Sligro Food Group N.V.

Half-year figures 2018

Amsterdam, 19 July 2018

Sligro Food Group N.V.

Agenda

Welcoming remarks	Koen Slippens
Half-year figures 2018	Rob van der Sluijs
Discontinued operations	Rob van der Sluijs
Market developments	Koen Slippens
Developments at SFG	Koen Slippens
Outlook	Rob van der Sluijs

Net sales

Sligro Food Group N.V.

amounts * € million	H1-2018	H1-2017	H1-2018	H1-2017
Net sales	**1,131**	**1,019**	**100.0%**	**100.0%**
Gross margin	276	230	24.4%	22.6%
Other operating income	-	-	0.0%	0.0%
Expenses	-214	-172	-18.9%	-16.9%
EBITDA	**62**	**58**	**5.5%**	**5.7%**
Depreciation charges & impairments	-19	-17	-1.7%	-1.6%
EBITA	**43**	**41**	**3.8%**	**4.1%**
Amortisation	-12	-8	-1.1%	-0.9%
EBIT	**31**	**33**	**2.7%**	**3.2%**
Net finance income and expense	-	1	0.1%	0.2%
Profit before tax	**31**	**34**	**2.8%**	**3.4%**
Taxes	-6	-8	-0.6%	-0.8%
Net profit from continued operations	**25**	**26**	**2.2%**	**2.6%**
Net profit from discontinued operations	**4**	**2**	**0.3%**	**0.1%**
Profit for the half-year	**29**	**28**	**2.5%**	**2.7%**

2018 H1	**SFG**
Net sales	11.0%
Organic growth	-0.1%

- Increase in sales H1 2018 + €112 million
- Organic -/- €1 million
- Non-organic + €113 million

Net sales

Sligro Food Group N.V.

amounts * € million	Q1	Q2	H1
2018 Net Sales	**525**	**606**	**1,131**
2017 Net Sales	**466**	**553**	**1,019**
Total increase	**59**	**53**	**112**
Growth	12.7%	9.5%	11.0%
Export volumes	-7	-7	-14
Fee Fresh Partners (impact of IFRS 15)	-4	-5	-9
Easter	7	-7	-
Other Organic	6	16	22
Organic increase	**2**	**-3**	**-1**
Organic growth	0.3%	-0.6%	-0.1%
Heineken	36	50	86
ISPC	19	6	25
Tintelingen	2	0	2
Non-organic increase	**57**	**56**	**113**

- Increase in sales H1 2018 €112 million
- Decline in export volume €14 million
- Fee Fresh Partners no sales under IFRS 15. Impact -/- €9 million
- Shift in Easter between Q1 and Q2
- ‘Other organic’ +1.3% in Q1 and +2.9% in Q2 (cumulative + 2.2%)
- Acquisitions add €113 million in sales:
  - Heineken: €86 million (6 months)
  - ISPC €25 million (4 months)
  - Tintelingen €2 million (6 months)

Net sales: Geographical segmentation

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amounts * € million

Net sales	Foodservice 2018 H1	2017 H1
The Netherlands	1,003	922
Belgium from the Netherlands 1	20	19
Belgium from Belgium[2]	108	78
Total	**1,131**	**1,019**

1) This relates on the one hand to delivery sales from the Dutch delivery centres to Belgian customers and on the other hand, to Belgian customers from the border region who shop in the Dutch C&Cs.
2) This concerns the sales of JAVA and ISPC for the period January to June 2018. This concerns the sales of JAVA for the period January to June 2017 and the sales of ISPC for the period May to June 2017.

amounts x € million **Geografical Segmentation**	**NL H1**	**BE H1**	**FS H1**
2018 Net Sales	**1,003**	**128**	**1,131**
2017 Net Sales	**922**	**97**	**1,019**
Total increase	**81**	**31**	**112**
Growth	8.8%	31.0%	11.0%
Exceptional effects			
Export volumes	-14	-	-14
Fee Fresh Partners (impact of IFRS 15)	-9	-	-9
Other Organic	16	6	22
Organic increase	**-7**	**6**	**-1**
Organic growth	-0.7%	5.0%	-0.1%
Acquisitions			
Heineken	86		86
ISPC		25	25
Tintelingen	2		2
Non-organic increase	**88**	**25**	**113**

