



Sligro Food Group N.V.

PRESS RELEASE

annual figures 2015

SLIGRO FOOD GROUP 2015 NET PROFIT: € 81 MILLION

The net profit for the year amounted to €81 million, which is an increase of 17.4% compared with 2014. As stated in the press release of 6 January 2016, sales in 2015 amounted to €2,670 million, an increase of 3.8%. Discounting the effect of acquisitions, week 53 in 2015 and tobacco products, organic growth was 1.1%.

Koen Slippens, CEO:

'Sligro Food Group achieved a record profit of €81 million in 2015. Both sides of the business posted a strong increase in results. To have broken through the €80 million barrier for the first time in the year of our 80th anniversary is something we are particularly proud of!

Earnings per share were up by 16.5%, at €1.84. Given that improvement, combined with a financial position that is as strong as ever, we propose to increase the dividend by €0.10 to €1.20 per share.

In Foodservice we have expanded our market share to 23.1% (source: FSIN) and our share of the food retail market has remained steady, at 2.7%. The results of our "Kick the Costs" programme are clearly visible in the 2015 results on both sides of the business.

In 2016 we shall be fully engaged with the continuing rollout of Sligro 3.0, both in-store and online, the preparations for our entry into the Belgian market and the new-generation retail format EMTÉ 3.0, which was launched in Dieren at the end of 2015. We shall also be working on the further development of our organisation, processes, systems and data to continue being able to respond rapidly and flexibly to the changing requirements of our customers as we go forward to a future where online and international operations (Belgium) will be important drivers of growth.

We have a sound financial and commercial basis and see plenty of opportunities. A strong team of highly dedicated staff completes the picture. Our theme for 2016 is accordingly "Building the Future".

Key figures

	x € million	Change %
Net sales	2,670	3.8
Gross operating profit (EBITDA)	160	7.4
Operating profit before amortisation (EBITA)	122	14.3
Operating profit (EBIT)	103	15.2
Net profit	81	17.4
Free cash flow	78	(1.7)
Shareholders' equity	606	6.4
Net interest-bearing debt	26	(45.1)
Earnings per share (x € 1)	1.84	16.5
Dividend per share (x € 1)	1.20	9.1

The gross margin increased by €24 million to €620 million, remaining unchanged as a percentage of sales, at 23.2%. Total operating expenses were up by €7 million, at €519 million. As a percentage of sales, however, that represents a reduction of 0.4 of a percentage point to 19.5%. The improvement is partly accounted for by the effect of week 53, but is mainly attributable to the progress we have made with our cost-cutting programme.

The operating profit before amortisation amounted to €122 million. Compared with the preceding year, that represents an increase of €16 million, or 14.3%. In the reporting period, there were hardly any incidental items, whereas exceptionals accounted for a net gain of €3 million in 2014.

At Foodservice, the operating profit before amortisation was up by €8 million, at €101 million. If the incidental gains of 2014 are eliminated, the improvement is actually €14 million.

At Food Retail, the operating profit before amortisation was also up by €8 million, at €21 million. For Food Retail, however, exceptionals generated a net loss in the preceding year, making the underlying improvement €5 million. We nevertheless achieved our medium-term plan goals with these figures.

Earnings per share amounted to €1.84 (2014: €1.58). Given the profit for 2015 and our continuing strong financial position we are proposing to increase the dividend by €0.10 per share to €1.20 per share. In accordance with our dividend policy, that will be made up of a regular dividend of €0.90 (2014: €0.80) and a variable dividend of €0.30 (2014: €0.30). An amount of €0.40 of the dividend has already been paid as interim dividend. The final dividend for 2015 therefore amounts to €0.80.

The free cash flow totalled €78 million, which is the same as in the preceding year. Movements in the calendar at the beginning and end of the year had a major impact on the number of days on which payment transactions were possible around the New Year. At the end of the preceding year, the effect was to decrease working capital, whereas the opposite was the case in 2015. However, the negative impact in 2015 was completely cancelled out by the working capital improvement programmes being pursued at Sligro and Superunie. The ratio of the free cash flow to net profit was 96%. The investment cash flow during the year totalled €60 million, with capital expenditure on the Sligro 3.0

revamp, ICT, two entirely new Sligro 3.0 outlets, in Almere and Utrecht, and the first EMTÉ 3.0 supermarket, in Dieren, among other projects.

Board changes

Ms Burmanje and Mr Latenstein van Voorst will be retiring from the company's Supervisory Board at the General Meeting of Shareholders, having served the maximum term of office of eight years pursuant to the Articles of Association. We owe them a debt of enormous gratitude for the contributions they have made to the further development of Sligro Food Group over the past eight years.

In view of the retirement of Ms Burmanje and Mr Latenstein van Voorst, it is proposed to appoint Ms Marianne Van Leeuwen and Mr Freek Rijna to our Supervisory Board.

