Annual Figures 2011

Amsterdam, January 26th 2012

Agenda

• Welcome	Koen Slippens
• Annual Figures 2011	Huub van Rozendaal
• Food retail	Koen Slippens
• Foodservice	Koen Slippens
• Outlook for 2012	Koen Slippens

Profit and loss account

	2011 x € M	2010 x € M	Delta %	2011 %	2010 %
Revenue	2,420	2,286	5.9	100.0	100.0
Gross margin	562	529	6.2	23.2	23.1
Other operating income	4	5	(18.4)	0.2	0.2
Expenses	(407)	(388)	4.8	(16.8)	(16.9)
Ebitda	159	146	9.2	6.6	6.4
Depreciation	(44)	(47)	(5.7)	(1.8)	(2.0)
Amortisation	(10)	(8)	26.0	(0.5)	(0.4)
Ebit	105	91	15.4	4.3	4.0
Interest expense	(2)	1	-	(0.0)	0.0
Profit before tax	103	92	12.6	4.3	4.0
Tax	(25)	(22)	16.6	(1.1)	(0.9)
Profit after tax	78	70	11.4	3.2	3.1

Segmented analysis of results

x € M	Foodservice		Food retail	
	2011	2010	2011	2010
Revenue	1,609	1,548	811	738
Other operating income	1	0	3	5
Ebitda	127	111	32	35
Ebita	100	80	15	19
Ebit	98	78	7	13
Ebitda as % of revenue	7.9	7.1	3.9	4.8
Ebita as % of revenue	6.2	5.1	1.8	2.6
Ebit as % of revenue	6.1	5.0	0.9	1.8
Net capital expenditure[1)]	32	34	15	7
Depreciation and amortisation	(29)	(33)	(25)	(22)

1) In tangible and intangible assets and assets for sale

Segmented analysis of results

Return on capital employed [1)]

In € M	Foodservice 2011	Foodservice 2010	Food retail 2011	Food retail 2010	Total 2011	Total 2010
CE (year-end)	435	424	214	222	649	646
EBITDA	127	111	32	35	159	146
EBITA	100	80	15	19	115	99
EBIT	98	78	7	13	105	91
As % average CE						
EBITDA	29.6	25.9	14.6	18.7	24.6	23.7
EBITA	23.4	18.7	6.7	10.2	17.7	16.1
EBIT	22.8	18.3	3.2	7.0	16.2	14.8

1) Excluding financial assets, including Sanders as per Q4 2010

Cash flow statement (€ M)

	2011	2010
From operations	142	128
Interest etc.	(1)	0
Corporate income tax paid	(17)	(21)
From operating activities	**124**	**107**
Acquisitions/ divestments	0	(41)
Net capital expenditure	(48)	(41)
From investing activities	**(48)**	**(82)**
Changes in debt	(53)	65
Dividend paid/ Re-purchase own shares	(34)	(48)
From financing activities	**(87)**	**17**
Movement in cash and short term bank borrowings	(11)	42
Balance at start of year	67	25
Balance at year-end	56	67

Balance sheet (before profit appropriation)

x € M	31/12 2011	01/01 2011		31/12 2011	01/01 2011
Fixed assets			Equity	541	500
Intangible assets	177	183			
Property, plant & Equipment	307	305	Provisions	38	33
Investment property	15	16			
Financial assets	52	49	Non current liabilities	174	173
	551	553			
Current assets			**Current liabilities**		
Inventories	197	195			
Debtors	119	110	Current portion long term debt	0	53
Assets held for sale	8	12	Creditors	107	107
Cash	56	67	Other	71	71
	380	384		178	231
	931	937		931	937

Summary 2011

Revenue (€ M)

	2011	2010	as %
Food retail	811	738	10.0
Foodservice	1,609	1,548	3.9
Total	2,420	2,286	5.9

	2011	2010
Organic growth [1)]	3.7%	3.6%
Food retail	3.3%	5.3%
Foodservice	3.9%	2.8%

1) Non organic: stores sold, Sanders acquisition first 3 quarters 2011

Summary 2011

Gross profit rises from 23.1% to 23.2% of sales

- Rising purchase prices and competition mean market pressure on prices
- Franchised stores' share of our food retail sales falls from 22% to 18%
- Better product mix and margin management in foodservice

Summary 2011

Other operating income (x € M)