‘Other organic’ changes H1 2018

- The Netherlands: +1.9%
- Belgium: +5.0%
- Total +2.2%

Gross margin

amounts * € million	H1-2018	H1-2017	H1-2018	H1-2017
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- Gross margin percentage up by 1.8% on H1 2017
- Consolidation effect of acquisitions positive
  - Heineken making positive contribution, fee is 100% gross profit margin
- Margin in Cash & Carry and Delivery Service up on H1 2017
- Improved promotional margin and monetization of data (Sligro Insights)

Expenses

amounts * € million	H1-2018	H1-2017	H1-2018	H1-2017
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- Total costs, depreciation and impairments and amortisation up by 2.3%
- Consolidation effect acquisitions
- Sales-based costs relatively high until actual integration (Heineken & ISPC)
- Start-up costs in Belgium (also previous year)
- IT 2020
- Net 'exceptional expenses' the same as previous year

Amortisation details

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amounts * € million	SFG H1-2018	SFG H1-2017
Software	3	2
Customer contracts	3	3
Acquisition	6	3
Reported amortisation	**12**	**8**

- Acquisitions add extra amortisation
  - Heineken: €2.4 million
  - Tintelingen: €0.3 million
  - ISPC: €0.4 million
- Increase in amortisation of software as a result of:
  - ‘Temporary’ IT changes in relation to Belgium
  - Online 3.0

EBIT

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- EBIT down by €2 million
- Q1 not as strong
- Acquisitions already contributing, although still marginally
- Loss of export volumes is depressing result
- Cost-savings programme, still limited impact in H1
- Net exceptional items the same as previous year

Net profit

amounts * € million	H1-2018	H1-2017	H1-2018	H1-2017
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- Net profit €29 million

Net Profit	**H1-2018**	**H1-2017**
From continued operations	25	26
From discontinued operations	4	2
Net profit for the half-year	**29**	**28**
EPS from continued operations	0.55	0.60
EPS from discontinued operations	0.10	0.03
Earnings per share	**0.65**	**0.63**

- 1 October, interim dividend for 2018 of €0.55 per share

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Cash flow statement*

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amounts * € million	H1 2018	H1 2017
Net cash generated from operations	67	78
Net finance income	2	1
Corporate income tax paid	-24	-24
From operating activities	**45**	**55**
Acquisitions / divestments	-	-38
Disposal of operating activities		
Investments in associates	-	-
Net capital expenditure	-46	-39
From investing activities	**-46**	**-77**
Changes in debt	-	-1
Dividend paid / change in own shares	-33	-34
From financing activities	**-33**	**-35**
Movement in cash and short-term bank borrowings	-34	-57
Balance at start of year	60	92
Balance at end of first half year	**26**	**35**
Free cash flow	**-1**	**16**

- €10 million decline in cash flow from operating activities owing to seasonal effects of working capital and lower result
- Investments increased, partly because of Sligro-ISPC Antwerp and investments in Delivery Service infrastructure
- Lots of retail property sold last year and put pressure on net investments at the time
- Dividend is the final dividend for 2017 (€0.90 per share)
- Sale of surplus treasury shares for €7 million

* Cash flow statement includes total SFG, including Food Retail

Discontinued operations

EMTÉ H1 2018

- Sales declined in the first half-year (like-for-like down 3.0%)
- Costs reduced in line with sales trend
- No depreciation/amortisation of property, plant and equipment and intangible assets as a result of ‘held for sale’ status
- Last year, net positive impact from impairments and book profits on the sale of retail property
- Underlying similar result to last year
- Transfer to buyers has gone well with few disruptions

Discontinued operations

Result including transaction results		€ x million
H1 2018 Net profit		4
Book profit on sale of EMTÉ Holding B.V. shares	215	
Book profit on sale of retail property	18	
Consultancy and non-recurring separation costs	-11	
Tax (corporate income tax)	-3	
Forecast net profit H2 2018		**219**
Forecast net profit 2018		**223**

