesale value -33.0%; consumer spending -38.8%:
  - The delivery channel was hit hard, while the cash-and-carry business held strong and even showed growth;
  - The closure of the hospitality industry triggered a temporary shift in food spending to food retail (see next slide);
  - Major differences per market segment:

Segment	Turnover share based on 2019	Growth 2020 versus 2019
Traditional hospitality	40%	-35%
Catering	20%	-40%
Institutional	10%	-15%
Petrol	10%	0%
SME	20%	15%

# Food market development in the Netherlands

**Decline in total food market, shift from food service to food retail**  
(in millions of €)



Source: FoodService Instituut Nederland

## Developments in the Netherlands



Sligro Food Group N.V.

- Market share gained thanks to:
  - Combination of cash-and-carry and delivery service;
  - A broad and diverse customer base;
  - Strength of the format including the first results of the Next-Gen Cash-and-Carry programme.
- Short-term focus on offsetting the drop in net sales and adjusting costs, inventories and investments.
- Strong focus on 'decency in business', also in times of crisis, towards all stakeholders.
- Conscious choice to still go ahead with, or even step up, strategically important processes.
- Five focus areas:
  - Excel in customer satisfaction in the delivery segment;
  - Excel in customer satisfaction in the cash-and-carry segment;
  - Increase returns in the delivery segment;
  - A happy, committed and professionally strong team;
  - Successfully launch SAP.



# Delivery service customer satisfaction

- Major focus on flexibly and decisively scaling down and back up, and scaling down again in times of COVID-19. Due to disruptions across the supply chain, operating performance was below our desired level.
- Focus on: inventory levels, staffing levels, partnerships with logistics service providers, accounts receivable policy and supporting customers in these difficult times.
- Sligro Online 4.0:
  - Completion of new SAP e-sales platform and onboarding of 40,000 delivery service customers of Sligro, Heineken and De Kweker;
  - Also accessible to cash-and-carry customers, before logging in.
- Solutions:
  - Successful launch of the first 'solutions for our customers' with our own or partner solutions. Sligro is to become the number one platform for the Food Service market.
- Successful contract extensions for Van Hoeckel.



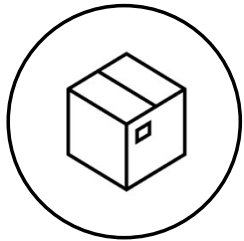
# Delivery service customer satisfaction

One portal, one drop, one invoice live!



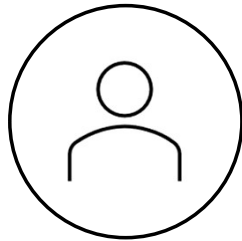
Sligro Food Group N.V.

## Final situation for customers



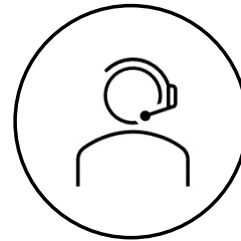
### Product range

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

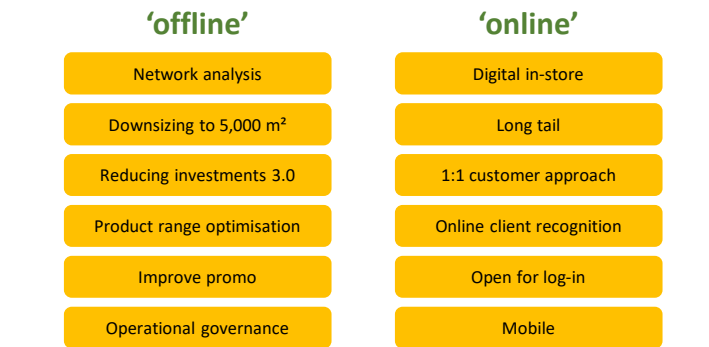
One invoice from Heineken and Sligro.

- 
- After 3 years of integrating and building, as planned, the solution is now live and we can start reaping cost savings and seizing upsell potential.
  - At least 12 years left on the contract to benefit from the savings and potential.