	2011	2010
Rental income	3.1	3.5
Book profit [1]	2.1	1.6
Fair value adjustments / impairment property	(1.3)	(0.3)
	3.9	4.8

Foodservice	0.9	(0.4)
Food retail	3.0	5.2

1) Book profits in FR mainly stores sold (investment property)

Summary 2011

Total operating expenses[1)] fall from 19.3% to 19.1% of sales

- Cost-curtailment programmes
  - 2nd phase of PLOP project
  - 'Greater Amsterdam' project
- Non-recurring expense in 2010 on 'Greater Amsterdam': €9 million, of which €5 million = depreciation (in 2010: also book loss of €1 million)
- Costs of integrating Sanders: over €2 million
- Non-recurring project costs in food retail: €1 million

1) Including depreciation and amortisation

Summary 2011

EBIT: Up 15.4% at €105 million (rise from 4.0% to 4.3%)

- Foodservice
  - Growth in sales; very strong December
  - Gross profit margin maintained despite rising purchase prices and competition
  - Cost savings
- Food retail
  - Like-for-like sales growth once again outperformed the market; growth flattened in H2 2011
  - Price pressure in the market through rising purchase prices and competition
  - Sanders integration costs and non-recurring project costs

Summary 2011

Finance income and expense from +0.0% to -0.0% of revenue

	2011	2010
Net financing expense	(6.9)	(4.7)
Profits of associates	5.1	5.4

- Financial expense higher because of new USD private placement
  - 2nd USD PP put on deposit (at low interest rate) in 2011 and used to repay 1st USD PP at 2011 year-end
  - Financial expense in 2012 will therefore be lower

Summary 2011

Profit after tax	€ 78.2 M (€ 70.2 M)	+ 11.4 %
Earnings per share	€ 1.78 (€ 1.59)	+ 11.9 %

Proposed dividend: € 1.05 (+ 50%)

Summary 2011

- Net cash flow from operating activities: €124 million (2010: €107 million)
  - Increase from improved operating profit
  - Movements in working capital etc. comparable to 2010
  - One-off contribution of €6 million to pension fund in 2010
- Net cash flow from investing activities: - €48 million (2010: - €41 million)
  - Including investments in converting Sanders to EMTÉ, reFreshing of EMTÉ, conversion of Sanders distribution centre to Enschede delivery-service centre, cash-and-carry conversions and expansions in Amersfoort, Tilburg and Leiden.

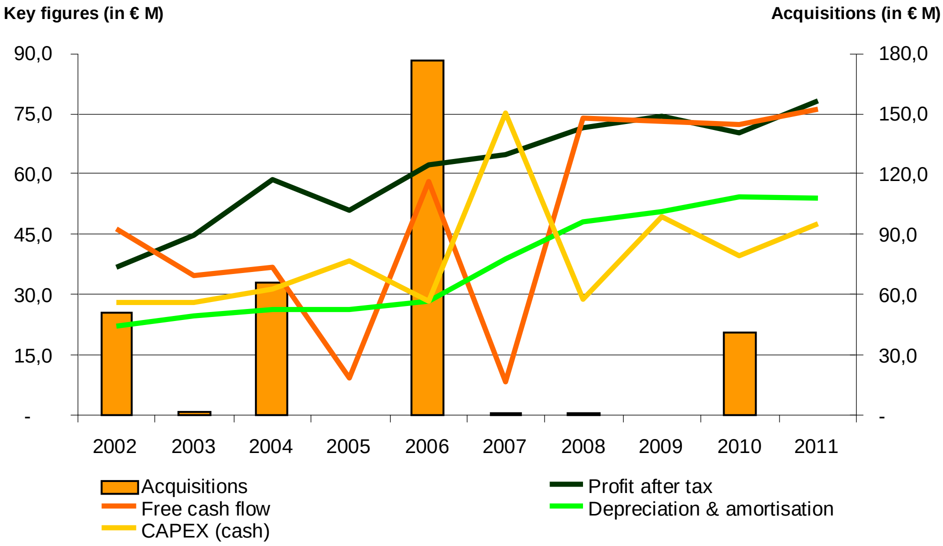
Summary 2011

Net interest bearing debt x € M	**31-12 2011**	**01-01 2011**
Gross 1)	169	223
Free cash	(56)	(67)
Net	113	156

