



# Half year figures 2014

Amsterdam, 17 July 2014

# Agenda

Welcome

Koen Slippens

Half year figures 2014

Huub van Rozendaal

Foodservice

Koen Slippens

Foodretail

Koen Slippens

Outlook

Koen Slippens

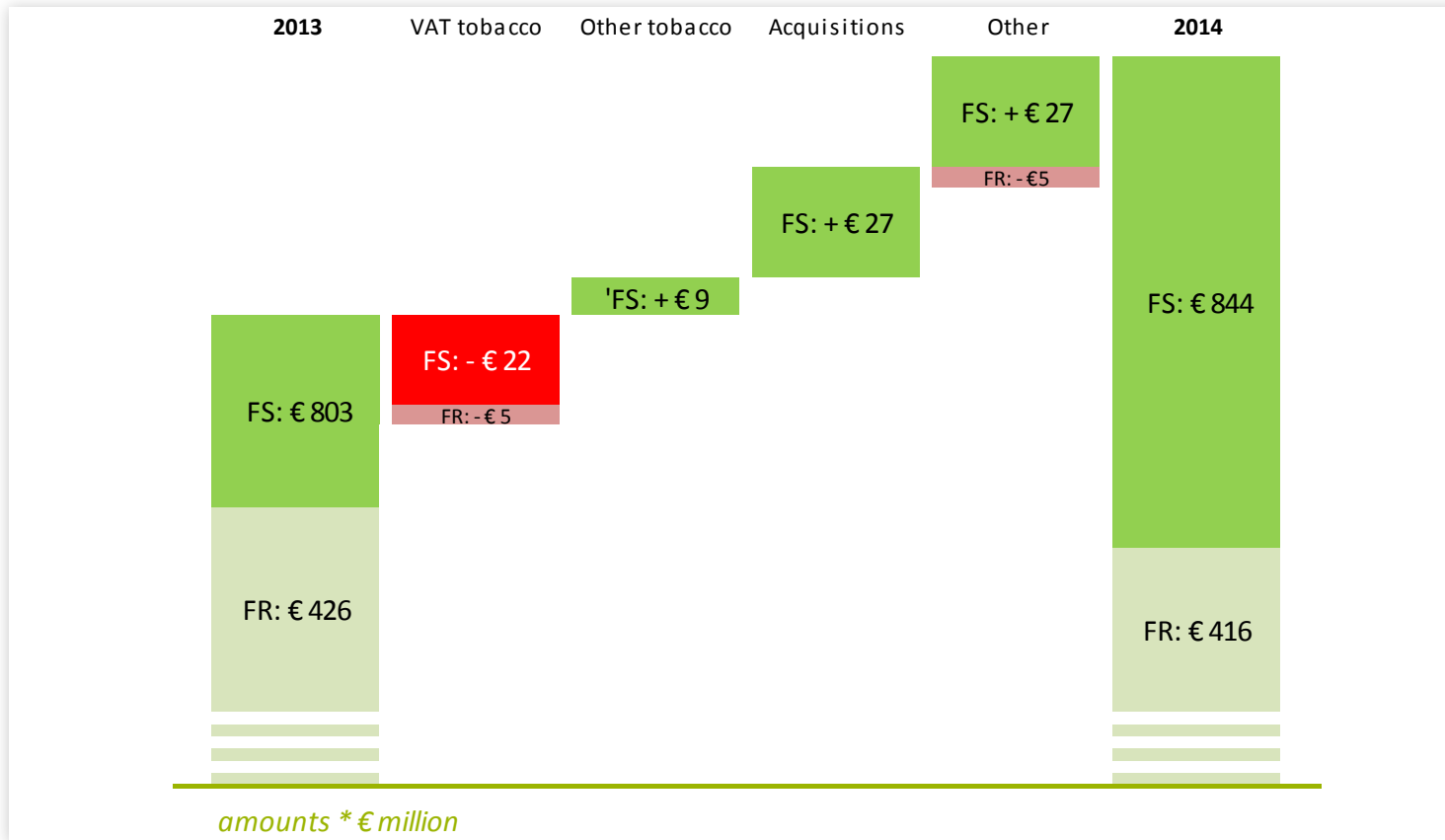
# Revenue

<i>amounts * € million</i>	2014	2013	2014	2013
<b>Revenue</b>	<b>1,260</b>	<b>1,229</b>	<b>100.0%</b>	<b>100.0%</b>
Gross margin	285	280	22.7%	22.8%
Other operating income	4	2	0.3%	0.2%
Expenses	-224	-221	-17.8%	-18.0%
<b>EBITDA</b>	<b>65</b>	<b>61</b>	<b>5.2%</b>	<b>5.0%</b>
Depreciation/ impairment	-21	-20	-1.7%	-1.7%
<b>EBITA</b>	<b>44</b>	<b>41</b>	<b>3.5%</b>	<b>3.3%</b>
Amortisation	-9	-6	-0.7%	-0.5%
<b>EBIT</b>	<b>35</b>	<b>35</b>	<b>2.8%</b>	<b>2.8%</b>
Interest	-2	-1	-0.2%	-0.1%
<b>Profit before tax</b>	<b>33</b>	<b>34</b>	<b>2.6%</b>	<b>2.7%</b>
Tax	-6	-8	-0.5%	-0.6%
<b>Profit for the half year</b>	<b>27</b>	<b>26</b>	<b>2.1%</b>	<b>2.1%</b>

