



## Agenda

- Welcome Koen Slippens
- Half year figures 2012 Huub van Rozendaal
- Food retail and Foodservice Koen Slippens
- Outlook H2 2012 Koen Slippens





### Profit and loss account

	2012 x €M	2011 x €M	Delta %	2012 %	2011 %
Revenue	1,210	1,185	2.1	100.0	100.0
Gross margin	264	272	(2.7)	21.9	22.9
Other operating income	2	2	(18.8)	0.1	0.2
Expenses	(205)	(202)	1.7	(16.9)	(17.0)
Ebitda	61	72	(15.3)	5.1	6.1
Depreciation/ amortisation	(27)	(26)	1.9	(2.3)	(2.2)
Ebit	34	46	(25.2)	2.8	3.9
Interest expense	(1)	(1)	(34.6)	(0.0)	(0.1)
Profit before tax	33	45	(24.9)	2.8	3.8
Tax	(7)	(11)	(32.1)	(0.6)	(1.0)
Profit after tax	26	34	(22.6)	2.2	2.8

## Segmented analysis of results

x €M	Foodservice		Food retail	
	2012	2011	2012	2011
Revenue	793	779	417	406
Other operating income	1	1	1	1
Ebitda	48	54	13	18
Ebita	34	41	5	10
Ebit	33	40	1	6
Ebitda as % of revenue	6.1	6.9	3.1	4.5
Ebita as % of revenue	4.3	5.2	1.2	2.4
Ebit as % of revenue	4.2	5.1	0.3	1.5
Net capital expenditure <sup>1)</sup>	15	18	9	7
Depreciation and amortisation	(15)	(14)	(12)	(12)

1) In tangible and intangible assets and assets for sale



## Segmented analysis of results

### Return on capital employed

In €M	Foodservice		Food retail		Total	
	2012	2011	2012	2011	2012	2011
CE (mid-year) <sup>1)</sup>	437	456	213	219	650	675
EBITDA (H1-H2)	121	116	27	38	148	154
EBIT (H1-H2)	91	85	2	15	93	100
<b>As % average CE</b>						
EBITDA	27.2	25.8	12.3	18.0	22.3	23.3
EBIT	20.5	19.0	0.9	6.9	14.1	15.1

<sup>1)</sup> Excluding financial assets



## Sligro Food Group N.V., Half year figures 2012

### Cash flow statement (€M)

	2012	2011
From operations	51	48
Interest etc.	3	2
Corporate income tax paid	(9)	(20)
<b>From operating activities</b>	<b>45</b>	<b>30</b>
Acquisitions/ divestments	0	0
Net capital expenditure	(21)	(22)
<b>From investing activities</b>	<b>(21)</b>	<b>(22)</b>
Changes in debt	0	0
Dividend paid/ Re-purchase own shares	(49)	(34)
<b>From financing activities</b>	<b>(49)</b>	<b>(34)</b>
Movement in cash and short term bank borrowings	(25)	(26)
Balance at start of year	56	67
Balance at mid-year	31	41



### Balance sheet (before profit appropriation)

x €M	30/06 2012	02/07 2011		30/06 2012	02/07 2011
<b>Fixed assets</b>			Equity	515	500
Intangible assets	173	181	Provisions	37	36
Property, plant & Equipment	310	310	Non current liabilities	177	166
Investment property	15	15	<b>Current liabilities</b>		
Financial assets	52	44	Banks	0	0
	550	550	Current portion long term debt	0	53
<b>Current assets</b>			Creditors	106	98
Inventories	190	188	Other	55	57
Debtors	113	123		161	208
Assets held for sale	6	8		890	910
Cash	31	41			
	340	360			
	890	910			



## Summary H1 2012

### Revenue (€M)

	2012	2011	as %
Food retail	417	406	2.7
Foodservice	793	779	1.8
Total	<u>1,210</u>	<u>1,185</u>	2.1
Organic growth	2.1%	3.3%	
Food retail	2.7%	4.9%	
Foodservice	1.8%	2.5%	



## Summary H1 2012

**Gross profit** in from 22.9% to 21.9% of sales

- Pressure from price-cutting and special offers in both food retail and foodservice markets
- Pressure on margins only partly offset by improved procurement terms
- Gross profit in Foodservice under extra pressure from changes in distribution channels and customer mix
- Revaluation gain on inventory in 2011