# Cash-and-carry customer satisfaction

- Nice net sales growth and rising Net Promoter Score at our cash-and-carry business.
- During the first lockdown and the second one up to mid-December, our cash-and-carry stores were also open to non-cardholders to enable safe food shopping for all.
- Development and implementation of Next-Gen Cash-and-Carry modules.
- Website now also accessible to cash-and-carry customers → integrated digital customer approach.
- Better shopping experience on fewer square metres → type-3 store format with 5,500m<sup>2</sup> of floor space ready to be rolled out.
- Role of cash-and-carry stores in the delivery service: various solutions at cash-and-carry sites are now live and showing steady growth for ‘occasional delivery customers’.
- Product range rationalisation including clearance sale of surplus non-food inventory.
- Effectiveness of sales promotions analysed and improved.
- De Kweker integration completed, with head office and back-office organisation phased out and procurement synergies seized.

## Offline and online reinforce each other





# Network of cash-and-carry sites

## Achieved in 2020

- Final adjustments and lessons learned for Deventer cash-and-carry store (type 3 → type 1).
- Plans postponed due to investment freeze on account of the COVID-19 pandemic.

## Scheduled for 2021

- Remodelling and downsizing of Heerlen and Arnhem cash-and-carry stores:
  - These will continue to be type-3 stores;
  - Floor space downsizing by 25%.



## Returns in the delivery segment

- Heineken integration completed, on schedule within 3 years. Contract for at least 12 years to reap the benefits for customers, the environment, Heineken and Sligro Food Group.
- Drop in net sales (-75% in some weeks) largely absorbed by flexibility and decisiveness in reducing staffing levels and the use of flexible temporary staff, as well as in reducing transport.
- Logistics cost savings programmes (order picking, transport, infrastructure costs) hampered by COVID-19:
  - Many underlying processes were launched nonetheless and have delivered results;
  - Savings will materialise as soon as volumes pick up after COVID-19.
- Financial support for logistics service providers to ensure that we are ready for our customers when the Food Service business restarts.
- Major progress made in inventory optimisation.
- Work on building integrations and De Kweker integration was accelerated given the additional time available due to COVID-19.



# Network of delivery service sites

## New sites opened in 2020

- Maastricht delivery service (Q1).
- Breda delivery service (Q2).
- Vianen delivery service (Q3).

## Refurbishments in 2020

- Venray delivery service (Q3).
- Nieuwegein X-dock delivery service (Q4).

## Heineken integration in 2020

- The complete former Heineken network (13 DCs) has been incorporated into the revamped Sligro delivery service network (9 delivery service sites) → 50% of customers are now served from a different site.



*Maastricht delivery service*



*Breda delivery service*

## Plan for 2021 (1/2): High Five!

- **Excel in customer satisfaction in the delivery segment:**
  - Further development of the new online platform: Sligro's largest (digital) outlet;
  - Scale up and further develop Sligro Solutions;
  - Valorise the partnership with Heineken for customers, environment, Heineken and Sligro;
  - Transition to omnichannel organisation;
  - More effective and more target group-driven account management;
  - Complete the 2020/2021 operational excellence agenda;
  - Fruit and vegetables programme.
- **Excel in customer satisfaction in the cash-and-carry segment:**
  - Complete the Next-Gen Cash-and-Carry programme and extend the first initiatives into 2021;
  - Create frictionless collaboration between online and offline in traffic and customer journey;
  - Further optimisation of the network of sites with a better shopping experience on fewer square metres;
  - Fruit and vegetables programme.
- **Operational excellence and returns in the supply chain:**
  - Focus on the basics in the logistics chain: 'on time, in full and with a smile';
  - Centralise transport planning and inventory management for delivery service sites;
  - Seize savings potential when we restart after COVID-19;
  - Capitalise on the efficiency from the Heineken business case.