- Proceeds from sale of EMTÉ approx. €275 million and property of approx. €60 million will be paid out as a non-recurring special dividend
- 31 July 2018 special dividend of €7.57 per share

Dis-synergy effects of EMTÉ transaction

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- Expected (and communicated) dis-synergy impact of approximately €15 - €20 million per annum

- However, mitigating factors in deal; partly compensating dis-synergy (temporary)
  - TSA period of 9-12 months
  - Smeding contract for 3 years from 1 January 2019
  - La Place contract (delivery started in week 26)

- Remaining dis-synergy impact €12 million for 2018; in coming years mitigated by:
  - Suitable organisation programme starts after the summer to offset loss of EMTÉ in overhead (costs approximately €16 million)
  - We expect to be able to offset loss due to terms and conditions at Foodservice in one to two years' time

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- Market trends
- Developments at SFG

Market trends

- Foodservice market is growing according to Foodstep H1 - 2018 by 3.3%

Foodservice Market 2017 FSIN beleidsmonitor 2018	+4.1%
Foodservice Market 2018 Foodstep periodemonitor P6 2018	+3.3%
Sligro FS NL H1 2018 (total) SFG half-year figures 2018	+8.8%
Sligro FS NL H1 2018 (underlying) SFG half-year figures 2018	+1.9%

Foodservice at Sligro Food Group

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- Sales growth 11% and with it growth of market share in the Netherlands and Belgium
  - Growth in the Netherlands (total): 8.8%
  - Growth in Belgium (total): 31.0%
- In the Netherlands, organic sales are behind the market partly due to exceptional effects
- In Belgium, organic sales are above the market
- Integration of Heineken wholesale activities and implementation of strategic cooperation are on track
- 19 outlets with Sligro 3.0 Format
  - Cash & Carry Breda and Cash & Carry Helmond opened in H1 2018
- Status Online 3.0 roll-out:
  - Number of incidents reduced significantly, but stability not yet at the level we would like
  - Average performance improved, improvements are being implemented continuously

Foodservice at Sligro Food Group – Roll-out 3.0

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Opening of new Sligro 3.0 sites H1 2018

- Breda Cash & Carry (Type III) [May]
- Helmond Cash & Carry (Type I) [May]

Conversion calendar for Sligro 3.0 H2 2018

- ‘s-Hertogenbosch Cash & Carry (Type IV) [Aug.]
- Terneuzen Cash & Carry (Type I) [Nov.]

Update on strategic cooperation with Heineken Overall

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- Operation acquired as-is
- All Heineken DCs transferred to Sligro IT
- Initial focus on customer retention and continuity of delivery
- Preparations for further (physical) integration fully under way
- Construction started and on schedule
- Cost efficiency will be realised after warehouse integration
- Joint customer approach to start after the summer

Update on strategic cooperation with Heineken: Integration network

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Network development for successful integration of HGH and strategic partnership with Heineken Nederland

- Phase 1: expand existing sites (Completion H2 2018):
  - OBS Sluis, OBS Vlissingen, Delivery Service Berkel & Rodenrijs, Drachten and Amsterdam
  - Expansion of 28,000 m^2
- Phase 2: construction of 4 Delivery Service locations:
  - Breda, Deventer, Maastricht and Utrecht region
  - Addition of 91,000 m^2
  - Completion during 2019-2020
- Delivery Service s-Hertogenbosch will be converted to slow mover / e-DC
- Delivery Service Venray will remain part of the Delivery Service network in its current function
- The network strategy is an important precondition for achieving the one-stop benefit for the customer