## Summary H1 2012

### Other operating income (x €M)

	2012	2011
Rental income	1.4	1.7
Book profit	0.2	1.7
Fair value adjustments/ impairment property	-	(1.5)
	1.6	1.9
Foodservice	0.5	0.5
Food retail	1.1	1.4



## Summary H1 2012

**Total expenses<sup>1)</sup>** slightly down to 19.2% of sales

- Cost-saving programmes:
  - PLOP project phase 2
  - Productivity and transport optimisation within delivery-service network
- Expenses under control, but savings partially offset by lower average spend per customer
- Higher expenses due to government measures

<sup>1)</sup> Including depreciation and amortisation



## Summary H1 2012

**Operating result (EBIT)** down 25.2% at €34 million (from 3.9% to 2.8% of sales)

**Foodservice:**

- Sales growth slowing, market contracting
- Sales maintained partly at the cost of gross profit margin
- Cash-and-carry sales down, delivery-service sales up
- Changing customer mix
- Cost savings offset by lower average spend per customer and higher expenses due to government measures

**Food Retail:**

- Rising like-for-like sales at EMTÉ, against market trend
- Gross profit margin under pressure from market conditions
- Cost savings offset by higher expenses due to government measures
- Operating result in H1 2012 at H2 2011 level.

(H1 2012: €1 million, H2 2011: €1 million, H1 2011: €6 million)



## Summary H1 2012

**Finance income and expense**

	<b>2012</b>	<b>2011</b>
Net financing expense	(2.7)	(3.5)
Profits of associates	1.9	2.2

- Financial expense lower because of repayment 1st USPP at 2011 year-end



## Summary H1 2012

<b>Profit after tax</b>	€ 26.1 M (€ 33.7 M)	- 22.6 %
<b>Earnings per share</b>	€ 0.59 (€ 0.76)	- 22.4 %



## Summary H1 2012

**Cash flow from operating activities:** €45 million (2011: €30 million)

- No advance corporation tax payment in 2012 (2011: €10 million)
- Improvement in working capital due to better payment terms and other factors

**Cash flow from investing activities:** €21 million (2011: €22 million)

- Includes proceeds of €3 million from disposals (2011: €3 million)

- Dividend payout of €46 million plus €3 million for repurchase of shares in connection with option programme





## Summary H1 2012

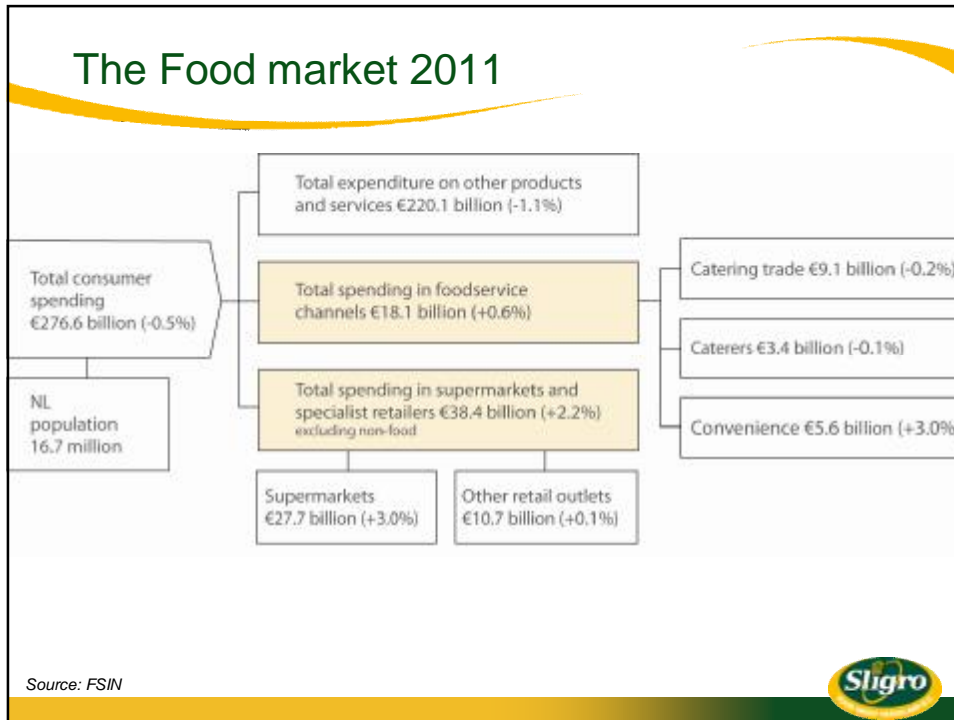
### Net interest bearing debt x €M

	30-06 2012	31-12 2011
Gross <sup>1)</sup>	169	169
Free cash	(31)	(56)
Net	138	113