	2011	**2010 2)**	**2009**	**2008**
Free cash flow	76	66	73	74
Used for:				
Dividend/ Re-purch. own shares	(34)	(48)	(19)	(15)
Acquisitions	0	(41)	1	(1)
Change in debt/ cash	(42)	23	(55)	(58)

1) Excluding fair value derivatives
2) 2010 includes 'one-off' payment to pension fund (€ 6 M)

10 years SFG



1) Excluding nonrecurring non-cash book profit of € 9.4 million

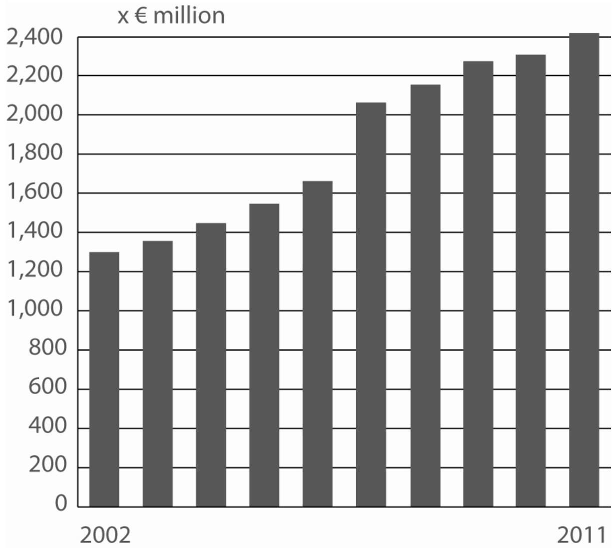
Dividend

- Free cash flow at structurally higher level
- Significant reduction in debt
- Dividend partly in shares until end of 2008
- €1 cash dividend to mark 75th anniversary in 2009
- Pay-out rises to 50% in 2010 and dividend in cash
- Introduction of variable dividend in 2011:
  - Strong capital ratio and liquidity
  - Capital expenditure and acquisitions can normally be funded from cash
  - Share repurchase not an alternative because of share's liquidity
  - Further structural increase in pay-out limits flexibility

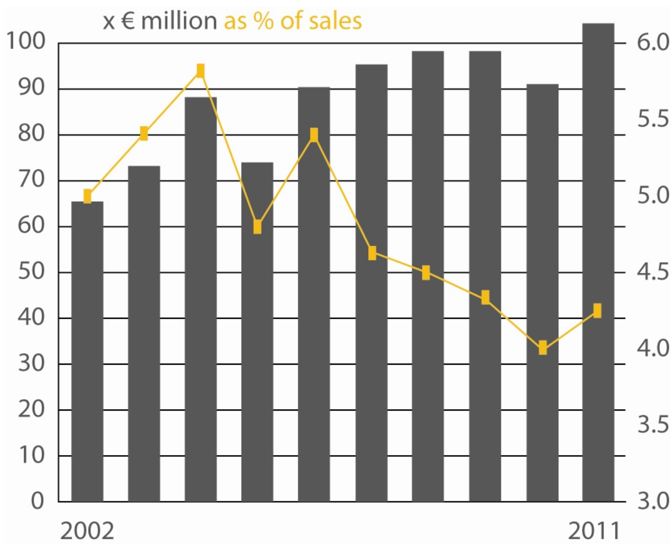
Conclusion: variable (extra) cash dividend

