# PRESS RELEASE
## Annual figures 2018

Sligro Food Group N.V.

## SLIGRO FOOD GROUP'S 2018 NET PROFIT: €276 MILLION

Net profit for the year was €276 million, an all-time record for the Group. 2018 was characterised by numerous extraordinary and non-recurring income and expenditure items. Adjusted for this, Ebit on our 'continuing operations' was €82 million, with a 9.5% increase in net sales to €2,346 million.

### Koen Slippens, CEO:

"The theme for 2018 was 'Focus', which certainly did not mean limiting the number of issues we tackled. Focus means that everything we take on is targeted at achieving our ambition to be a leading international Food Service player. An incredible amount of hard work has gone into the sale and carve-out of EMTÉ, the successful first year of our partnership with Heineken, the design of our new organisation and management model, the integration and expansion of our activities in Belgium and all the preparations for our new international ERP landscape, testing the limits of our organisation. With growth of almost 9% in the Netherlands and just over 14% in Belgium, we have gained significant market share in both countries.

The market conditions were favourable, and we expect them to remain so in the year ahead. This is accompanied by strong cost inflation that forces us to continue monitoring the balance between growth and cost control. This is an environment in which we as market leader feel very much at home and we are reflecting on the past year and looking ahead to 2019 with great vigour.

After a year with a lot of focus on 'non-core activities', which we feel was the right thing to do, in 2019 we will redirect our focus back to operations and trade. Excelling in a tight transport market, after a year of defending, we can get back to attacking in the delivery sector, the cash-and-carry of the future and in addition to the battle for permits, above all the battle for customer ratings in Belgium. So, our theme for the year is 'Back to Business' and we cannot wait to get started!"

### Key figures[1)]

| x € million | 2018 | 2017 | Change % |
|---|---|---|---|
| **Key figures continuing operations** | | | |
| Net sales | 2,346 | 2,142 | 9.5 |
| Organic sales growth in % | 1.0 | 3,0 | |
| Ebitda | 114 | 144 | (20.9) |
| Ebita | 73 | 110 | (33.6) |
| Ebit | 53 | 91 | (42.3) |
| Net profit | 46 | 76 | (39.6) |
| Free cash flow | 102 | 98 | 4.1 |
| Shareholders' equity | 537 | 651 | (17.5) |
| Net interest-bearing debt | 162 | 146 | 10.8 |
| Earnings per share (x €1) | 1.04 | 1.73 | (39.9) |
| Dividend per share, excluding non-recurring special dividend (x €1) | 1.40 | 1.40 | 0.0 |
| | | | |
| **Group key figures** | | | |
| Net profit | 276 | 81 | 242.1 |
| Earnings per share (x €1) | 6.25 | 1.83 | 240.4 |

*1) The 2018 audit has not been completed and the auditors' report has not yet been issued.*

Gross margin rose by €72 million to €566 million or 24.1% of sales (2017: 23.1%). The acquisition of Heineken's wholesale activities, as well as the logistics services for Heineken's beer and cider sales contributed to the margin growth. The gross margin was negatively affected by changes in the IFRS standards that had an impact on net sales and gross margin.

Other operating income increased by €3 million to €12 million. This year we received a contribution from the Jumbo and Coop consortium for the services we carried out for EMTÉ (there were also corresponding costs attached to this). In 2017, there was a non-recurring income item of €9 million in relation to the sale of beer and cider sales to Heineken as part of our acquisition and partnership agreements.

Total operating expenses rose €113 million to 22.4% of sales. The acquisition of the Heineken wholesale activities and the logistics services for the Heineken beer and cider sales contributed to the increase in costs. In addition, there were also non-recurring costs for the separation of EMTÉ and resulting dis-synergy totalling €12 million. The costs associated with the organisational changes we have made are also non-recurring and amounted to €17 million. The costs we incurred to support the consortium were largely covered by the amounts accounted for under Other operating income.

Ebit was €53 million. Excluding the non-recurring expenses in relation to EMTÉ and the organisational changes, Ebit was €82 million. This matches last year's result if we adjust the reported €91 million for non-recurring income of €9 million on the sale of beer and cider to Heineken.

The total net profit of the Group, including 'discontinued operations' increased to a record €276 million, which means earnings per share of €6.25.