## Plan for 2021 (2/2): High Five!

- **A happy, committed and professionally strong team:**
  - After a lot of hard work behind the scenes in 2020 → our people strategy was implemented and anchored;
  - Launch of the Ideas Lab, Pion (personnel management and time recording), and the People Management Programme (leadership programme, learn & perform cycle, clear frameworks);
  - Launch of new purpose and revitalised core values.
- **Successfully launch SAP:**
  - Go-live in Belgium requires attention and resources from the Netherlands;
  - Testing, change, data connection → go-live in Antwerp;
  - Further roll-out in Belgium;
  - Also international roles from the Netherlands already switched to SAP.

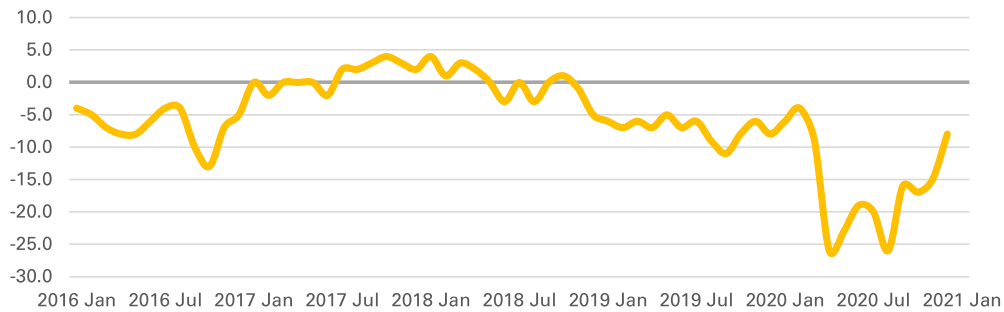




# Developments in Belgium

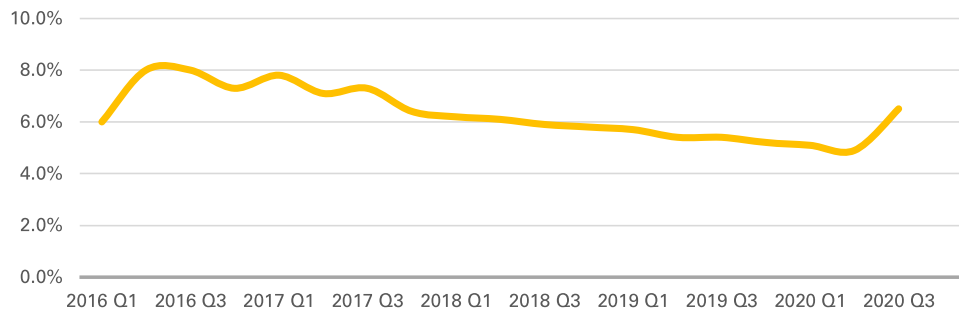
# General economic developments in Belgium

Consumer confidence  
(Source: National Bank of Belgium)

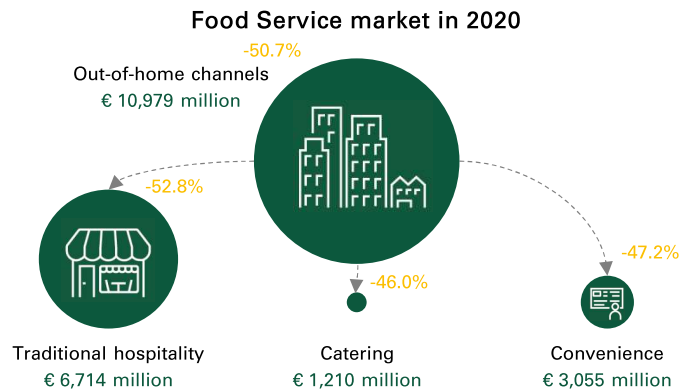


- Developments in Belgium are comparable to those in the Netherlands.