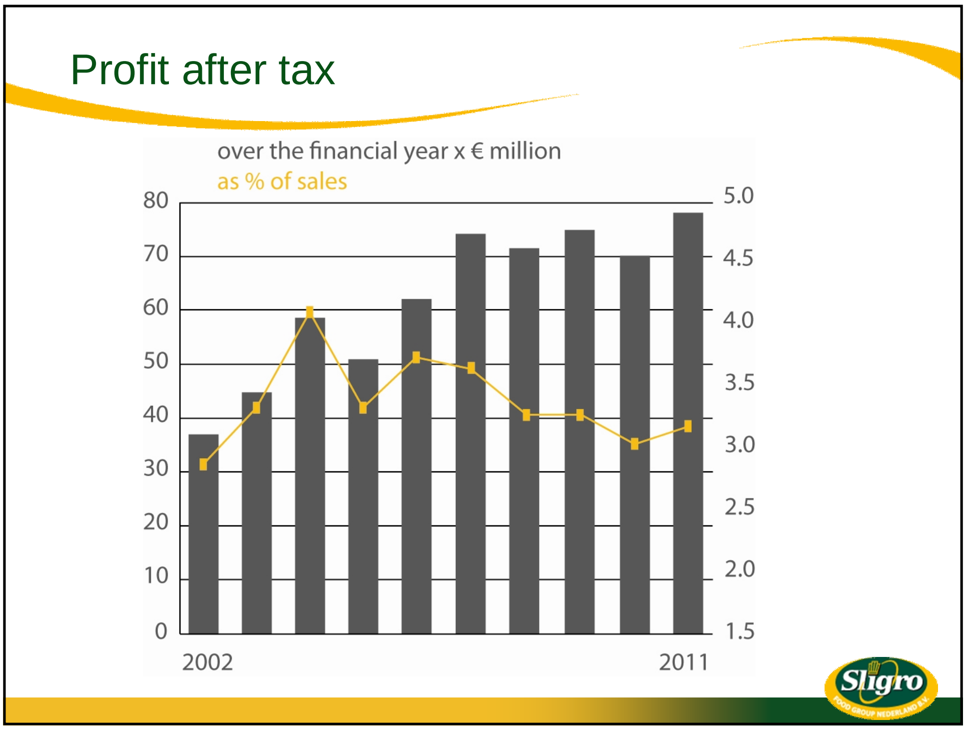
- Total dividend: up 50% from 2010

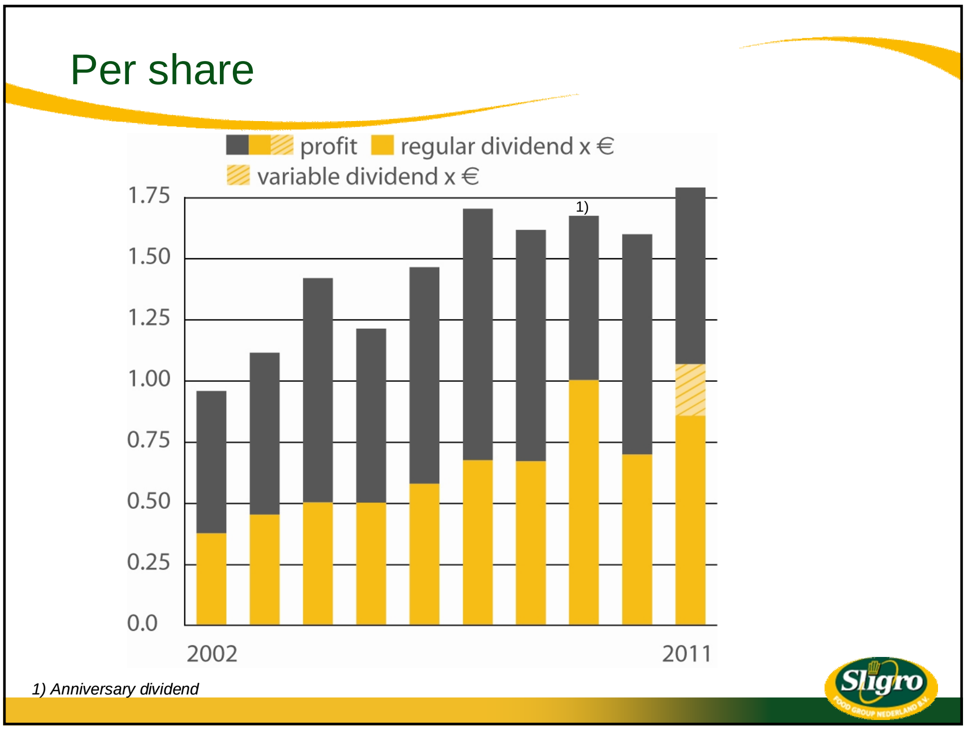
Revenue



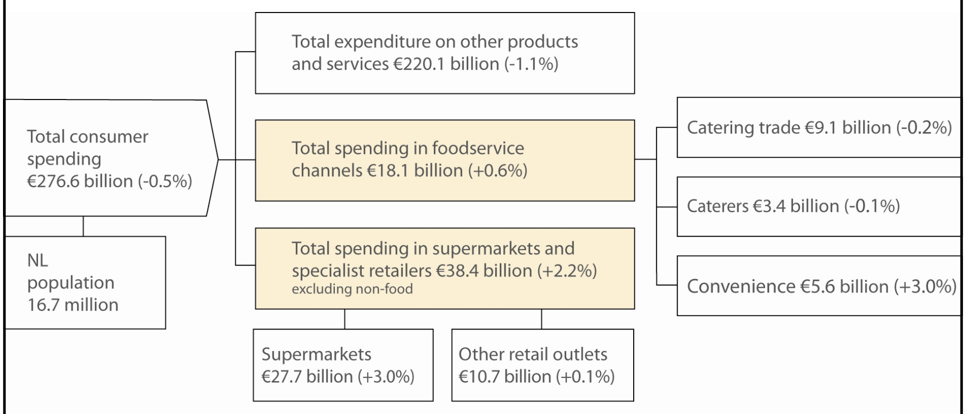
EBIT




Profit after tax
over the financial year x € million
as % of sales
80
70
60
50
40
30
20
10
0
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
2002
2011
Sligro


Per share
profit
regular dividend x €
variable dividend x €
1.75
1.50
1.25
1.00
0.75
0.50
0.25
0.0
1)
2002
2011
1) Anniversary dividend
Sligro

The Food market 2011

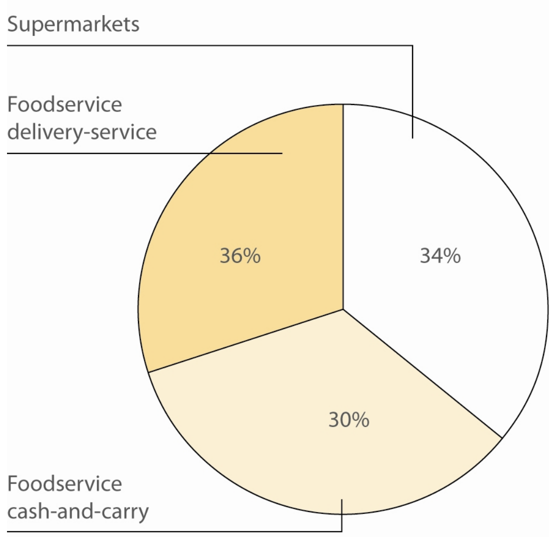


Source: FSIN

Organisation scheme Sligro Food Group

Central distribution centre and head office in Veghel		
Food retail	**Foodservice Cash-and-carry**	**Foodservice Delivery service**
EMTÉ	**Sligro**	**Sligro/Van Hoeckel**
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
Sligro Fresh Partners & Production Specialised production facilities for convenience products (Culivers), fish (SmitVis) and meat (retail), patisserie (Maison Niels de Veye) and participating interests in four fresh food businesess		

Sligro Food Group net sales per activity



Food retail

- Market development
- Food retail at Sligro Food Group
- Plans for 2012

2011 Market developments in food retail