As a result of the sale of EMTÉ, the impact of the separation, temporary dis-synergy and the costs associated with the organisational changes, in 2018, the number and size of extraordinary items was exceptional. Furthermore, after we had finalised the EMTÉ transaction, we paid a one-off special dividend of €7.57 per share. We therefore propose that when setting the dividend for 2018, for this year only, we do not separate the dividend into a regular and a variable dividend, but view the dividend as a whole. The proposed dividend payment for 2018 is €1.40 per share, which is the same as the total dividend for 2017. Of the total dividend, €0.55 per share was paid as an interim dividend on 1 October 2018, leaving a final dividend of €0.85.

## Outlook

At year-end 2018, the unemployment rate was still relatively low and consumer confidence relatively high. In spite of the downward trend in consumer confidence witnessed in the last few months of 2018, we believe that the economic climate in 2019 will be relatively favourable and that our sales markets will grow.

We expect our customers to pass on the VAT increase on food, which has taken effect at the start of 2019, to the consumer and as such the increase will have a very limited impact on sales in the wholesale channel.

The growth in the sales markets of our customers was driven in part by price rises and, combined with the VAT increase, will certainly also be the case in 2019. In addition, we also expect volume increases, which will feed the growth of our wholesale volumes. Cost inflation will be considerable in 2019. Transport, energy and wage costs will increase significantly, and we will only be able to pass these on to our customers to a limited extent in the form of price rises. However, we expect to be able to absorb most of the price increases with the efficiency-boosting programmes we launched in 2018.

In the Netherlands, the year ahead will be dominated by the further integration of Sligro and the Heineken wholesale activities. The necessary IT changes are expected to be ready in the second quarter of 2019, after which we can start the physical integration. Once the integration is complete, we will be able to serve our customers from a single location with a single lorry, which benefits them and offers us efficiency and upsell opportunities. The physical network will be delivered in stages from the fourth quarter of 2019. From that moment, we will also be able to gradually achieve the logistics and commercial benefits we envisaged from the partnership. In addition, we will also build on designing our future cash-and-carry business.

In Belgium, we will spend the next year building on our market position. After a difficult permit process in Antwerp and what is expected to be the same route in Bruges, we will accelerate and step up the search for locations and start permit processes. We envisage six to eight additional locations for the coming years. In addition, we will design the further merger and integration of the existing activities and organisation in Belgium.

*1) The 2018 audit has not been completed and the auditors' report has not yet been issued.*

We are starting 2019 with a new organisation structure and model. This will require adjustments and optimisation in the first phase of the year. In addition, we are starting on the design and building phase of the first prototype of our new international ERP landscape and the accompanying standardised processes. At the end of the year, we intend to have a version available that is ready for implementation in Belgium at the beginning of 2020.

With the large number of foreseen exceptional items, last year as a one-off occurrence, we managed our expectations slightly. This year, as usual, we are refraining from making any firm forecasts.

The 2018 annual report will be published on 5 February 2019.

A presentation of the results for the year will be given today at a press conference and a meeting for analysts. The presentation is also available on www.sligrofoodgroup.nl.

In our trading update of 18 April 2019, we will address the developments in the first quarter of 2019 in greater detail. The half-year figures will be published on 18 July 2019.

Veghel, 24 January 2019

On behalf of the Executive Board of Sligro Food Group N.V.

Koen Slippens
Rob van der Sluijs

*Tel: +31 413 34 35 00*
*www.sligrofoodgroup.nl*

*1) The 2018 audit has not been completed and the auditors' report has not yet been issued.*

# CONTENTS
## Annexes



*1) The 2018 audit has not been completed and the auditors' report has not yet been issued.*