- Revenue + 2.5%
- Organic excluding tobacco + 2.1%
- Organic + 2.6%



# Revenue Sligro Food Group



SFG

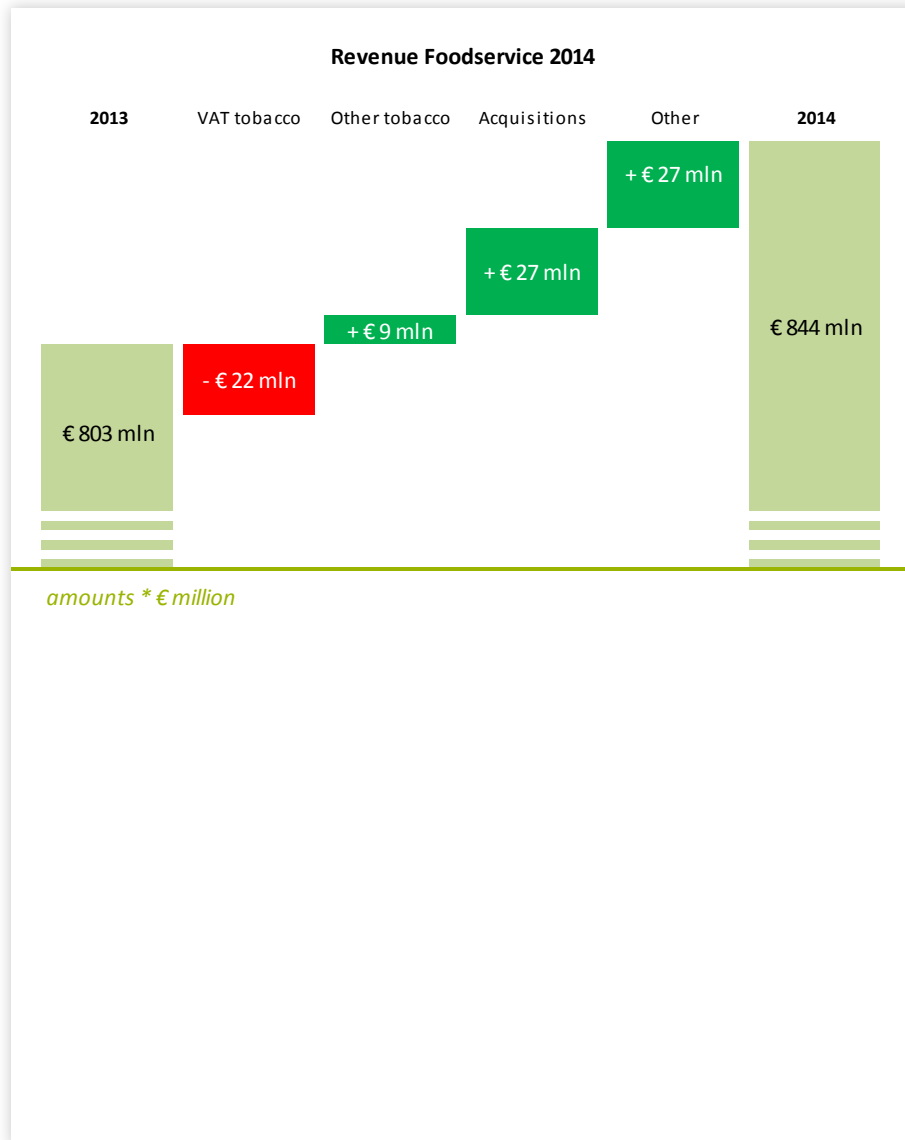
FS

FR

- Revenue + 2.5% + 5.0% - 2.3%
- Organic excluding tobacco + 2.1% + 4.0% - 1.1%
- Organic + 2.6% + 4.5% - 1.1%



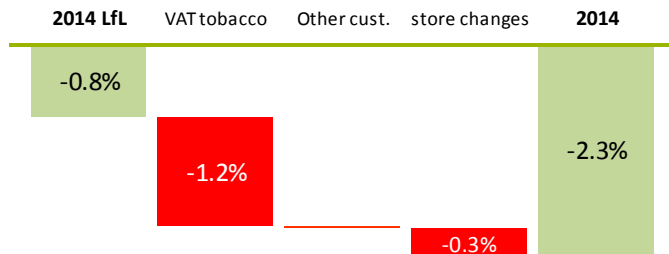
# Revenue Foodservice



- Revenue + 5.0%
- Organic excluding tobacco + 4.0%
- Organic + 4.5%
- Clear signs of foodservice market shrinking more slowly
- Integration of Rooswinkel completed and Horeca Totaal Sluis being prepared for integration in Q4 (included in consolidation from 1 March)
- Foodservice growth gains momentum from format changes
- New contracts signed with major customers

# Revenue Foodretail

Revenue Food retail 2014



	Nielsen	IRI	Average	EMTÉ	GfK
Q1	-0,7%	-1.7%	-1.2%	-2.7%	-1.8%
Q2	1.3%	1.2%	1.3%	1.2%	1.2%
<b>Half year</b>	<b>0.3%</b>	<b>-0.2%</b>	<b>0.1%</b>	<b>-0.8%</b>	<b>-0.3%</b>

- Revenue - 2,3%
- Like-for-like EMTÉ - 0,8%
- Average market researchers + 0.1%
- EMTÉ growth slower than market in H1, Q2 in line with market
- Valkenswaard and Enter stores converted from branches to franchise outlets
- Enschede Brouwerijplein and Almelo stores closed in 2014
- Linschoten and Leens stores closed in 2013, some sales still in comparable figures.