Ms Van Leeuwen was CEO at Reed Business Nederland until 2011. She currently chairs the Supervisory Board of AEB Amsterdam and is a member of the Supervisory Board of Sonepar Nederland and of ANP.

Mr Rijna worked for FrieslandCampina from 1994 to 2015, latterly as member of the Executive Board. Mr Rijna currently sits on the Supervisory Board at Frisian Flag Indonesia and at FrieslandCampina Vietnam.

Ms Van Leeuwen and Mr Rijna both have a track record that makes them good successors to the departing members of our Board. More comprehensive CVs will be appended to the agenda for the General Meeting of Shareholders, which is due to be published on 10 February.

It is also proposed to reappoint Mr Karis as member of the Supervisory Board for a second and final term of office. During his first term of office, Mr Karis drew on his background in retail and showed an expert appreciation of the corporate policy and the management of the business.

Outlook

We expect the economic recovery to continue at a gradual pace and that will translate into growth in both of our markets in 2016. The acquisition of Bouter in 2015 will add around another €10 million to sales. There were 53 weeks in 2015 whereas our 2016 financial year will have 52 weeks again. Sales in week 53 of 2015 amounted to €46 million.

We expect Foodservice once again to outperform the market, as has been the case for many years now. As regards Food Retail we first need to close the gap between us and the

market as a whole and then grow faster than the market on the retail side of the business as well.

This will be driven above all by our new-generation format EMTÉ 3.0. Following evaluation of the initial pilot stores, the revamped format will be refined before being rolled out as part of the scheduled replacement investment programme.

As usual, we refrain from making any specific forecasts. The 2015 Annual Report will be published on 5 February 2016.

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 to be published on 21 April we shall be giving further details of the progress made in the first quarter. The half-year results are due to be published on 21 July.

The audit has not yet been finalised because of the 53-week financial year.

Veghel, 21 January 2016

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

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[QR code: notes to the annual figures by Koen Slippens]

Annexes:

1. Consolidated profit and loss account
2. Consolidated cash flow statement
3. Consolidated balance sheet
4. Consolidated statement of changes in equity
5. Consolidated statement of recognised income and expense
6. Segment information

Company profile: www.sligrofoodgroup.nl

The complete press release can be downloaded from www.sligrofoodgroup.nl.

Appendix 1

CONSOLIDATED PROFIT AND LOSS ACCOUNT for 2015

(x € million)	2015	2014	2013
Revenue	2,670	2,572	2,498
Cost of sales	(2,050)	(1,976)	(1,920)
Gross margin	620	596	578
Other operating income	2	5	5
Staff costs	(281)	(271)	(265)
Premises costs	(59)	(62)	(63)
Selling costs	(23)	(24)	(22)
Logistics costs	(79)	(77)	(72)
General and administrative expenses	(20)	(18)	(18)
Impairments	(0)	(3)	(2)
Depreciation of property, plant and equipment	(38)	(40)	(41)
Amortisation of intangible assets	(19)	(17)	(12)
Total operating expenses	(519)	(512)	(495)
Operating profit	103	89	88
Finance income and expense	(4)	(4)	(4)
Share in results of associates	6	1	3
Profit before tax	105	86	87
Tax	(24)	(17)	(19)
Profit for the year	81	69	68
Attributable to shareholders of the company	81	69	68
Figures per share	€	€	€
Basic earnings per share	1.84	1.58	1.55
Diluted earnings per share	1.84	1.58	1.55
Proposed dividend	1.20	1.10	1.05

Appendix 2

CONSOLIDATED CASH FLOW STATEMENT for 2015

(x € million)	2015	2014 ¹⁾	2013 ¹⁾
Receipts from customers	2,953	2,845	2,710
Other operating income	2	1	3
	<u>2,955</u>	<u>2,846</u>	<u>2,713</u>
Payments to suppliers	(2,439)	(2,344)	(2,231)
Payments to employees	(157)	(148)	(143)
Payments to the government	(196)	(184)	(185)
	<u>(2,792)</u>	<u>(2,676)</u>	<u>(2,559)</u>
Net cash generated from operations	163	170	154
Interest received and paid	(4)	(4)	(4)
Dividend received from associates	3	4	5
Corporate income tax paid	(22)	(23)	(22)
Net cash flow from operating activities	<u>140</u>	<u>147</u>	<u>133</u>
Acquisitions/investments	(11)	(17)	(19)
Capital expenditure on property, plant and equipment/investment property/assets held for sale	(51)	(60)	(35)
Receipts from disposal of property, plant and equipment/investment property/assets held for sale	0	7	6
Capital expenditure on intangible assets	(11)	(16)	(4)
Investments in/loans to associates	(0)	(5)	(1)
Repayments by associates	0	0	2
Net cash flow from investing activities	<u>(73)</u>	<u>(91)</u>	<u>(51)</u>
Repayment of long-term borrowings		(53)	
Change in own shares	1	(1)	(3)
Dividend paid	(48)	(63)	(46)
Net cash flow from financing activities	<u>(47)</u>	<u>(117)</u>	<u>(49)</u>
Movement in cash, cash equivalents and short-term bank borrowings	<u>20</u>	<u>(61)</u>	<u>33</u>
Opening balance	74	135	102
Closing balance	<u>94</u>	<u>74</u>	<u>135</u>

1) Restated for comparison purposes.