Annex 1

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

## for 2018[1)]

| x € million | 2018 | 2017[2)] | 2016[2)] |
|---|---|---|---|
| CONTINUING OPERATIONS | | | |
| **Net sales** | **2,346** | **2,142** | **1,986** |
| Cost of sales | (1,780) | (1,648) | (1,537) |
| **Gross margin** | **566** | **494** | **449** |
| **Overige bedrijfsopbrengsten** | **12** | **9** | **0** |
| Staff costs | (275) | (215) | (190) |
| Premises costs | (38) | (34) | (32) |
| Selling costs | (17) | (14) | (14) |
| Logistics costs | (108) | (76) | (69) |
| General and administrative expenses | (26) | (20) | (16) |
| Impairments | (2) | (0) | (0) |
| Depreciation of property, plant and equipment | (39) | (34) | (31) |
| Amortisation of intangible assets | (20) | (19) | (15) |
| **Total operating expenses** | **(525)** | **(412)** | **(367)** |
| **Operating profit** | **53** | **91** | **82** |
| Finance income and expense | (4) | (5) | (4) |
| Share in results of associates | 7 | 9 | 8 |
| **Profit before tax** | **56** | **95** | **86** |
| Income taxes | (10) | (19) | (17) |
| **Profit from continuing operations** | **46** | **76** | **69** |
| DISCONTINUED OPERATIONS | | | |
| Profit from discontinued operations, after tax | 230 | 5 | 4 |
| **Profit for the year** | **276** | **81** | **73** |
| **Attributable to shareholders of the company** | **276** | **81** | **73** |

| **Figures per share** | **€** | **€** | **€** |
|---|---|---|---|
| Basic earnings per share | 6.25 | 1.83 | 1.67 |
| Diluted earnings per share | 6.25 | 1.83 | 1.67 |
| Basic earnings per share from continuing operations | 1.04 | 1.73 | 1.58 |
| Diluted earnings per share from continuing operations | 1.04 | 1.73 | 1.58 |
| Proposed dividend | 1.40 | 1.40 | 1.30 |

*1) The 2018 audit has not been completed and the auditors' report has not yet been issued.*
*2) This concerns the figures from the 2017 financial statements.*

Annex 2

# CONSOLIDATED CASH FLOW STATEMENT

for 2018[1)]

| x € million | 2018 | 2017[2)] | 2016[2)] |
|---|---|---|---|
| Receipts from customers | 3,019 | 3,275 | 3,102 |
| Other operating income | 11 | 3 | 2 |
| | 3,030 | 3,278 | 3,104 |
| Payments to suppliers | (2,606) | (2,702) | (2,557) |
| Payments to employees | (165) | (182) | (169) |
| Payments to the government | (184) | (199) | (197) |
| | (2,955) | (3,083) | (2,923) |
| Net cash generated from operations | 75 | 195 | 181 |
| Interest received and paid | (3) | (5) | (4) |
| Dividend received from associates | 7 | 7 | 5 |
| Corporate income tax paid | (34) | (25) | (29) |
| **Net cash flow from operating activities** | **45** | **172** | **153** |
| Acquisitions/investments | | (127) | (49) |
| Operations disposed of | 348 | 11 | |
| Capital expenditure on property, plant and equipment/ investment property/assets held for sale | (76) | (74) | (74) |
| Receipts from disposal of property, plant and equipment/ investment property/assets held for sale | 83 | 14 | 6 |
| Capital expenditure on intangible assets | (24) | (13) | (12) |
| Investments in/loans to associates | | (1) | (1) |
| Repayments by associates | 0 | 0 | 0 |
| **Net cash flow from investing activities** | **331** | **(190)** | **(130)** |
| Proceeds from long-term borrowings | | 110 | 30 |
| Repayment of long-term borrowings | (11) | (67) | (1) |
| Change in own shares | 5 | 2 | 1 |
| Dividend paid | (397) | (59) | (55) |
| **Net cash flow from financing activities** | **(403)** | **(14)** | **(25)** |
| **Movement in cash, cash equivalents and short-term bank borrowings** | **(27)** | **(32)** | **(2)** |
| Opening balance | 60 | 92 | 94 |
| **Closing balance** | **33** | **60** | **92** |
| **Free cash flow** | **102** | **98** | **72** |
| **Working capital in days' sales** | **8** | **11** | **9** |

*1) The 2018 audit has not been completed and the auditors' report has not yet been issued.*
*2) This concerns the figures from the 2017 financial statements.*