Update on Sligro Belgium

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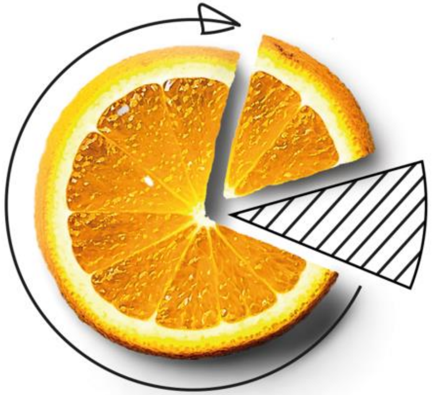
Sligro Belgium update

- ISPC included in SFG, integration not until after IT transition
- Opening of Sligro-ISPC Antwerp in Q4 2018
- Permit process and preparations for Bruges under way
- Sligro Food Group Belgium organisation will be further strengthened to enable integration and growth

Sligro Food Group

Achieving growth with Sligro Insights

The objective of Sligro Insights: to achieve category growth with our supplier by sharing high-quality information and insights and monetizing Sligro information to suppliers.



Sligro | Insights

Sligro Insights is:

- A new data-driven partnership process between the supplier and SFG with the same insights: ‘to use Sligro Insights to develop more targeted growth plans to provide our shared customers with an even better service’
- A platform powered by IRI, with one single version of the truth to share information and insights: ‘Online access to Sligro’s most up-to-date weekly data’
- A value driver for our suppliers and SFG

Sligro Insights creates insights through guided analysis and reports

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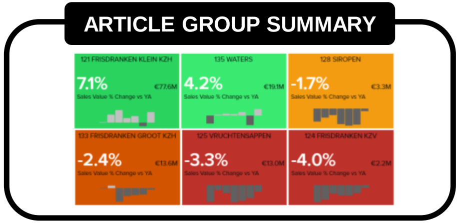
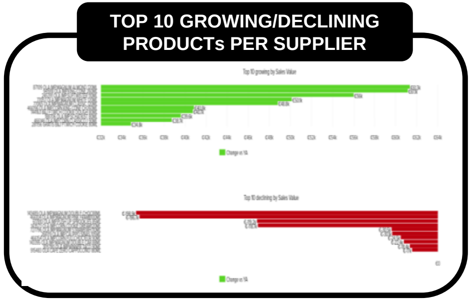
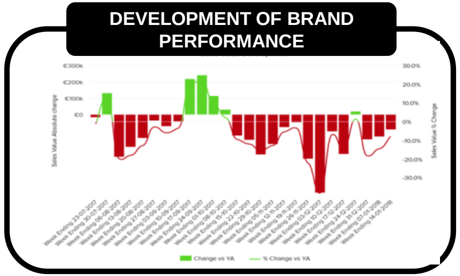
KPI DASHBOARD