# Gross margin

<i>amounts * € million</i>	2014	2013	2014	2013
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- Margin percentage 0.4 points higher due to change in VAT rules for tobacco products from 1 July 2013
- Heavy pressure on prices in the food retail market (contrasting with modest easing of price pressure in H1 2013)
- Product-mix effects and pressure on prices in Foodservice

# Expenses

<i>amounts * € million</i>	2014	2013	2014	2013
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- Sum of expenses, depreciation, impairment losses and amortisation same as last year at 20.2%
- Expenses percentage 0.4 points higher due to change in VAT rules for tobacco products from 1 July 2013
- Incidental items (see next slide) give a net reduction in costs of around €2 million
- Peaking of growth in Foodservice delivery business means delays in cost-saving programme



# Overview incidentals

Incidentals <i>amounts* € million</i>	Foodservice		Food retail		Total	
	2014	2013	2014	2013	2014	2013
Other operating income:						
Book profits	4	1	-1	-	3	1
Expenses:						
Pension gains	4	1	-	-	4	1
Impairments	-	-	-2	-	-2	-
Other incidentals	-1	-	-	-	-1	-
Integration costs	PM	PM	-	-	PM	PM
<b>Impact on EBITA</b>	<b>7</b>	<b>2</b>	<b>-3</b>	<b>-</b>	<b>4</b>	<b>2</b>
Tax effect					-1	-1
					<b>3</b>	<b>1</b>
Writedown participation SuperDirect					-1	-
<b>Impact on net profit</b>					<b>2</b>	<b>1</b>

# EBITA

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- Foodservice EBITA sharply higher, driven partly by incidental items
- Food Retail EBITA down due to lower sales, sustained price pressure and incidental items

# Depreciation, amortisation & interest

<i>amounts * € million</i>	2014	2013
<b>Depreciation/ impairment</b>		
Impairment	-2	-
Depreciation	-19	-20
	<b>-21</b>	<b>-20</b>

<i>amounts * € million</i>	2014	2013
<b>Amortisation</b>		
Software	-2	-2
Customer contracts	-1	-
Customers/ store locations from acquisitions	-6	-4
	<b>-9</b>	<b>-6</b>

<i>amounts * € million</i>	2014	2013
<b>Interest</b>		
Profits of associates	-	1
Net financing expense	-2	-2
	<b>-2</b>	<b>-1</b>

- Impairment losses on disposal of retail locations
- Presentational change to contracts with customers (in consultation with Deloitte)  
Also €1 million last year, but borne by sales.
- € 4 million transferred from working capital to other intangibles, as per opening balance
- Write-down on equity stake in SuperDirect



# Profit for the year

<i>amounts * € million</i>	2014	2013	2014	2013
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	2014	2013	increase
Profit for the year (€ million)	27	26	2.3%
Earnings per share (€)	0.61	0.60	

- Excluding incidentals, profit for the half year unchanged

## Dividends:

	Per share	Payable
<b>Dividend 2013</b>		
regular	0.80	
variable	0.25	
<b>Total</b>	<b>1.05</b>	<b>2 April 2014</b>
<b>Interim dividend 2014</b>		
50% of regular 2013	0.40	<b>20 October 2014</b>
<b>Total dividend payable in 2014</b>	<b>1.45</b>	



# Segment information

<i>amounts * € million</i>	Foodservice		Food retail	
	2014	2013	2014	2013
Revenue	844	803	416	426
Other operating income	4	1	-	1
EBITDA	53	45	12	16
EBITA	40	32	4	9
EBIT	35	30	-	5
EBITDA % of revenue	6.3%	5.7%	3.0%	3.7%
EBITA % of revenue	4.7%	3.9%	1.0%	2.1%
EBIT % of revenue	4.2%	3.7%	0.1%	1.2%
Net capital expenditure	47	19	5	9
Depreciation and amortisation	-18	-16	-12	-10
Net capital employed (mid-year)	481	461	165	180
EBITDA % of average CE	25.7%	25.4%	14.4%	15.0%
EBITA % of average CE	19.9%	19.1%	5.9%	7.9%
EBIT % of average CE	18.4%	18.3%	1.4%	4.1%

## Foodservice

- Net incidental items €5 million positive
- Sales growing much faster than market
- Cost-savings delayed by peaking (and integration) of sales

## Food Retail

- Net incidental items €3 million negative
- H1 sales growth below market average
- Gross margin lower due to market pressure on prices
- Cost-savings not sufficient to compensate fully for pressure on sales



# Cash flow

<i>amounts * € million</i>	2014	2013
From operations	57	58
Interest etc.	-	-
Corporate income tax	-21	-22
<b>From operating activities</b>	<b>36</b>	<b>36</b>
Acquisitions/ divestments	-16	-18
Net capital expenditure	-47	-16
<b>From investing activities</b>	<b>-63</b>	<b>-34</b>
Changes in debt	-	-
Dividend paid/ repurchase own shares	-46	-49
<b>From financing activities</b>	<b>-46</b>	<b>-49</b>
Movement in cash and short term bank borrowings	-73	-47
Balance at start of year	135	102
Balance mid-year	62	55

<i>amounts * € million</i>	2014	2013
<b>Cash flow from changes in working capital <sup>1)</sup></b>		
Inventories	-6	19
Debtors and other current assets	9	-10
Current liabilities	-3	-12
<b>Total</b>	<b>-</b>	<b>-3</b>