Annex 3

# CONSOLIDATED BALANCE SHEET

## as at 29 December 2018 before profit appropriation[1)]

| x € million | 29-12-2018 | 30-12-2017[2)] | 31-12-2016[2)] |
|---|---|---|---|
| **ASSETS** | | | |
| Goodwill | 155 | 155 | 145 |
| Other intangible assets | 137 | 143 | 76 |
| Property, plant and equipment | 313 | 303 | 361 |
| Investment property | | | 20 |
| Investments in associates | 53 | 53 | 51 |
| Other financial assets | 12 | 9 | 17 |
| **Total non-current assets** | **670** | **663** | **670** |
| Inventories | 217 | 207 | 245 |
| Trade and other receivables | 236 | 173 | 179 |
| Other current assets | 33 | 24 | 24 |
| Corporate income tax | 16 | 1 | 2 |
| Cash and cash equivalents | 33 | 58 | 92 |
| | **535** | **463** | **542** |
| Assets held for sale | 9 | 221 | 3 |
| **Total current assets** | **544** | **684** | **545** |
| **Total assets** | **1,214** | **1,347** | **1,215** |
| **EQUITY AND LIABILITIES** | | | |
| Paid-up and called capital | 3 | 3 | 3 |
| Reserves | 534 | 648 | 624 |
| **Total shareholders' equity attributable to shareholders of the company** | **537** | **651** | **627** |
| Deferred tax liabilities | 27 | 25 | 28 |
| Employee benefits provision | 2 | 3 | 5 |
| Other provisions | 0 | 0 | 0 |
| Bank borrowings | 186 | 193 | 103 |
| **Total non-current liabilities** | **215** | **221** | **136** |
| Current portion of long-term borrowings | 14 | 14 | 71 |
| Bank borrowings | 0 | 0 | 0 |
| Trade and other payables | 339 | 252 | 294 |
| Corporate income tax | | 1 | 0 |
| Other taxes and social security contributions | 19 | 19 | 24 |
| Provisions | 16 | | |
| Other liabilities, accruals and deferred income | 74 | 66 | 63 |
| | **462** | **352** | **452** |
| Liabilities directly related to assets held for sale | | 123 | |
| **Total current liabilities** | **462** | **475** | **452** |
| **Total equity and liabilities** | **1,214** | **1,347** | **1,215** |

*1) The 2018 audit has not been completed and the auditors' report has not yet been issued.*
*2) This concerns the figures from the 2017 financial statements.*

Annex 4

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## for 2018 before profit appropriation[1)]

| x € million | Paid-up and called capital | Share premium | Other reserves | Revaluation reserve | Hedging reserve | Treasury shares reserve | Total |
|---|---|---|---|---|---|---|---|
| **Balance as at 31 December 2016** | **3** | **31** | **605** | **4** | **(4)** | **(12)** | **627** |
| Transactions with owners | | | | | | | |
| Share-based payments | | | 1 | | | | 1 |
| Dividend paid | | | (59) | | | | (59) |
| Change in own shares | | | | | | 0 | 0 |
| | 0 | 0 | (58) | 0 | 0 | 0 | (58) |
| Total realised and unrealised results | | | | | | | |
| Profit for the year | | | 81 | | | | 81 |
| Investment property | | | (0) | 0 | | | |
| Cash flow hedge | | | | | 1 | | 1 |
| | 0 | 0 | 81 | 0 | 1 | 0 | 82 |
| **Balance as at 30 December 2017** | **3** | **31** | **628** | **4** | **(3)** | **(12)** | **651** |
| Transactions with owners | | | | | | | |
| Share-based payments | | | 0 | | | | 0 |
| Dividend paid | | | (397) | | | | (397) |
| Change in own shares | | | | | | 6 | 6 |
| | 0 | 0 | (397) | 0 | 0 | 6 | (391) |
| Total realised and unrealised results | | | | | | | |
| Profit for the year | | | 276 | | | | 276 |
| Investment property | | | 4 | (4) | | | |
| Cash flow hedge | | | | | 1 | | 1 |
| | 0 | 0 | 280 | (4) | 1 | 0 | 277 |
| **Balance as at 29 December 2018** | **3** | **31** | **511** | **0** | **(2)** | **(6)** | **537** |

*1) The 2018 audit has not been completed and the auditors' report has not yet been issued.*