Unemployment rate  
(Source: National Bank of Belgium)



# Food Service market development in Belgium



Source: Foodservice Alliance

- Market trend similar to Dutch figures. In Belgium, too, the Food Service market contracted sharply due to government measures taken to stem the COVID-19 pandemic.
- Differences per segment are also considerable in Belgium with the same emphases.
- From the start of the Belgian government's COVID-19 measures, cash-and-carry stores in Belgium have been open to non-cardholders as well.



## Developments in Belgium (1/2)

---

- Market development is similar to that in the Netherlands, with spending down over 50%.
- The impact differs per business unit:
  - Delivery service net sales down to nil at Sligro-ISPC during lockdown periods, but a sharp rise in net sales at cash-and-carry stores;
  - The drop in delivery service net sales was less sharp at JAVA because a large part of their sales are to the care & cure sector.
- As a result of the decline in net sales caused by the COVID-19 pandemic and the expected gradual recovery, it will take longer to reach the desired profit levels → impairment in the first half of 2020.
- Further product range harmonisation between Sligro and ISPC on the one hand and between Belgium and the Netherlands on the other:
  - Uniformity across Sligro/ISPC sites in Belgium;
  - Procurement synergies and supply chain centralisation.
- Game & poultry business now operated in-house and positioned under the 'Hunt' concept.
- Cessation of Océan Marée's operations announced, volumes expected to be transferred to SmitVis as of early 2021.
- Substantial improvement of operating performance and embedding at Sligro-ISPC.
- Targeting net sales growth and customer acquisition: market approach developed further and improved.
- The link between Veghel CDC and sites in Belgium has produced the first successes.

## Developments in Belgium (2/2)

---

- Short-term focus was to offset the drop in net sales and adjust costs, inventories and investments.
- Strong focus on 'decency in business', also in times of crisis, towards all stakeholders.
- Conscious choice to still go ahead with, or even step up, strategically important processes.
- The five focus areas are identical to those in the Netherlands:
  - Excel in customer satisfaction in the delivery segment;
  - Excel in customer satisfaction in the cash-and-carry segment;
  - Increase returns in the delivery segment;
  - A happy, committed and professionally strong team;
  - Successfully launch SAP.

# Network of sites

## Achieved in 2020

- New signing of Sligro-ISPC in Ghent and Liège (Q1).
- Head office in Rotselaar refurbished (Q2).
- Land in Bruges sold (Q2).
- Antwerp site layout adapted to cash-and-carry/delivery service ratio (Q2) → open delivery service set-up.

## Scheduled for 2021

- Optimisation of Sligro-ISPC store in Antwerp (Q1).
- Preparations for Ghent delivery service site and Leuven cash-and-carry store.

## Scheduled after 2021

- Ghent delivery service site.
- New cash-and-carry store in Leuven.
- Full remodelling of Ghent & Liège sites.



Antwerp cash-and-carry store



Head office in Rotselaar

## Plan for 2021 (1/2): High Five!

- **Excel in customer satisfaction in the delivery segment:**
  - Next steps in setting up account management and relationship management;
  - New concept launches;
  - Roll out programmes being developed in the Netherlands with an international perspective both at Sligro-ISPC and Van Hoeckel/JAVA, with a schedule that is specific to Belgium.
- **Excel in customer satisfaction in the cash-and-carry segment:**
  - Focus on customer acquisition, but also on serving existing customers based on data analysis;
  - Generate traffic through sales promotions and attractive campaigns whereby online and offline are mutually reinforcing;
  - Roll out programmes being developed in the Netherlands with an international perspective, with a schedule that is specific to Belgium.



## Plan for 2021 (2/2): High Five!

- **Operational excellence and returns in the supply chain:**
  - Further product range harmonisation and supply chain optimisation;
  - Preparations for Ghent delivery service site;
  - After the first successes in 2020 → all sites in Belgium will be connected to the Veghel CDC as comprehensively as possible.
- **A happy, committed and professionally strong team:**
  - Fully in line with the Netherlands.
- **Successfully launch SAP:**
  - Replacing four different ERP systems with one single new standard system for the Group;
  - Otherwise fully in line with the Netherlands.