*1) excluding acquisitions*

- Free cash flow €6 million negative (2013: €20 million positive)
- Net investments higher due to:
  - acquisition of four locations for €12 million, two of which were previously rented,
  - investment of around €14 million in Landsingerland delivery-service outlet
  - investment of €10 million in contracts with customers
- Increase in members capital Superunie (€ 5 million presented under 'loans to associates')
- Acquisition of Rooswinkel (including some assets, excluding working capital) and Horeca Totaal Sluis (including assets and working capital). Settlement Rooswinkel in H2 2014
- Superunie launches Supply Chain Finance
- No net change in working capital in H1 2014, but five months' tax paid in H1 2014 (in H2 last year)
- Dividend distribution of €46 million



# Segment-based cash flow

<i>amounts * € million</i>	Foodservice		Food retail	
	2014	2013	2014	2013
EBIT	35	30	-	5
Depreciation and amortisation	18	16	12	10
Other operating income in CAPEX	-4	-	-	-
Changes in working capital and pensions	-6	-8	2	5
Corporate income tax	-19	-19	-2	-3
<b>Cash flow from operating activities</b>	<b>24</b>	<b>19</b>	<b>12</b>	<b>17</b>
Net capital expenditure	-37	-14	-5	-2
<b>Free Cash Flow</b>	<b>-13</b>	<b>5</b>	<b>7</b>	<b>15</b>
Acquisitions/ divestments	-16	-18	-	-

- Foodservice
  - Working capital increased by acquisition of Van Oers (2013) and Rooswinkel (2014)
  - Substantial investments in foodservice with acquisition of two cash & carry locations and Landsingerland delivery-service location and contracts with customers
- Foodretail
  - Profit down due to sales and margin pressure and incidental items
  - Investments up due to acquisition of two supermarkets. Net investments last year were partly offset by disposals





# Foodservice

The foodservice market

Sligro Food Group foodservice business

Plans for H2-2014 and beyond



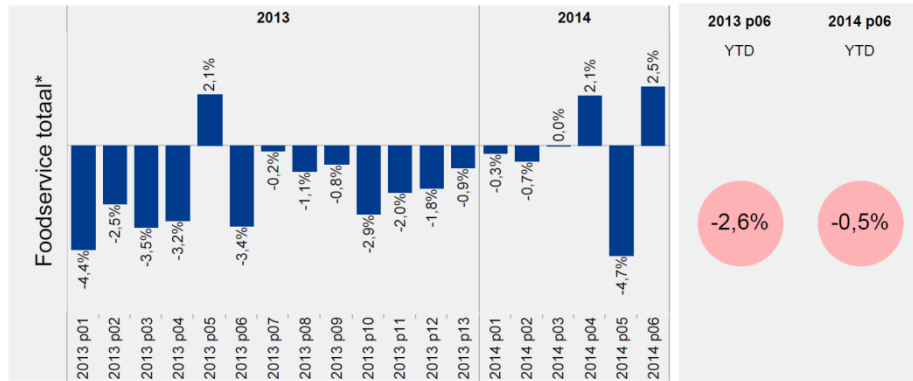
# The foodservice market in 2014

- Clear signs of the foodservice market shrinking more slowly
- Sustained pressure on the market in recent years has led to some consolidation and some players being forced to terminate their operations