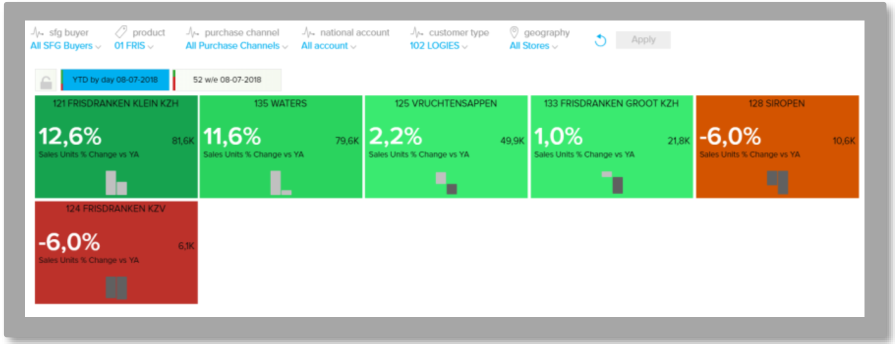


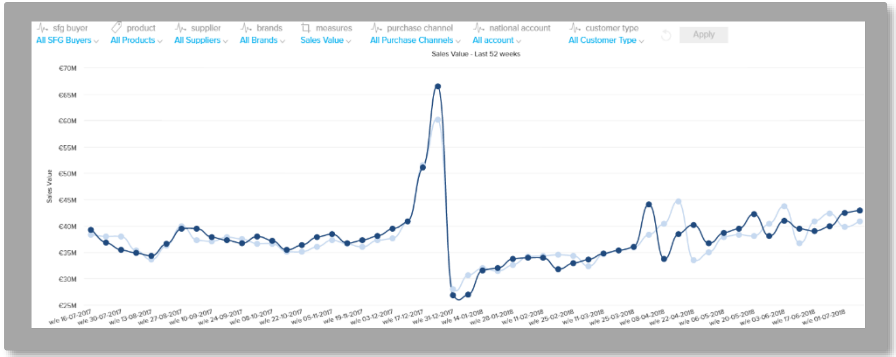
SUPPLIER PERFORMANCE

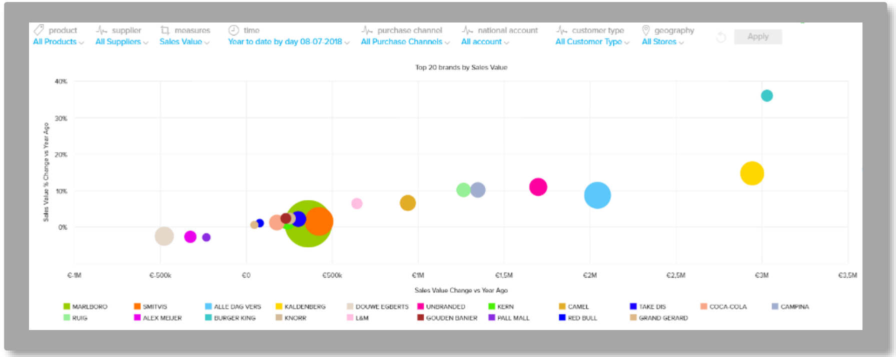
BRAND PERFORMANCE



Sligro Insights reports are visual and interactive







Outlook

Outlook

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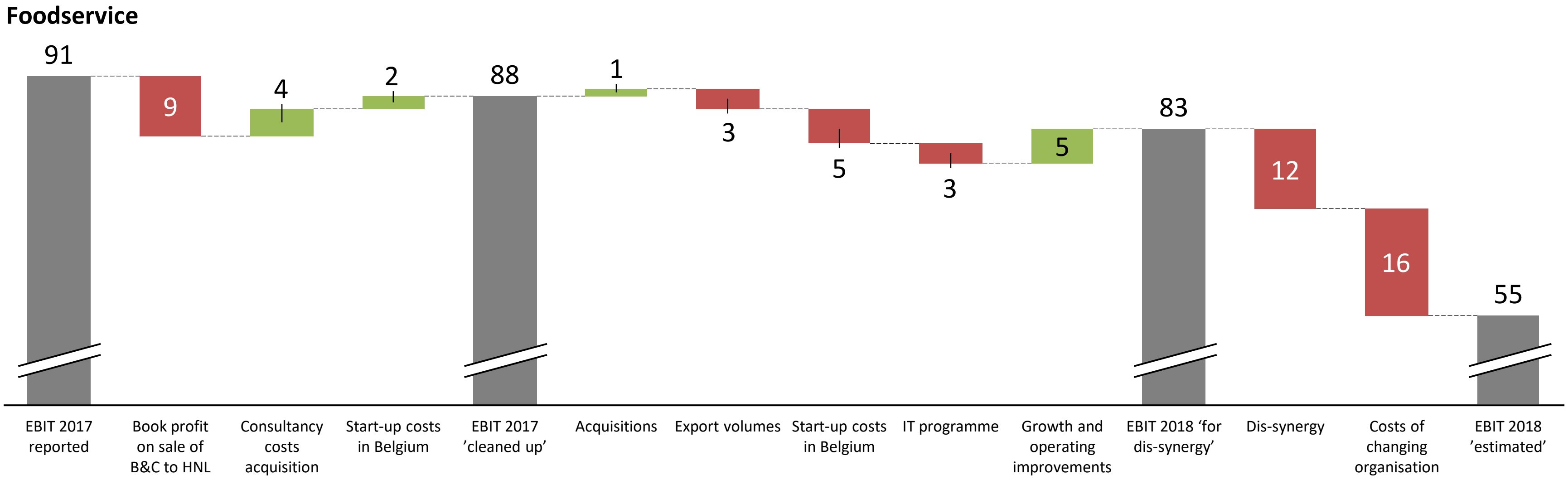
- Annual market growth of 2.5%-3.5%
- Opening of Sligro-ISPC Antwerp in Q4
- Heineken integration and start of physical integration of premises from the end of the year (will take two to three years)
- Launch of IT transition programme in Q4 2018 with the first roll-out in Belgium (2019)