Market growth figures (52 weeks)[1]:

IRI	2.7%	è approx. 3%
ACN	3.5%	
GFK	2.6%	

- Market developments within the various chains;
  - Conversion of Super de Boer to Jumbo, C1000 and others
  - Conversion of Sanders and Golff to EMTÉ
  - Acquisition of C1000 by Jumbo
  - Limited organic impact on market shares
- Competitive pressure high throughout the year; pressure on profitability of whole market
- Most of growth attributable to inflation; flat volumes

1) Differences relate mainly to estimations for hard discounters

Market share formats Food retail 2011

As %

Competitors [1]	**2011**	**2010**	**2009**
	Market share		
Albert Heijn	33.8	33.6	32.8
C-1000	12.1	11.5	11.7
Plus [2]	6.0	6.0	6.0
Super de Boer [3]	2.4	5.5	6.5
Jumbo	7.4	5.5	4.9
Hard discount [4]	18.0	17.7	17.9
Sligro Food Group [2]	2.8	2.7	2.6
Others [5]	17.5	17.5	17.6
Total	**100.0**	**100.0**	**100.0**

1) Source: Company press releases and market definition Nielsen and IRI, figures of previous years slightly adjusted, 2) Member of Superunie, all members combined account for almost 30% market share. Sanders included in Sligro Food group figures as per Q4-2010, 3) Acquired by Jumbo in December 2009, 4) Includes hard discount part Detailresult, 5) Mostly remaining members of Superunie