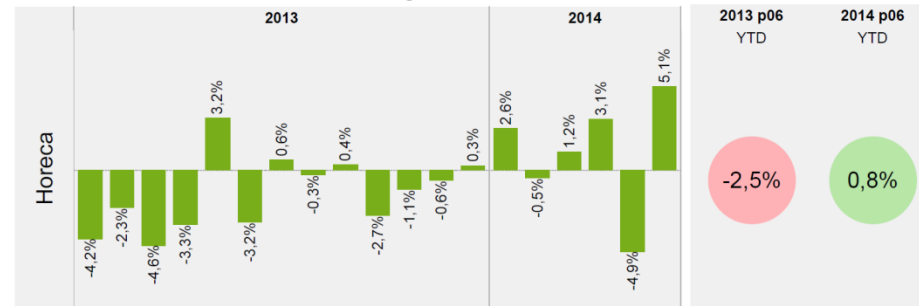
## FOODSERVICE TOTAAL

Waardeontwikkeling Foodservice

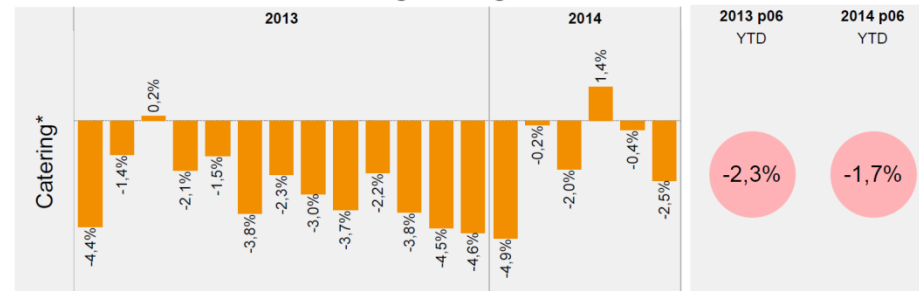


Data based on first 24 weeks of 2014

Waardeontwikkeling Horeca



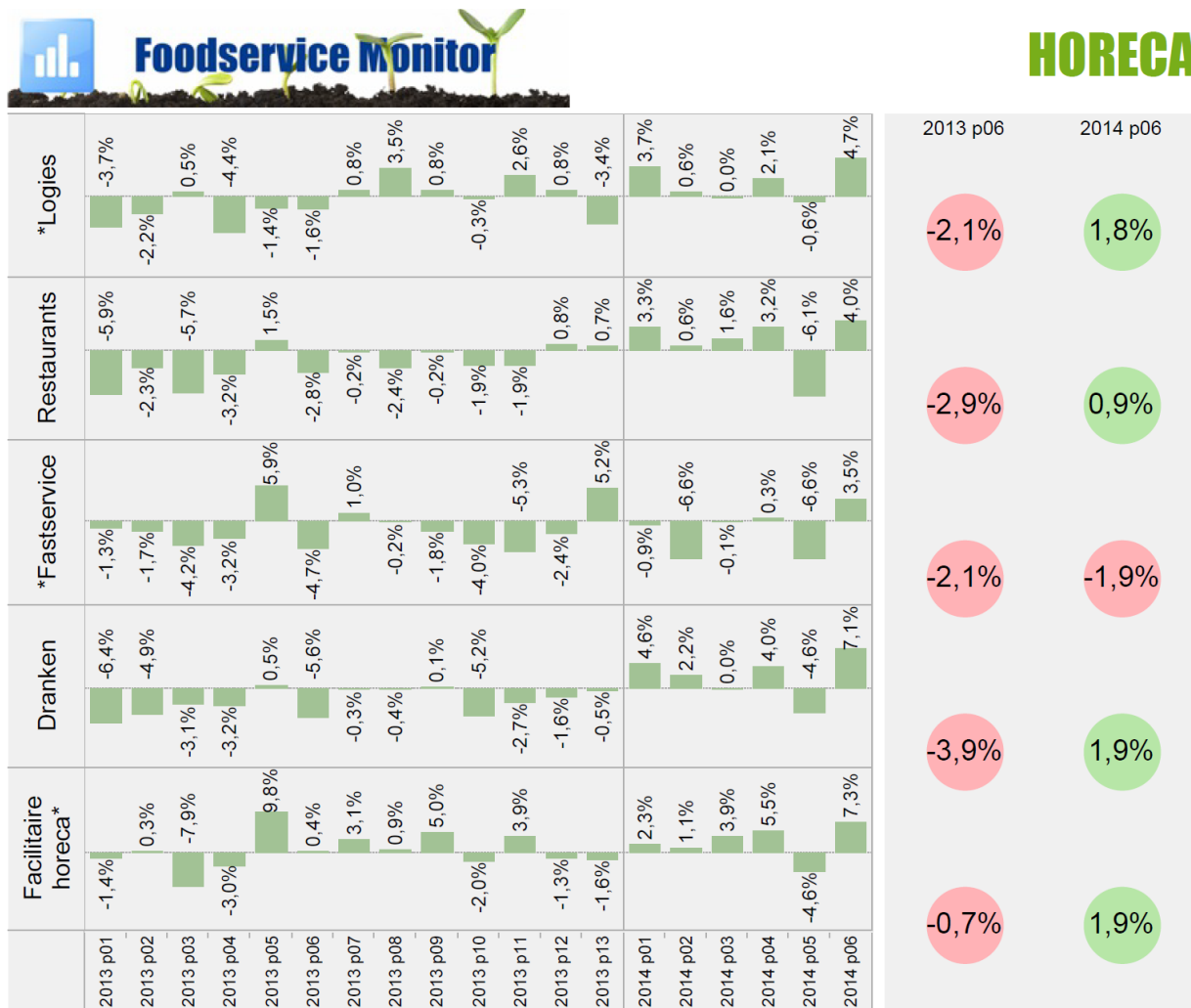
Waardeontwikkeling Catering



\* Foodservice totaal: Foodservice totaal is inclusief petrol

\* Catering: Catering totaal is inclusief onderwijs en inflight

# The foodservice market in 2014

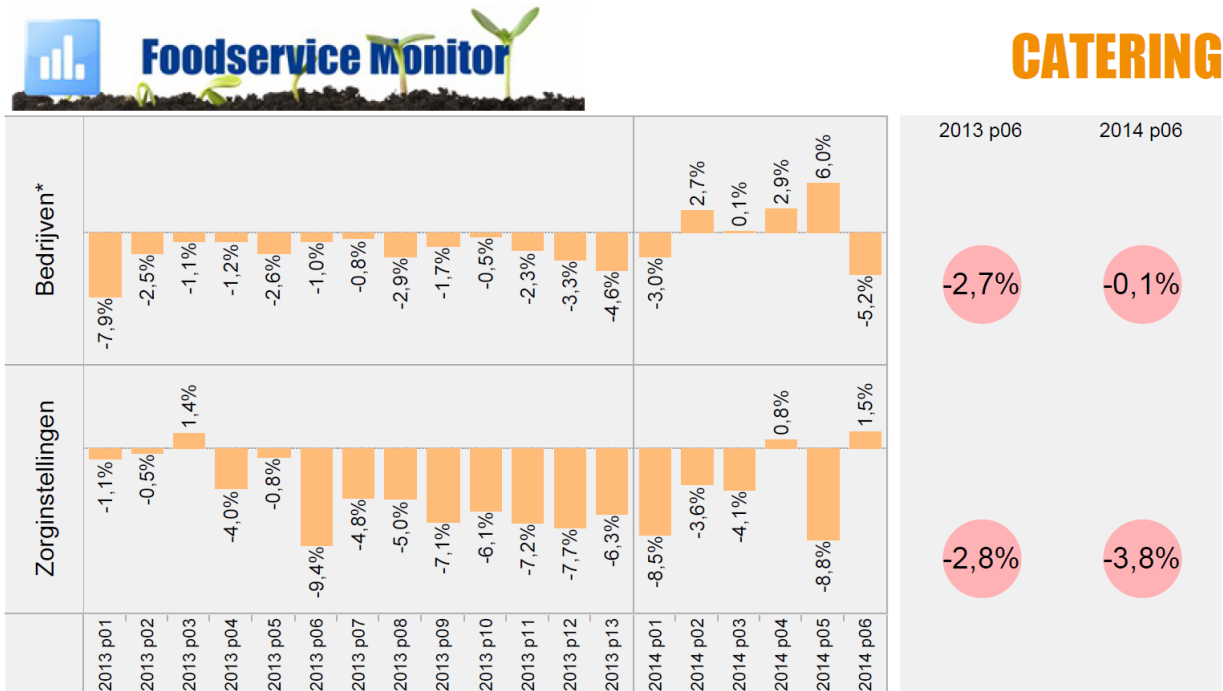


\* Logies: nu inclusief verblijfsrecreatie (campings/bungalowparken), voorheen alleen hotels

\* Fastservice: nu inclusief fastfood restaurants

\* Faciitaire horeca: Horeca bij detailhandel, recreatie, sport en openbaar vervoer

# The foodservice market in 2014



\* Catering: Catering totaal is inclusief onderwijs en inflight

\* Bedrijven: Inclusief overheidsbedrijven

# Sligro Food Group foodservice business

- With 4% organic growth, clearly outperforming the market
- Delivery-service business growing fast, cash & carry growth just achieves positive figures
- Acquisitions added €27 million to delivery-service volume in H1 2014
- Growth gains extra momentum from format changes, effect most marked in cash & carry
- New cash & carry outlet opened in Maastricht in March 2014
- Former Kruidenier customers also helping to boost delivery-service sales
- Integration of Rooswinkel completed
- Preparations have started for the integration of Horeca Totaal Sluis (Q4)



*New C&C Maastricht opened for business in March*

# Sligro Food Group foodservice business

- Creation of a small organisation focused solely on the Belgian market
- Peaking of the growth in Foodservice's delivery- service business delayed the roll-out of cost-saving programmes under the 'Kicken op Kosten' (Kick the Costs) banner
- Cost-saving programmes will achieve their ultimate goal, but will have less impact in the current year

# Plans for H2-2014 and beyond

- Integration of Horeca Totaal Sluis
- Opening of new delivery-service outlet in Landsingerland (Q3), combining the operations of the delivery-service outlets in Barendrecht and The Hague
- Expansion of Enschede cash & carry outlet to type III
- New cash & carry outlet in Gouda, expanded to type III
- Major upgrade of Eindhoven and The Hague FP cash & carry outlets
- Resume 'Kicken op Kosten' (Kick the Costs) programme after integration projects and commissioning of new delivery-service outlets
- Back-office preparing for E-commerce plans 2015
- Prepare business case for Belgian market



