



PRESS RELEASE

2016 results

SLIGRO FOOD GROUP 2016 NET PROFIT: €73 MILLION

The net profit for the year amounted to €73 million, which is a decrease of 9.1% compared with 2015. As stated in the press release of 4 January 2017, sales in 2016 amounted to €2,813 million, an increase of 5.4%. Discounting the effect of acquisitions and week 53 in 2015, organic growth was 2.3%.

Koen Slippens, CEO:

“The theme of 2016 was ‘Building the future’. As is often the case when you are building something, you have to make investments before you can reap the benefits. As previously stated, profit for 2016 was below the record year of 2015, which had 53 weeks, which means that we did not perform as well as we had expected at the beginning of the year.

Earnings per share were down by 9.2%, at €1.67 but, since our financial position remains strong, we propose increasing the dividend by €0.10 to €1.30 per share.

The combination of strong organic growth and some excellent acquisitions meant that Foodservice sales rose sharply and again outperformed the market. According to FSIN, our market share in the Netherlands increased further to 24%.

For the first time in our history, we made a foreign acquisition, putting us on the map in Belgium.

We were able to give our Belgian ambitions a major boost with our acquisition of Java Foodservice, a top-five player in Belgium, and I am very proud of this. We were unable to keep pace with market growth in Food Retail, however, where our market share declined to 2.6%. During the year, we narrowed the gap between us and market growth, thanks in part to the conversion of outlets to the EMTÉ 3.0 format and we now have 15 of these stores.

The absence of week 53 in comparison with 2015 depressed the result and Foodservice incurred acquisition and integration costs and we invested in the start-up of Sligro in Belgium. On the other hand, Java closed a good year in which an important element of the synergy was also achieved. This was an impressive performance by our Belgian colleagues

Key figures

(x € million)

	2016	2015	Change %
Net sales	2,813	2,670	5.4
Organic growth Foodservice in %	3.3	1.5	
Like for like growth EMTÉ in %	(1.4)	0.2	
Organic growth Group in %	2.3	1.1	
EBITDA	156	160	(2.5)
EBITA	112	122	(8.2)
EBIT	87	103	(15.6)
Net profit	73	81	(9.1)
Free cash flow	72	78	(7.5)
Shareholders' equity	627	606	3.4
Net interest-bearing debt	60	26	130.2
Earnings per share (x €1)	1.67	1.84	(9.2)
Dividend per share (x €1)	1.30	1.20	8.3

in this transition year. At Food Retail, sales and gross margin were under pressure and our great 3.0 format was not as profitable as we had wished. Strong efforts are being directed at this and we are seeing the initial results even though we are not there yet.

We are looking to 2017 with confidence, when a further recovery of the market and the success of our formats will be the basis for outperforming the market in the Netherlands and Belgium. We realise, however, that rapidly changing market conditions require continuous adaptation of our organisation, processes, systems and people and we will continue to invest in them. We have worked hard to build the future in 2016 and a lot has been achieved. However, there is still a lot to do, good and important work to keep Sligro Food Group in the best possible shape for the years to come. We call this 'Keep Building the Future!'.

The gross margin increased by €25 million to €645 million and fell as a percentage of sales by 0.3 percentage points compared with the previous year, to 22.9%. The share of campaigns and promotions in sales increased and, at Food Retail in particular, we made additional investments in price and savings campaigns to reverse the negative sales trend.

Total operating expenses were up by €43 million, at €562 million. As a percentage of sales that meant an increase of 0.4 percentage points to 19.9%. We incurred acquisition and integration costs and start-up costs for Belgium. In addition, sales at the recently opened new EMTÉ stores and new Sligro outlets have not yet reached the level envisaged, putting relatively significant pressure on costs. The lack of a week 53 in comparison with 2015 also caused costs to rise as a percentage of sales.

Operating profit before amortisation was €112 million, a decline of €10 million compared with 2015. At Foodservice, operating profit before amortisation fell by €2 million to €99 million and at Food Retail we saw a decrease of €8 million to €13 million.