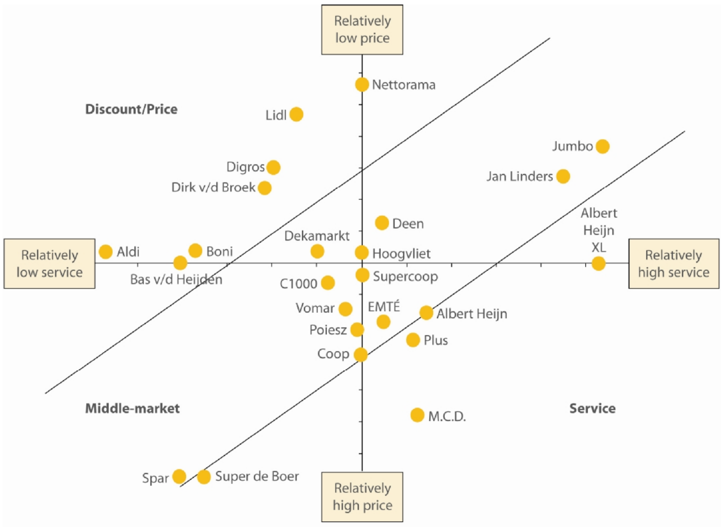
Market share purchasing organizations Food retail 2011

In %

	Market share 2011	**2010**
Albert Heijn	33.8	33.6
Superunie	29.7	29.6
Bijeen	21.9	22.5
Others [1]	14.6	14.3
Total	**100.0**	**100.0**

1) Mostly Aldi/Lidl

GfK Christmas report 2011



Food retail at Sligro Food Group

	growth %				
	Q1	**Q2**	**Q3**	**Q4**	**2011**
Like-for-like (quarter = 13 weeks)					
EMTÉ	4.5	6.4	1.4	1.9	3.4
EMTÉ excl. former Sanders	4.5	6.4	1.4	3.7	4.0
Food retail	**3.7**	**6.1**	**2.0**	**1.4**	**3.3**

- On annualised basis, like-for-like growth again higher than the market
- Promotional programmes limited in response to fierce price competition in Q2
  à lower sales growth
- Promotional programmes since restored to desired EMTÉ level: effect on sales visible, with some delay

Food retail at Sligro Food Group

- ReFreshing of EMTÉ format vigorously continued (101 stores completed)
- Increased focus on fresh products: beneficial effect on sales, image and fresh products' share of total sales
- Customers award EMTÉ first prize for butchery departments in GfK fresh food report (for 3rd year in succession)
- GfK/Westland Cheese survey: EMTÉ cheese department awarded first prize (for 2nd time)

Food retail at Sligro Food Group

- Rolling out of *Eerlijk & Heerlijk* range **à** communications in Q1-2012
- Introduction of e-learning
- Sanders fully integrated, stores converted and head office closed **à** non-recurring expenses of over €2 million
- Sales at converted Sanders stores disappointing

Food retail plans for 2012

- In store
  - 29 stores (including 8 x Golff) still to be reFreshed
  - After promising 1st pilot project, self-scanning to be rolled out in 3 stores
    à further rolling-out will depend on results
  - Rolling-out of fresh juice concept in 80 EMTÉ stores
- Back office/ management
  - J. Pardoel's succession
  - Further optimisation of back office
    à management information + franchise tools

Food retail plans for 2012

- Store network
  - Expanded floor space and reFreshing in Emmen, Beek en Donk, Sluis
  - New location in Rijssen
  - 2 relocations and very substantial expansion in Enschede
- Commercial
  - Quality and intensity of promotional programmes increased to successful EMTÉ level
  - Rolling-out of EMTÉ brand in fresh products and some related lines
  - Loyalty programme
  - Development of e-commerce vision à clicks & bricks
  - Promotion programme in Twente

Foodservice

- Market development
- Foodservice at Sligro Food Group
- Plans for 2012

Market developments in 2011 in foodservice

- Total foodservice market grew by 0.6% (FSIN) à volumes under pressure
- Sligro once again achieves highest growth
- Consumers careful about spending
- Supermarkets gain market share [1)]

	E2011	A2007
Foodservice	32.0	34.2
Supermarkets	49.0	44.7
Specialised retailers	13.6	15.3
Other	5.4	5.8
	100.0	**100.0**