Appendix 3

CONSOLIDATED BALANCE SHEET

as at 2 January 2016 before profit appropriation

(x € million)			
ASSETS	02-01-2016	27-12-2014	28-12-2013
Goodwill	126	126	126
Other intangible assets	67	72	53
Property, plant and equipment	315	295	286
Investment property	19	15	13
Investments in associates	48	45	43
Other financial assets	25	9	5
Total non-current assets	600	562	526
Inventories	220	213	192
Trade and other receivables	144	146	140
Other current assets	9	9	7
Assets held for sale	4	8	6
Cash and cash equivalents	94	74	135
Total current assets	471	450	480
Total assets	1,071	1,012	1,006
EQUITY AND LIABILITIES	02-01-2016	27-12-2014	28-12-2013
Paid-up and called capital	3	3	3
Reserves	603	567	568
Total shareholders' equity attributable to shareholders of the company	606	570	571
Deferred tax liabilities	25	27	28
Employee benefits	4	4	4
Other provisions	0	0	0
Long-term borrowings	138	124	119
Total long-term liabilities	167	155	151
Current portion of long-term borrowings			53
Bank borrowings	0	0	0
Trade and other payables	206	200	148
Corporate income tax	6	0	4
Other taxes and social security contributions	26	33	33
Other liabilities, accruals and deferred income	59	54	46
Total current liabilities	298	287	284
Total equity and liabilities	1,071	1,012	1,006

Appendix 4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for 2015 before profit appropriation

(x € million)

	Paid-up and called capital	Share premium	Other reserves	Revalua- tion reserve	Hedging- reserve	Treasury shares reserve	Total
Balance as at 28-12-2013	3	31	551	3	(4)	(13)	571
Transactions with owners							
Share-based							
payments			(1)				(1)
Dividend paid			(63)				(63)
Change in own shares						(1)	(1)
	0	0	(64)	0	0	(1)	(65)
Total realised and unrealised results							
Profit for the year			69				69
Investment property			(1)	1			
Cash flow hedge					(2)		(2)
Reclassification					0		0
Actuarial results			(3)				(3)
	0	0	65	1	(2)	0	64
Balance as at 27-12-2014	3	31	552	4	(6)	(14)	570
Transactions with owners							
Share-based							
payments			0				0
Dividend paid			(48)				(48)
Change in own shares						1	1
	0	0	(48)	0	0	1	(47)
Total realised and unrealised results							
Profit for the year			81				81
Investment property			(0)	0			
Cash flow hedge					2		2
	0	0	81	0	2	0	83
Balance as at 02-01-2016	3	31	585	4	(4)	(13)	606

Appendix 5

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE for 2015

(x € million)	2015	2014	2013
Profit for the year	81	69	68
Items never recognised in the profit and loss account:			
Actuarial gains and losses on defined-benefit plans, net of tax		(3)	(2)
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	2	(2)	(1)
Reclassified to consolidated profit and loss account		0	0
	2	(2)	(1)
Income and expense recognised directly in shareholders' equity	2	(5)	(3)
Recognised income and expense for the year	83	64	65
Attributable to shareholders of the company	83	64	65

Appendix 6

SEGMENT INFORMATION for 2015

(x € million)	Foodservice		Food retail		Total	
	2015	2014	2015	2014	2015	2014
Revenue	1,829	1,749	841	823	2,670	2,572
Other operating income	1	4	1	1	2	5
Gross operating profit (ebitda)	129	121	31	28	160	149
Operating profit before amortisation (ebita)	101	93	21	13	122	106
Operating profit (ebit)	89	83	14	6	103	89
Net capital employed (year-end) ¹⁾	486	458	127	145	613	603
Ebitda as % of sales	7.0	6.9	3.7	3.4	6.0	5.8
Ebita as % of sales	5.5	5.3	2.5	1.6	4.6	4.1
Ebit as % of sales	4.9	4.8	1.6	0.7	3.8	3.5
Ebita as % of average net capital employed	21.3	21.0	15.6	8.6	20.0	17.8
Ebit as % of average net capital employed	18.9	18.8	10.1	3.8	16.9	14.9
Free cash flow	51	44	27	34	78	78
Net CAPEX ²⁾	52	53	8	7	60	60

¹⁾ Excluding investments in associates.

²⁾ On property, plant and equipment, investment property, software and assets held for sale (transaction basis).