Outlook 2018 EBIT

- EBIT Foodservice expected to be approxmately €55 million:

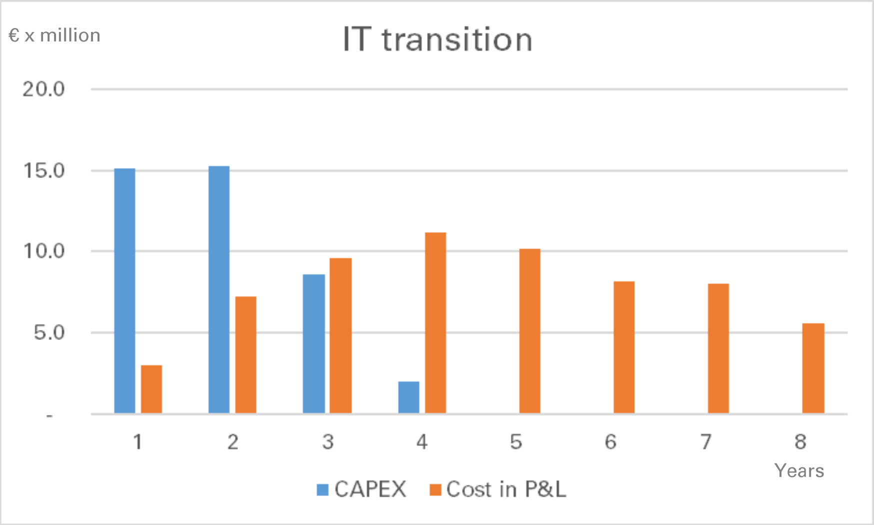


- SFG 2018 net profit , including discontinued activities, approx. € 270 million

Outlook CAPEX

- Long-term target for CAPEX level is (and remains) 2.5% of sales
- In the short term, extra CAPEX from IT transition programme and Delivery Service infrastructure in relation to Heineken
  - Underlying trend over next five years, 2.5% of sales
  - CAPEX IT transition approximately €40 million (2018-2021), total programme non-recurring €60 million CAPEX/OPEX
  - CAPEX Delivery Service infrastructure (net as a result of sale & lease back) approximately €35 million (2018-2020)
- Investment peak of approximately €90 - €95 million per annum in 2018 and 2019

IT 2020



IT 2020 is the transition to a new ERP architecture and corresponding processes:

- Internal organisation, management and monitoring set up
- Contract entered into with SAP
- PwC selected as business change partner
- System integrator partner selection process in last phase
- Expected launch of programme Q4-2018

Focus!

Annexes

Profit and loss account

Sligro Food Group N.V.

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Balance sheet

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amounts * € million	30-06-2018	01-07-2017		30-06-2018	01-07-2017
Non-current assets			**Shareholders' equity**	**647**	**621**
Intangible assets	292	261			
Property, plant and equipment	318	378	**Provisions**	**28**	**38**
Investment property	-	19			
Financial assets	61	64	**Long-term borrowings**	**195**	**98**
	671	**722**			
Current assets			**Current liabilities**		
Inventories	207	238	Current portion of long-term borrowings	14	73
Receivables and other current assets	234	217	Trade and other payables	280	306
Cash and cash equivalents	24	35	Other current liabilities	75	79
	465	490		369	458
Assets held for sale	220	3	Liabilities directly related to assets held for sale	117	
	685	**493**		**486**	**458**
Total assets	**1,356**	**1,215**	**Total equity and liabilities**	**1,356**	**1,215**


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