1) Source: Foodservice Beleidsmonitor

Market share Foodservice 2011

As %

Competitors [1]	**Market share** 2011	2010	2009
Sligro Food Group [3]	18.7	18.2	17.4
Lekkerland	14.7	14.5	14.8
Various breweries	13.1	14.1	14.6
Deli-XL	11.2	11.0	10.9
Metro	9.0	8.9	8.8
De Kweker/ Vroegop	3.7	3.8	3.7
Kruidenier	3.9	4.4	4.4
Hanos/ISPC [2]	3.4	3.4	3.5
Others	22.3	21.7	21.9
Total	**100.0**	**100.0**	**100.0**

1) Sources: Foodservice Monitor annual report 2011. Company press releases

2) Figures previous years (significantly) adjusted

3) Based on 3% revenue growth

Foodservice at Sligro Food Group

General

- Organic growth of 3.9% in sales, thus outperforming market by around 3 percentage points
  - Commercial activities (acquisitions and filling gaps)
  - Investments in store networks and management
  - Improvements in quality in back office à operational excellence
- Margin development positive despite price pressure in the market
  - Product mix (incl. own brands)
  - Customer mix
  - Margin management and strong purchasing position
- Tight control on costs

à Combination produces excellent results

Foodservice at Sligro Food Group

Cash-and-carry

- Network of outlets reinforced by targeted investments
  - Complete renovation and expansion in Tilburg (Q1)
  - Upgrading in Amersfoort (Q4), Rotterdam-South (Q1), Leiden (Q3) and Tiel (Q4)
  - Renovation of Alkmaar started, after delivery-service sales switched to Amsterdam delivery-service centre in Q1 2011
- Slight rise in sales in line with the market
- Poor summer, but strong growth in run-up to Christmas
- Significant growth in sales of Christmas hampers, against market trend:
  - Strong range of products
  - High levels of professionalism and service
  - New sales policy

Foodservice at Sligro Food Group

Delivery

- Delivery sales were *the* growth factor in flat foodservice market:
  - Profits attributable to strength and quality, not rock-bottom prices
  - Strong performance in fresh products, partly through close partnership with Fresh Partners
  - Rising line through the year – against the market trend
- Successful launch of Enschede delivery-service centre in Q3 (former Sanders distribution centre)
- Substantial progress with 'Greater Amsterdam'
  - Inversco customers integrated into Sligro systems
  - Major improvements in efficiency and lower costs
  - Substantial improvements in quality of service and, therefore, customer satisfaction
  - Final improvements to be made in Q1 2012
  - Results better than original forecasts

Foodservice at Sligro Food Group

Delivery

- Contract with Ministry of Defence caterer Paresto going well from the start
- Another national fuel retailer added on 1 November 2011
- As well as growth in large national accounts, substantial growth (against market trend) in regional accounts
- Positioning of Van Hoeckel finalised and ready for roll-out
  - Based on strong position in chilled/frozen products, more explicit role to be claimed in fresh and convenience products
  - Logistics via Van Hoeckel in 's-Hertogenbosch + 5 delivery-service outlets ('Big 5')
  - New house style
  - Specialised skills, customer-oriented and strong Sligro back office

Foodservice plans for 2012

- Completely new Sligro store in Zwolle (completion date: end of 2012)
- Expansion of Sligro Hilversum to type 3 (start of H2-12)
- Expansion of Sligro Gorinchem (type 1)
- Completion of renovation in Alkmaar (Q1)
- Specific search for 3 new locations
- Review of delivery-service structure in Limburg
- Great commercial dynamism in delivery services in Twente following start of Enschede delivery-service centre
- Follow-up approach to Belgian market from base in Netherlands (RAMBO)

Foodservice plans for 2012

- Maximise commercial use of various new technologies and systems
- Rolling-out of new e-commerce approach
- New Van Hoeckel approach: renewed passion and energy in the market
- Customer project à database marketing, customer segmentation
- Concluding 'Greater Amsterdam' project

Outlook for 2012

Outlook for 2012

- Consumer confidence low; no major recovery expected
  à consumers will keep tight control of purse strings
- Substantial food price inflation to continue because of commodity price rises on world market
- Market growth expected to be modest (in €), with continued pressure on prices
- Our aim is once again to outperform the market in both segments
- Opportunities for acquisitions? à We are ready for them
- 2012 will be another challenging year à We relish the prospect!

Our slogan for 2012

O_2MZET GEEFT LUCHT

Annual Figures 2011