Increase as a result of dividend paid and repurchase of own shares (€49 M)


<sup>1)</sup> Excluding fair value derivatives





### Organisation scheme Sligro Food Group

<b>Central distribution centre and head office in Veghel</b>		
<b>Food retail</b>	<b>Foodservice Cash-and-carry</b>	<b>Foodservice Delivery service</b>
<b>EMTÉ</b>	<b>Sligro</b>	<b>Sligro/Van Hoeckel</b>
130 Own outlets	Restaurants and bars, leisure, caterers, patrol outlets, large-scale users, institutional	
2 Distribution centres	National network of 45 cash-and-carry wholesale outlets	National network of 11 delivery-service wholesale outlets
<b>Sligro Fresh Partners &amp; Production</b>		
Specialised production facilities for convenience products (Cullivers), fish (SmitVis) and meat (retail), patisserie (Maison Niels de Veye) and participating interests in four fresh food businesses		



## Food retail

- Market development
- Food retail at Sligro Food Group
- Sales growth in Twente region
- Plans for 2012 H2



## Market development Food retail 2012 H1

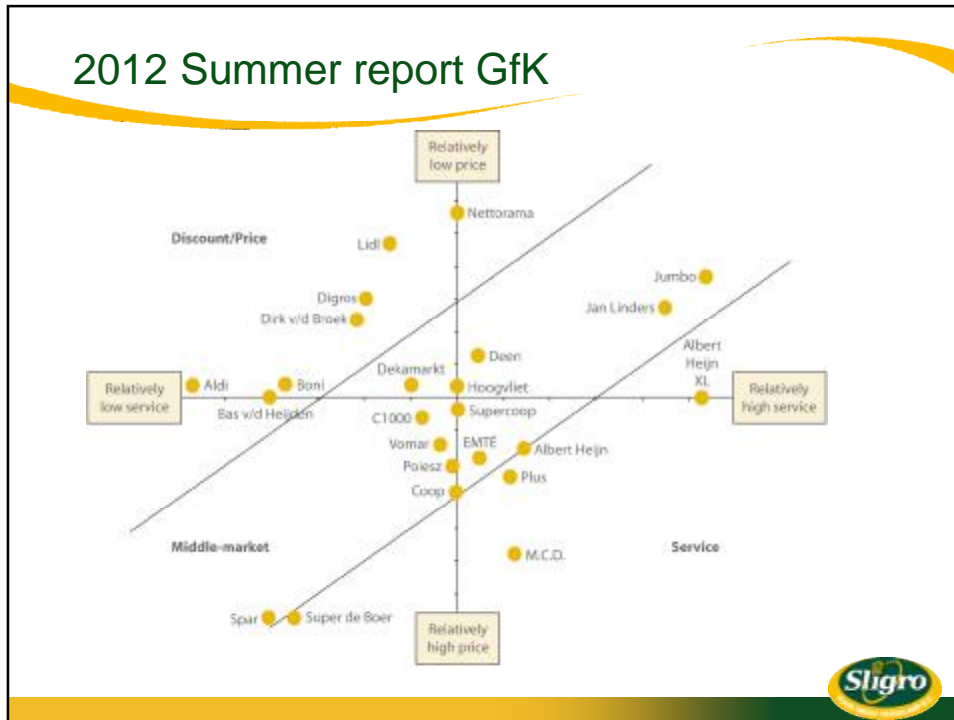
Figures from the various market research bureaus differ:

Market growth figures:

IRI	1.8% (26 weeks)	}	approximately 1.5%
ACN	1.6% (26 weeks)		
GFK	1.2% (26 weeks)		

- Q1 (13 weeks): approximately 2.0%
- Q2 (13 weeks): approximately 1.1%





### Food retail at Sligro Food Group

	growth %					
	2011				2012	
	Q1	Q2	Q3	Q4	Q1	Q2
<u>Like-for-like (quarter = 13 weeks)</u>						
EMTÉ	4.5	6.4	1.4	1.9	1.7	2.9
Market <sup>1)</sup>	1.2	4.4	3.3	2.9	2.0	1.1

- Promotional effort reduced in response to intense price competition in Q2 2011  
 à sales growth slower from Q3 2011  
 à sales growth faster than market in Q2 2012