Annex 5

# CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

## for 2018[1)]

| x € million | 2018 | 2017[2)] | 2016[2)] |
|---|---|---|---|
| Profit for the year | 276 | 81 | 73 |
| **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 | 1 | 1 | 0 |
| Income and expense recognised directly in shareholders' equity | 1 | 1 | 0 |
| **Recognised income and expense for the year** | **277** | **82** | **73** |
| **Attributable to shareholders of the company** | **277** | **82** | **73** |
| **Recognised income and expense attributable to:** | | | |
| Continuing operations | 47 | 77 | 69 |
| Discontinued operations | 230 | 5 | 4 |
| **Recognised income and expense for the year** | **277** | **82** | **73** |

*1) The 2018 audit has not been completed and the auditors' report has not yet been issued.*
*2) This concerns the figures from the 2017 financial statements.*

Annex 6

# SEGMENT INFORMATION
for 2018[1)]

## Segmentation net sales

### Net sales

| x € million | 2018 | 2017 |
|---|---|---|
| Netherlands | 2,084 | 1,912 |
| Belgium from the Netherlands[1)] | 42 | 41 |
| Belgium from Belgium | 220 | 189 |
| **Total** | **2,346** | **2,142** |

*1) This relates on the one hand to delivery sales from the Dutch delivery centres to Belgian customers. On the other hand, these are Belgian customers from the border region who shop in the Dutch cash & carry wholesale outlets.*

*1) The 2018 audit has not been completed and the auditors' report has not yet been issued.*

# PROFILE

**Sligro Food Group encompasses foodservice businesses in the Netherlands and Belgium, offering a full range of food and food-related non-food products and services in the food and beverages wholesale market.**

## Netherlands

We are market leader in the Netherlands, with a nationwide network of cash-and-carry wholesale and delivery service outlets serving large and small-scale hospitality establishments, leisure facilities, caterers, volume users, company caterers, forecourt retailers, small and medium-sized enterprises, small retail businesses and the institutional market. Under a long-term strategic partnership with Heineken, Sligro is exclusive distributor of Heineken draught beers in the Netherlands. We trade under the Van Hoeckel name in the institutional market and under the Sligro name in other market segments. Sligro and Van Hoeckel each have a dedicated commercial organisation focusing on their specific markets but use a shared delivery network for operations.

## Belgium

In Belgium, JAVA Foodservice concentrates on the institutional, company catering and hotel chain segments in the Belgian foodservice market. ISPC specialises in the catering sector and supplies high-quality, innovative food and non-food products to professionals in gastronomy. ISPC has combined cash-and-carry and delivery outlets in Ghent and Liège.

The first site of the new Sligro-ISPC wholesale format is in Antwerp. In the coming period, ISPC will open wholesale outlets in Ghent and Liège under the Sligro-ISPC name, focusing primarily on large-scale and other hospitality markets. Over time, we will use this approach to grow into a structure similar to that in the Netherlands, consisting of two formats, Sligro-ISPC and JAVA Foodservice, with their own commercial organisations, a common delivery structure and shared services.

Sligro Food Group operates its own in-house production facilities for specialist convenience products, fish, patisserie and home caterer products. We also have participating interests in Fresh Partners for meat, game and poultry, fruit and vegetables and bread and bakery products serving both the Dutch and Belgian markets.

Our customers have the choice of around 75,000 food and food-related non-food items. We also offer a wide range of services. The Group handles most of its own purchases of specific foodservice products while some purchases are made through CIV Superunie B.A.

Sligro Food Group companies actively seek to share expertise and utilise the substantial scope for synergy and economies of scale. Activities that are primarily customer-related are carried out by the various business units in the different countries. Our aim is to increase our gross margins and to offer a unique and innovative product range through centralised purchasing, in combination with direct and detailed category and margin management.

Operating expenses are managed through an integrated supply chain and constant attention to cost control. Group synergy is further enhanced by centralised management of our IT landscape, centralised design and control of master data management and centralised talent and management development.

Sligro Food Group strives to be a high-quality company achieving steady, managed growth for all its stakeholders.
Sales in continuing operations 2018 totalled €2,346 million and the net profit was €46 million. The average number of employees on a full-time basis was 4,056. Sligro Food Group shares are listed on Euronext Amsterdam. The Group's head office is in Veghel, the Netherlands.

*1) The 2018 audit has not been completed and the auditors' report has not yet been issued.*

1064389