*Distribution centre Landsingerland under construction*

# Foodretail

The Foodretail market

Sligro Food Group Foodretail

Plans for H2-2014 and beyond

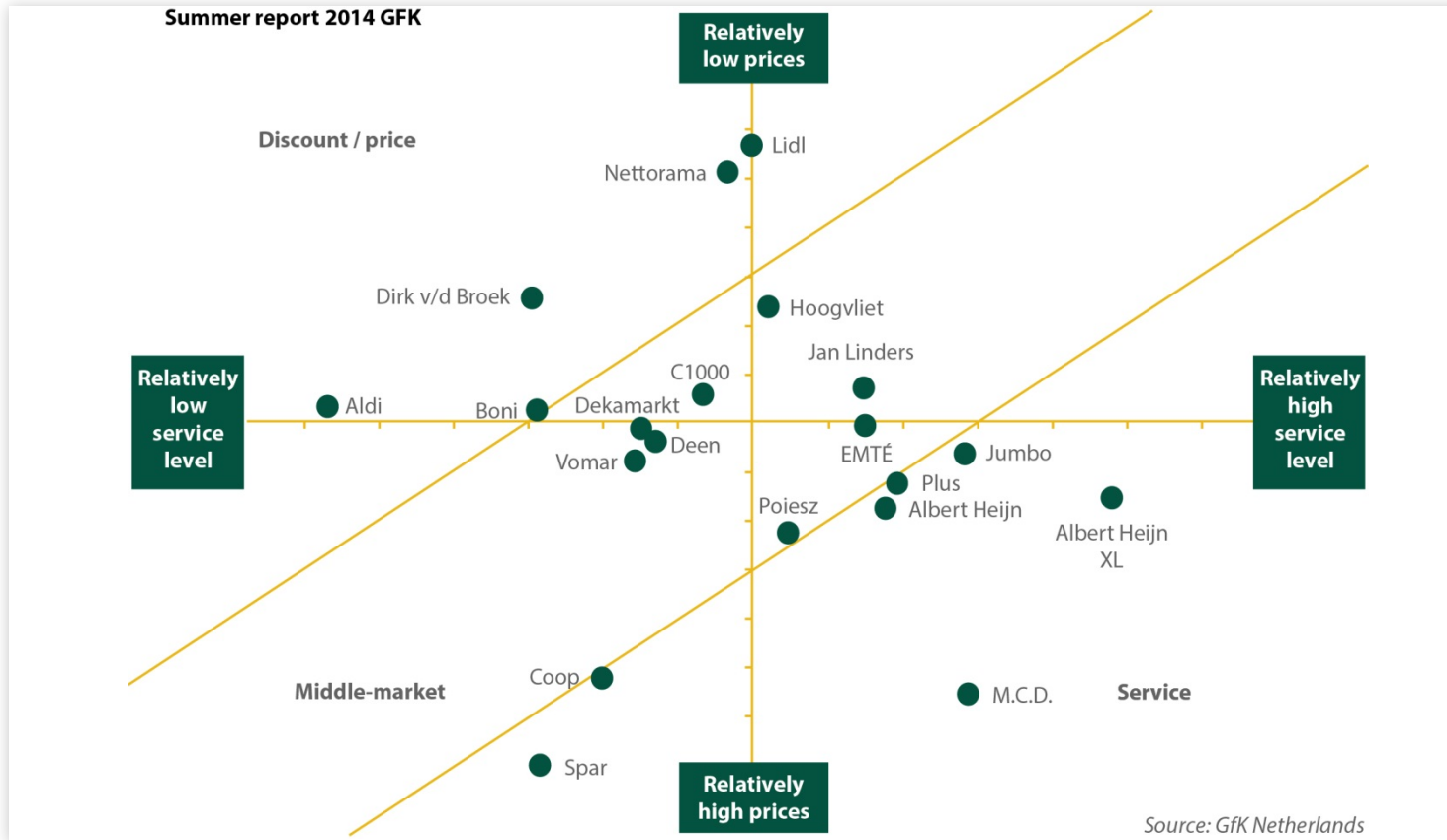




# The Foodretail market in 2014

- Market growth approximately stable
- Clear signs of recovery in consumer confidence
- But sales are still flat
- Strong price competition, with pressure on prices from reductions initiated by the market leader (and followed by all market participants) since September 2013

# Summer report GfK 2014



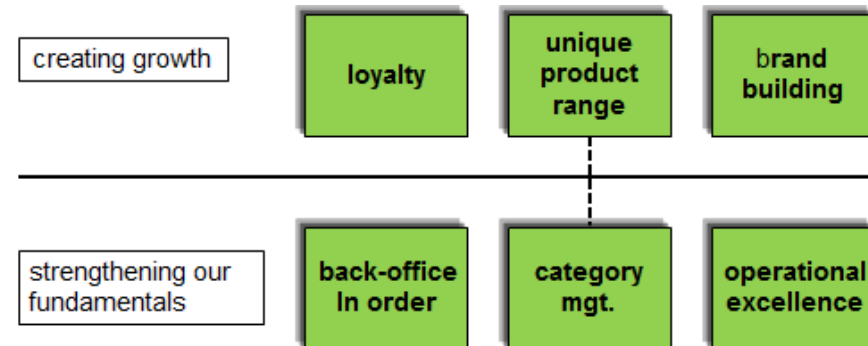
# Sligro Food Group Foodretail

- Like-for-like sales growth of -0.8%, below market average
- After being named as the supermarket with the best bakery and best meat departments, EMTÉ took the Best Cheese Department award in June
- Position held in GfK 2014 Summer Report after rapid rise in GfK 2013 Christmas Report
- Rationalisation of store network:
  - Enschede Brouwerijplein and Almelo locations closed
  - Valkenswaard and Enter locations converted from branches to franchise outlets
- Franchise Supermarket Covenant signed with the Tax and Customs Administration



# Sligro Food Group Foodretail

- 'Fijnproevers' (Connoisseurs) loyalty programme currently in test phase with staff at 22 outlets, roll-out to customers at end of Q3
- Extra TV advertising as 'Best for bread and meat'
- Further shrinkage reduction according to plan
- Strengthening of category management in full swing
- Implementation of modular staffing plan and revised standardized planning in progress, taking effect mainly in Q3



# Plans for H2-2014 and beyond

- Maintain focus on implementing medium-term plan
- After completion of test phase, launch of loyalty programme for EMTÉ customers (Q3 2014)
- Define brand strategy and positioning in accordance with Sligro 3.0 approach
- Reduce costs, especially wage costs





# Outlook for H2-2014 and beyond

- Macroeconomic conditions indicate gradual recovery
- But consumer confidence still not high enough for them to resume spending
- No lessening of sales pressure and intense price competition in the supermarket channel
- Effect of integration of Rooswinkel and Horeca Totaal Sluis still €20 to € 25 million in H2
- From 1 July, the change in VAT on tobacco products will cease to affect our figures in the comparison with the same period last year  
(impact first half: minus € 27 million)
- With the migration to the new pension scheme (collective defined-contribution scheme under IAS 19) as from H2 2014, there will be no difference between the defined contribution paid and the contribution recognised in the accounts