A young man with short brown hair and a light beard, wearing a white chef's shirt and a brown apron, is smiling warmly at the camera. He is holding a large, round wheel of cheese with a yellow and orange label that reads "DE GOUDESCHE WAECH". The background is a well-lit cheese shop with shelves filled with various types of cheese. The text "Developments in the Group" is overlaid in a large, bold, black font across the center of the image.

# Developments in the Group

## SAP launch

- The migration to the new online platform for customers was successful and went as planned.
- The first version of new ERP and data landscape did not go live in Belgium in 2020:
  - Teams were unable to meet in person;
  - Complexity of integral upgrading of IT structure.
- Construction finished around the turn of the year, new item master data environment put into use.
- Testing, training and preparations for go-live in Belgium scheduled for the first half of 2021.



## A happy, committed and professionally strong team

- Lots of changes across the organisation in recent years.
- Organisational governance model changed.
- Over the past year, a lot of hard work behind the scenes has gone into the design and implementation of the People strategy:
  - Being an attractive employer for current and future employees;
  - Aiming for long-term employment relationships.
- The four pillars of our People strategy:
  - People & teams;
  - Leadership;
  - Culture;
  - Organisation.
- The first results are encouraging, as the employee satisfaction score from the stakeholder watch rose from 56 to 63.





A young woman with dark hair tied back, wearing a white chef's jacket and a blue apron with the name 'SMIT' and 'finest sea food' visible, is smiling warmly at the camera. She is holding a silver tray with a white cloth. The background shows a professional kitchen with stainless steel counters, a blue pendant light, and a window with a view of the outdoors.

# Outlook

# Outlook



## Market conditions

- The consequences of COVID-19 will also dominate a major part of 2021.
- If the vaccination strategy is successful, we expect recovery to set in from the second quarter onwards.
- Experiences from 2020 have taught us that recovery can happen quickly and that consumers will return to hospitality venues as soon as they are permitted to do so.
- No unusual movements expected with respect to cost-induced inflation: between 1% and 2%.

## Sligro

- Focus on five long-term strategic focus areas.
- While the start in the first quarter of 2021 will be difficult, gradual recovery will follow in the second quarter of 2021.
- If recovery materialises, net sales will grow to pre-COVID-19 levels over the second half of 2021.
- Given the persistent uncertainty, no statements yet on profit expectations for 2021.
- Long-term target EBITDA of 7.5% is still realistic in the medium term.



# TOT ZIENS

## WELKOM

IN HET SEIZOEN

THE

NAAR DE  
NON-FOOD  
VERDEEPING

MEER MARGE  
VOOR BEMER  
INCOVERS

PLATTEGROND

Bo  
Bouwre

NEEM  
UW FO





# Abridged statement of financial position<sup>1</sup>



Sligro Food Group N.V.

x € million	2020	2019	x € million	2020	2019
<b>Assets</b>			<b>Liabilities</b>		
Intangible fixed assets	272	331	Paid-up and called-up capital	3	3
Tangible fixed assets	299	362	Reserves	429	497
Right-of-use assets	216	176	<b>Total shareholders' equity</b>	<b>432</b>	<b>500</b>
Financial fixed assets	64	60			
<b>Total fixed assets</b>	<b>851</b>	<b>929</b>	Borrowings from credit institutions	160	160
			Lease liabilities	218	174
Inventories	188	230	Other non-current liabilities	24	28
Trade and other receivables	112	228	<b>Total non-current liabilities</b>	<b>402</b>	<b>362</b>
Cash and cash equivalents	13	46			
Other current assets	34	22	Provisions	3	8
<b>Total current assets</b>	<b>347</b>	<b>526</b>	Borrowings from credit institutions	18	103
			Lease liabilities	19	15
			Accounts payable	219	350
			Other current liabilities	105	117
			<b>Total current liabilities</b>	<b>364</b>	<b>593</b>
<b>Total assets</b>	<b>1.198</b>	<b>1.455</b>	<b>Total liabilities</b>	<b>1.198</b>	<b>1.455</b>

<sup>1</sup> Unaudited.