Earnings per share amounted to €1.67 (2015: €1.84). Based on the result for 2016 and pending the amended dividend policy, we propose increasing the dividend by €0.10 to €1.30 per share. Given our financial position, which remains as strong as ever, a resolution will be put before the General Meeting of Shareholders raising the target pay-out ratio for regular dividends from 50% to 60%. This increase in the dividend payment to our shareholders is possible without the business having to limit the financing of its capital expenditure or possible acquisitions. The proposed dividend consists of a regular dividend of €1.00 (2015: €0.90) and a variable

dividend of €0.30 (2015: €0.30). An amount of €0.45 has already been paid as interim dividend. The final dividend for 2016 therefore amounts to €0.85.

Free cash flow amounted to €72 million (2015: €78 million). The increased investment level was largely offset by an improvement in working capital as a result of our Supply Chain Finance programme.

Board changes

Mr Nühn 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 him a debt of enormous gratitude for the contributions he has made to the further development of Sligro Food Group over the past eight years, not just with his strategic and technical insights but also, certainly, in his role of coach to the management team from whose members successors to the posts of both CEO and CFO were appointed during his term of office.

In view of the retirement of Mr Nühn, Mr Rijna has been appointed the new chairman of our Board and Mr van de Weerdhof is being proposed for appointment to the Board. Mr van de Weerdhof was CEO of RFS Holland Holding/Wehkamp B.V. from 2013 to 2016 and he had previously been an executive director at Esprit and Pearl. He is currently a supervisory director of Wereldhave. Mr van de Weerdhof will be a good candidate for the vacant position on the Board, bringing added value with his experience in online, supply chain, retail, food and internationalisation. A more extensive CV will be attached to the agenda of the General Meeting of Shareholders, which will be published on 8 February.

Outlook

The Dutch economy is recovering and this is reflected in higher levels of employment and rising consumer confidence. As a result, we saw growth pick up in both our market sectors in 2016 and we expect this to continue in 2017. In Foodservice, in the Netherlands we expect the trend of recent years to continue and that we will again outperform the market. The acquisition of the De Kweker sites will contribute about €2 million extra to sales in the first two months of the year. We will be intensifying our sales efforts in Belgium during the coming year and expect this will allow us to outperform the market. In addition, the acquisition of Java will contribute about €20 million extra to sales in the first two months of the year. In Belgium, we expect to be able to complete the planning permission and appeals procedures during the year and start construction of our first Sligro outlet there, which is expected to open in early 2018. Everything in Food Retail

is focussed on making the transition to 3.0 a success and further restoring the performance of the 2.0 stores.
As usual, we refrain from making any definite forecasts.

The 2016 Annual Report will be published on 3 February 2017.

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 20 April 2017, we will address the developments in the first quarter of 2017 in more detail. The half-year figures will be published on 20 July 2017.

Sligro Food Group N.V. hereby announces that its Home Member State is The Netherlands for the purposes of the EU Transparency Directive.

Veghel, 26 January 2017

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

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*[QR code: notes to the annual figures by
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Appendix 1

CONSOLIDATED PROFIT AND LOSS ACCOUNT for 2016

(x € million)	2016	2015	2014
Net sales	2,813	2,670	2,572
Cost of sales	(2,168)	(2,050)	(1,976)
Gross margin	645	620	596
Other operating income	4	2	5
Staff costs	(303)	(281)	(271)
Premises costs	(62)	(59)	(62)
Selling costs	(23)	(23)	(24)
Logistics costs	(82)	(79)	(77)
General and administrative expenses	(23)	(20)	(18)
Impairments	(2)	(0)	(3)
Depreciation of property, plant and equipment	(42)	(38)	(40)
Amortisation of intangible assets	(25)	(19)	(17)
Total operating expenses	(562)	(519)	(512)
Operating profit	87	103	89
Finance income and expense	(4)	(4)	(4)
Share in results of associates	8	6	1
Profit before tax	91	105	86
Tax	(18)	(24)	(17)
Profit for the year	73	81	69
Attributable to shareholders of the company	73	81	69
Figures per share	€	€	€
Basic earnings per share	1.67	1.84	1.58
Diluted earnings per share	1.67	1.84	1.58
Proposed dividend	1.30	1.20	1.10