1) Based on average of findings of three market research bureaus

## Food retail at Sligro Food Group

- New Operations Manager
- New organisational model for commercial function and operations
- Further optimisation of back office
- Continued focus on fresh produce
- Operational excellence
- Conversion of former Golf stores to EMTÉ à significant sales boost
- And more:
  - No. 2 for wine in 2012
  - No. 2 for cheese in 2012
  - No. 1 for meat in 2011



## Sales growth in Twente region

- New outlet opened in Rijssen
- Relocation to Brouwerijplein in Enschede
- Sales growth at former Sanders stores faster than market in Q2
- Cautious recovery has started, but still much to do



## Food retail plans for 2012 H2

- New franchise outlet to open on 19 September: EMTÉ Diessen
- Completion of Verversen (ReFresh) project, including conversion of the last Golff outlets
- New (module-based) category plans for fresh produce
- Evaluation of self-scan checkouts
- Setting up online business
- Defining retail vision for 2013–2015, including Johan Pardoel's successor



## Foodservice

- Market development
- Foodservice at Sligro Food Group
- Van Hoeckel 3.0
- Plans for 2012/2013



## Market developments in 2012 H1

### Market growth figures 2012 H1:

Outlook FSIN <sup>1)</sup>: - 1.8 %

### Our information:

Survey on customer peer group 2012 H1 <sup>2)</sup>: - 4 %  
(matches with input from suppliers)

1) In consumer sales value

2) In wholesale sales value



## Foodservice at Sligro Food Group

- Like-for-like sales growth of 1.8% (Q2: 0.6%), which was faster than the market, but now slowing. Q2 2011 benefited from good spring weather
- Delivery service grew fastest, helped by large accounts in convenience segment (customer mix)
- Cash-and-carry sales under pressure
- Maaltijdservice NL (meal service)
- E-commerce plans → launch of new site



## Van Hoeckel 3.0

After two years of hard internal work, ready for roll-out:

### Logistics & organisation:

- Den Bosch is the main site
- Single customer-service team for institutions
- Large orders via Den Bosch
- National consulting structure Van Hoeckel–big 5 delivery services
- In case of problems: delivery services and expansion of cash-and-carry
- ICT changes
- Range and inventory management



## Van Hoeckel 3.0

Staff and training → the customer comes first:

- PMK sales team to provide customer service
  - Theme 1: Van Hoeckel organisation & healthcare market
  - Theme 2: Healthcare concepts
  - Theme 3: Healthcare product range
  - Theme 4: The healthcare customer and cuisine
- Account Managers: assessment
- Support and Account Managers: Tender Analysis Workshop
- Staffing of customer-service teams
- Field Service Support Model (BOM)
- Internal and external communication plan





## Van Hoeckel 3.0

### Communication:

- All-new house style
- Verwenzorg (Tender Loving Care)
- Inspiration
- Events
- Eerlijk & Heerlijk (Honest & Delicious)



## Foodservice plans for 2012/2013

- Alteration and expansion: Hilversum, Gorinchem
- New sites in Assen and Zwolle (relocation)
- Maastricht open delivery-service centre to be split into a new cash-and-carry outlet and a new delivery-service base in North Limburg.
- Search for new delivery-service centre in North Limburg to accommodate Haps delivery service and handle delivery-service sales from Maastricht.



## Foodservice plans for 2012/2013

- Margin recovery plan
  - Continue to capitalise on strong purchasing position
  - Customer and product mix
  - No scope for (significant) price rises
  - Promote own brands
- As well as strict cost control, extra focus on reducing indirect costs
- Hunting for acquisitions
  - If even the market leader is under heavy market pressure, others must be in big trouble
  - Further consolidation possible
- Generating more profit from the combination of cash-and-carry and delivery service
  - Fresh produce (to order) in Type I
  - Cross project : 'get benefit from your own cash-and-carry service'
  - Focus project : target new large customers via cash-and-carry



## Outlook H2 2012



## Outlook H2 2012

- Economic outlook still poor
- Sustained heavy price competition → pressure on gross profit margin
- Changes in customer mix within Foodservice to continue in H2, but greater focus on attractive segments
- Slightly easier basis of comparison for both Foodservice and Food Retail
- Net full-year profit of around €65 million expected in 2012
- Despite lower result, free cash flow will show little change on 2011
- It is and will remain a difficult year, but we are up to the challenge