<i>amounts * € million</i>	<b>2014</b>	<b>2013</b>
<b>Pensions gains</b>		
H1	-4	-1
H2	-	-1
	<b>-4</b>	<b>-2</b>



vind de balans



# Appendices



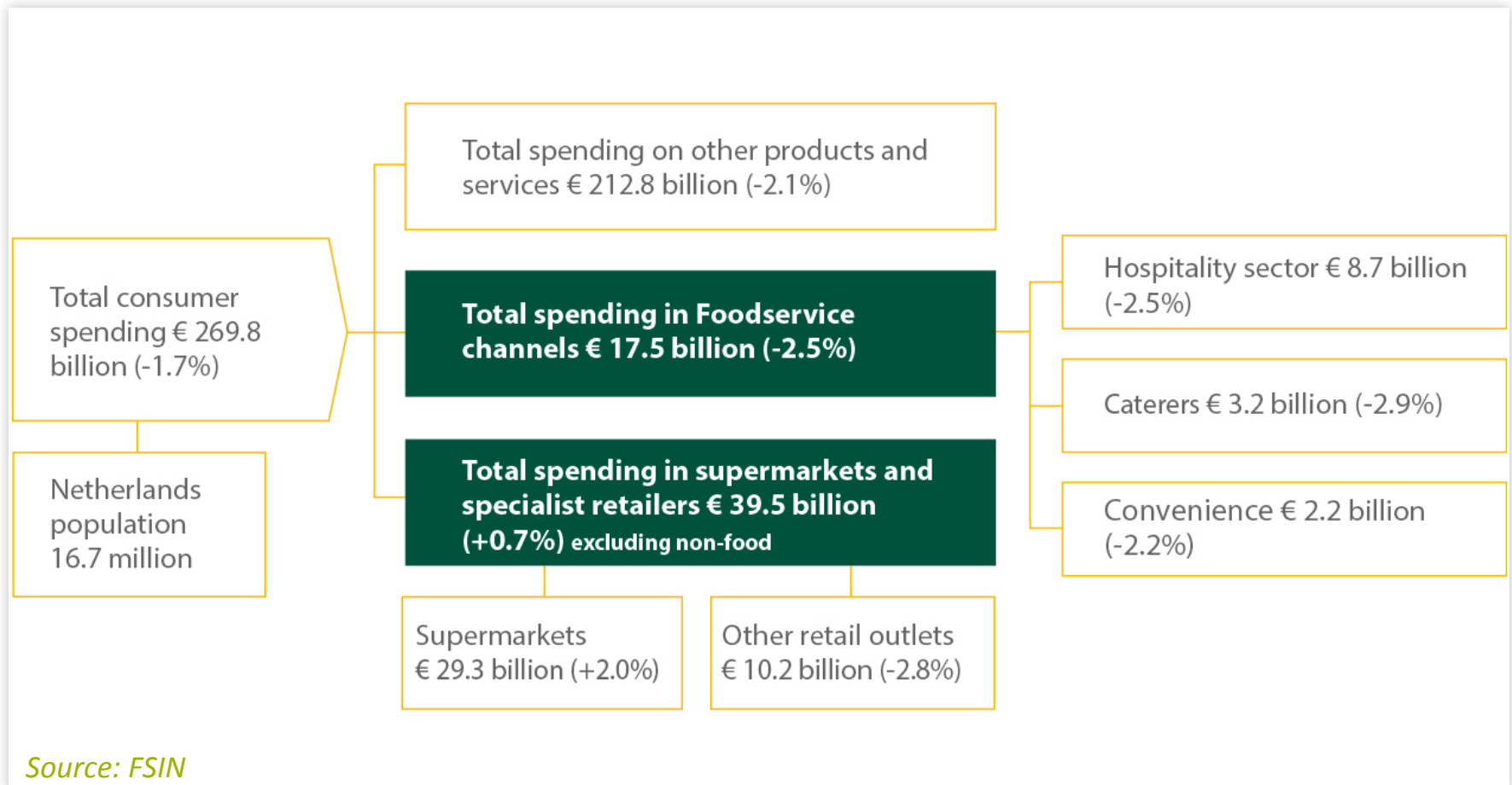
# Profit and loss account

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<b>Profit for the half year</b>	<b>27</b>	<b>26</b>	<b>2.3%</b>	<b>2.1%</b>	<b>2.1%</b>

# Balance sheet (before profit appropriation)

<i>amounts * € million</i>	28-6-2014	29-6-2013		28-6-2014	29-6-2013
<b>Non-current assets</b>			Equity	545	530
Intangible	203	184			
Tangible	302	293	Provisions	34	35
Investment property	15	13			
Financial	52	51	Non-current liabilities	121	176
	<b>572</b>	<b>541</b>			
<b>Current assets</b>			<b>Current liabilities</b>		
Inventories	200	193	Current portion long term debt	53	-
Debtors	149	137	Creditors	159	141
Assets held for sale	7	8	Other	78	52
Cash	62	55			
	<b>418</b>	<b>393</b>		290	193
<b>Total assets</b>	<b>990</b>	<b>934</b>	<b>Total equity and liabilities</b>	<b>990</b>	<b>934</b>

# The Food market (figures 2013)



# Organisation Sligro Food Group

Central distribution centre and head office in Veghel		
Food retail	Foodservice Cash & carry	Foodservice Delivery-service
EMTÉ	Sligro	Sligro/Van Hoeckel
130 Own and franchise outlets	Large and small hospitality sector, leisure, caterers, forecourt outlets, large-scale users, institutional	
2 Distribution centres	National network of 46 cash & carry outlets	National network of 10 delivery-service outlets
Sligro Fresh Partners & Production		
Specialised production facilities for convenience products (Culivers), fish (SmitVis) and meat (retail), patisserie/home caterer (Maison Niels de Veye) and four fresh-produce associates		





# Half year figures 2014

Amsterdam, 17 July 2014