Appendix 2

CONSOLIDATED CASH FLOW STATEMENT for 2016

(x € million)	2016	2015	2014
Receipts from customers	3,102	2,953	2,845
Other operating income	<u>2</u>	<u>2</u>	<u>1</u>
	<u>3,104</u>	<u>2,955</u>	<u>2,846</u>
Payments to suppliers	(2,557)	(2,439)	(2,344)
Payments to employees	(169)	(157)	(148)
Payments to the government	<u>(197)</u>	<u>(196)</u>	<u>(184)</u>
	<u>(2,923)</u>	<u>(2,792)</u>	<u>(2,676)</u>
Net cash generated from operations	181	163	170
Interest received and paid	(4)	(4)	(4)
Dividend received from associates	5	3	4
Corporate income tax paid	<u>(29)</u>	<u>(22)</u>	<u>(23)</u>
Net cash flow from operating activities	<u>153</u>	<u>140</u>	<u>147</u>
Acquisitions/investments	(49)	(11)	(17)
Capital expenditure on property, plant and equipment/investment property/assets held for sale	(74)	(51)	(60)
Receipts from disposal of property, plant and equipment/investment property/assets held for sale	6	0	7
Capital expenditure on intangible assets	(12)	(11)	(16)
Investments in/loans to associates	(1)	(0)	(5)
Repayments by associates	<u>0</u>	<u>0</u>	<u>0</u>
Net cash flow from investing activities	<u>(130)</u>	<u>(73)</u>	<u>(91)</u>
Long-term borrowings	30		
Repayment of long-term borrowings	(1)		(53)
Change in own shares	1	1	(1)
Dividend paid	<u>(55)</u>	<u>(48)</u>	<u>(63)</u>
Net cash flow from financing activities	<u>(25)</u>	<u>(47)</u>	<u>(117)</u>
Movement in cash, cash equivalents and short-term bank borrowings	(2)	20	(61)
Opening balance	<u>94</u>	<u>74</u>	<u>135</u>
Closing balance	<u>92</u>	<u>94</u>	<u>74</u>

Appendix 3

CONSOLIDATED BALANCE SHEET

as at 31 December 2016 before profit appropriation

(x € million)			
ASSETS	31-12-2016	02-01-2016	27-12-2014
Goodwill	145	126	126
Other intangible assets	76	67	72
Property, plant and equipment	361	315	295
Investment property	20	19	15
Investments in associates	51	48	45
Other financial assets	17	25	9
Total non-current assets	670	600	562
Inventories	245	220	213
Trade and other receivables	179	144	146
Other current assets	24	9	9
Corporate income tax	2		
Assets held for sale	3	4	8
Cash and cash equivalents	92	94	74
Total current assets	545	471	450
Total assets	1,215	1,071	1,012
EQUITY AND LIABILITIES	31-12-2016	02-01-2016	27-12-2014
Paid-up and called capital	3	3	3
Reserves	624	603	567
Total shareholders' equity attributable to shareholders of the company	627	606	570
Deferred tax liabilities	28	25	27
Employee benefits	5	4	4
Other provisions	0	0	0
Bank borrowings	103	138	124
Total non-current liabilities	136	167	155
Current portion of long-term borrowings	71		
Bank borrowings	0	0	0
Trade and other payables	294	207	200
Corporate income tax	0	6	0
Other taxes and social security contributions	24	26	33
Other liabilities, accruals and deferred income	63	59	54
Total current liabilities	452	298	287
Total equity and liabilities	1,215	1,071	1,012

Appendix 4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for 2016 before profit appropriation

(x € million)

	Paid-up and called capital	Share premium	Other reserves	Revaluation reserve	Hedging reserve	Treasury shares reserve	Total
Balance as at							
27 December 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
	<u>0</u>	<u>0</u>	<u>(48)</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>(47)</u>
Total realised and unrealised results							
Profit for the year			81				81
Investment property			(0)	0			
Cash flow hedge					2		2
	<u>0</u>	<u>0</u>	<u>81</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>83</u>
Balance as at							
2 January 2016	3	31	585	4	(4)	(13)	606
Transactions with owners							
Share-based payments			2				2
Dividend paid			(55)				(55)
Change in own shares						1	1
	<u>0</u>	<u>0</u>	<u>(53)</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>(52)</u>
Total realised and unrealised results							
Profit for the year			73				73
Investment property			(0)	0			
Cash flow hedge					0		0
	<u>0</u>	<u>0</u>	<u>73</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>73</u>
Balance as at							
31 December 2016	3	31	605	4	(4)	(12)	627