# Goodwill and intangible fixed assets<sup>1</sup>



Sligro Food Group N.V.

x € million	31 December 2020	28 December 2019
<b>Assets</b>		
Goodwill	125	168
<b>Intangible fixed assets relating to acquisitions<sup>2</sup></b>		
Customer relationships	75	102
Site locations	14	15
Brand names	9	11
	<b>98</b>	<b>128</b>

## Assumptions used impairments Belgium

as %	Mid-2020	At year-end 2019	
	Base scenario	Applied	Nil headroom scenario
Net sales growth	5.4	5.1	3.8
WACC	6.7	5.8	6.6

## Impairments Belgium as at mid-2020

- Non-cash impairment investments JAVA and ISPC:
  - Goodwill € 43 million.
  - Customer relationships € 17 million.
- Full confidence in Belgium.
- Recovery to profit due to COVID-19 taking longer than expected.
- WACC assumptions and net sales growth modified due to COVID-19.
- Headroom of € 30 million at year-end 2020.

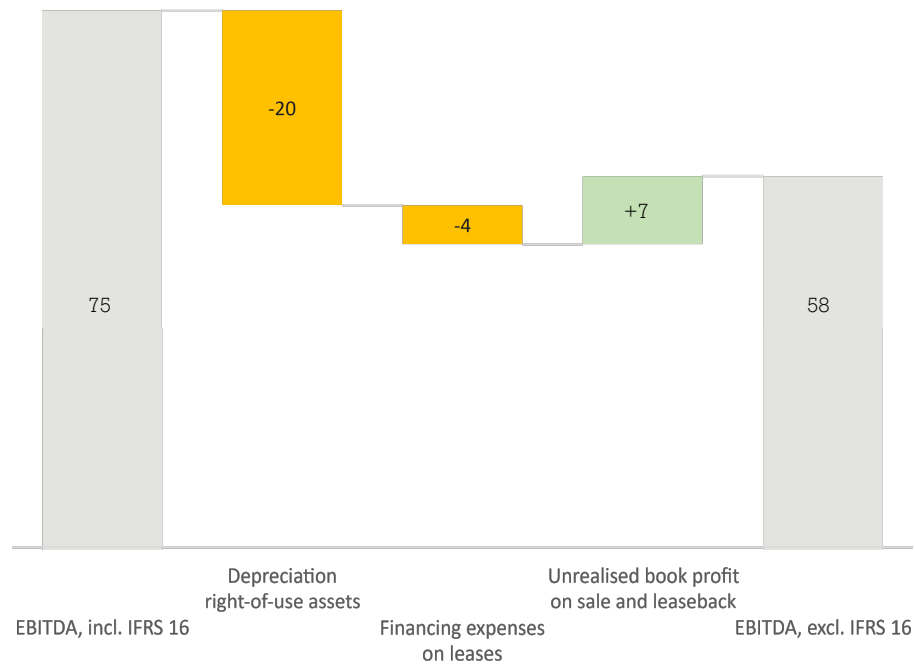
## Assumptions 2021 - 2025

as %	Applied	Nil headroom scenario
Net sales growth	11.7	5.0
WACC	7.1	9.8

<sup>1</sup> Unaudited.

<sup>2</sup> The breakdown of the acquisition-related intangible fixed assets of the comparative figures at the end of the 2019 financial year has been adjusted relative to the 2019 financial statements.

# EBITDA for ratio calculation<sup>1</sup>



- 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.

<sup>1</sup> Unaudited.

# 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.
  - No provision has been formed for the claim.
- Sligro is therefore very confident about any legal actions.
  - Preparations are underway for substantive proceedings (hearing date as yet unknown).