Appendix 5

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE for 2016

(x € million)	2016	2015	2014
Profit for the year	73	81	69
Items never recognised in the profit and loss account:			
Actuarial gains and losses on defined-benefit plans, net of tax			(3)
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	0	2	(2)
Reclassified to consolidated profit and loss account			0
	0	2	(2)
Income and expense recognised directly in shareholders' equity	0	2	(5)
Recognised income and expense for the year	73	83	64
Attributable to shareholders of the company	73	83	64

Appendix 6

SEGMENT INFORMATION for 2016

(x € million)	Foodservice		Food Retail		Total	
	2016	2015	2016	2015	2016	2015
Net sales	1,986	1,829	827	841	2,813	2,670
Other operating income	0	1	4	1	4	2
EBITDA	131	129	25	31	156	160
EBITA	99	101	13	21	112	122
EBIT	82	89	5	14	87	103
Net capital employed (year-end) ¹⁾	563	486	105	127	668	613
EBITDA as % of sales	6.6	7.0	3.0	3.7	5.6	6.0
EBITA as % of sales	5.0	5.5	1.5	2.5	4.0	4.6
EBIT as % of sales	4.1	4.9	0.6	1.6	3.1	3.8
EBITA as % of average net capital employed	18.9	21.3	10.9	15.6	17.5	20.0
EBIT as % of average net capital employed	15.6	18.9	4.1	10.1	13.5	16.9
Free cash flow	42	51	30	27	72	78
Net CAPEX ²⁾	59	52	21	8	80	60

1) Excluding investments in associates.

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

Sales

(x € million)	Foodservice		Food Retail		Total	
	2016	2015	2016	2015	2016	2015
Net sales						
Netherlands	1,841	1,792	827	841	2,668	2,633
Belgium from the Netherlands ¹⁾	39	37	0	0	39	37
Belgium from Belgium ²⁾	106	0	0	0	106	0
Total	1,986	1,829	827	841	2,813	2,670

1) This relates on the one hand to delivery sales from the Dutch delivery centres to Belgian customers and on the other hand these are Belgian customers from the border area who shop at the Dutch cash-and-carry wholesale outlets.

2) This relates to the Java sales for the period March to December 2016.

PROFILE

SLIGRO FOOD GROUP ENCOMPASSES FOOD RETAIL AND FOODSERVICE COMPANIES THAT SELL DIRECTLY AND INDIRECTLY TO THE ENTIRE FOOD AND BEVERAGES MARKET. THE GROUP IS ACTIVE IN FOODSERVICE AS A WHOLESALER AND IN FOOD RETAIL AS A WHOLESALER AND RETAILER.

Foodservice

In the Netherlands, Foodservice is the market leader with a nationwide network of 50 cash-and-carry and eight delivery service outlets serving large and small-scale hospitality establishments, leisure facilities, volume users, company and other caterers, forecourt retailers, small and medium-sized enterprises, small retail businesses and the institutional market. 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 the same delivery network for operations.

In Belgium, Java Foodservice is a top-five player in the Belgian foodservice market, concentrating on the institutional, company catering and hotel chain segments. The cash-and-carry and other hospitality markets are served using the Sligro format. This sector is being served from the Netherlands until the Sligro sites in Belgium open.

Food Retail

The Food Retail activities comprise around 130 full-service EMTÉ supermarkets, of which 30 are operated by independent retailers.

We also operate our own in-house production facilities for specialist convenience products, fish and patisserie and home caterer products, as well as a butchery centre focusing on the retail market. For meat, game and poultry, fruit and vegetables and bread and bakery products, we have participating interests in our Fresh Partners.

Our foodservice customers have the choice of around 75,000 food and food-related non-food items. We also offer a range of services.

CIV Superunie B.A., a leading purchasing cooperative with a share of almost 30% of the Dutch supermarket sector, mainly handles Sligro Food Group's Food Retail purchases. As market leader in the sector, the Group principally handles its own purchases of foodservice products.

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. Our aim is to increase our gross margins through joint purchasing, in combination with direct and detailed category and margin management.

Operating expenses are reduced through a joint, integrated supply chain and constant, strict cost control. Group synergy is further enhanced by centralised management of our ICT 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 2016 totalled €2.8 billion, generating a net profit of €73 million. The average number of employees on a full-time basis was 6,600. Sligro Food Group shares are listed on Euronext Amsterdam.

