half-year**figures**2004

Sligro FOOD GROUP N.V.

Sligro Food Group achieves 10% profit growth despite adverse conditions

In the first half of 2004, Sligro Food Group N.V. saw its net profit after tax and amortisation of goodwill increase by 10% to € 18.9 million. Turnover fell by 0.8% to € 650.8 million.

Chairman of the Executive Board Abel Slippens commented, ‘Sligro Food Group has performed better than expected in difficult market conditions with heavy pressure on prices in the food industry and with a low level of consumer confidence. The pressure on the results of our food retail activities as a result of the price war has been absorbed by improved results in our food service activities.’

Turnover on food retail activities declined by 5.1% to € 218.6 million, partly as a result of fewer supermarkets being served and the price war which reduced turnover at existing stores. Turnover on food service activities increased by 1.6% to € 432.2 million. New or expanded branches, long-term contracts with new, large customers and growth in sales to small and medium-sized businesses drove the sales performance. In contrast, there was a fall in sales of tobacco products.

Despite the price pressure, the gross margin rose from 18.0% to 18.5% of turnover. This was mainly as a result of a change in the proportions of turnover generated by the different groups and a different mix of customers and ranges in the food service activities. This development also meant that overall selling and administrative expenses increased by 3.9% to € 91.3 million or from 13.4% to 14.0% of turnover.
Cost control is an area of continuing attention for maintaining our cost leadership position in the industry.

Operating profit was virtually unchanged at almost € 30 million. As a percentage of turnover, this increased from 4.5% to 4.6%.

Interest income and charges fell by almost 80% to € 0.6 million as a result of a lower level of debt, better results on participating interests and a charge of € 1 million in 2003 relating to the revaluation of interest rate swaps.

Earnings per share, determined on the basis of the average number of shares in issue, amounted to € 0.92 compared with € 0.85 in the same period in 2003, an increase of 8.2%.

Prospects

We expect that growth in turnover in the second half of the year will increase compared with the first half, and so there will be some increase in turnover for the full year. In addition, the second half of 2004 is a 27 week period compared with 26 weeks in the equivalent period in 2003. We are assuming that the pressure on margins will not worsen and that cost control will continue to be strict. Interest income and charges in the second half of 2004 will be at about the same level as in the first half of the year and the second half of 2003.

The gain on a property transaction, which had previously been announced, was completed shortly after the end of the first half of 2004. This generates a non-recurring gain of € 5.9 million after tax in the second half of 2004.

Including that gain, we expect net profit after tax for the full year 2004 will grow by 15% to 20%. Net profit in 2003 was € 44.8 million. On 14 October 2004 we will provide further details of developments expected in the second half of the year.

Veghel, 15 July 2004

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

A.J.L. Slippens
H.L. van Rozendaal

Tel. +31 41 334 3500
www.sligrofoodgroup.com

Consolidated profit and loss account for the first half of 2004

(x € 1,000)

	2004	2003 [1]	Change %
Turnover	650,827	655,787	(0.8)
Cost of sales	(530,340)	(537,911)	(1.4)
Gross margin	120,487	117,876	2.2
Selling and administrative expenses	(91,346)	(87,950)	3.9
Other operating income	2,764	1,836	50.5
Operating profit before amortisation of intangible fixed assets (Ebita)	31,905	31,762	0.5
Amortisation of intangible fixed assets	(2,051)	(1,987)	3.2
Operating profit after amortisation of intangible fixed assets (Eibt)	29,854	29,775	0.3
Financial income and charges	(645)	(3,186)	(79.8)
Profit before tax	29,209	26,589	9.9
Taxation	(10,349)	(9,439)	9.6
Profit after tax	18,860	17,150	10.0
Figures per share	€	€	€
Earnings after amortisation of intangible fixed assets (x € 1) [2]	0.92	0.85	8.2
Earnings before amortisation of intangible fixed assets (x € 1) [2]	1.02	0.93	9.7
Other information			
Depreciation on tangible fixed assets	9,810	9,912	(1.0)
Net investments in fixed assets [3]	12,480	15,705	(20.5)

1) Calculated on incorporation 2003
2) Calculated on the average number of shares in issue in the first half of the year (20,583,170)
3) In tangible fixed assets, excluding acquisitions

Consolidated cash flow statement for the first half of 2004

(x € 1,000)

	2004	2003 [1]
Cash flow from trading activities	26,551	44,877
Interest received	352	242
Dividend received from participating interests	281	283
Interest paid	(2,907)	(2,332)
Corporation tax paid	(10,124)	(11,099)
Cash flow from operating activities	14,153	31,971
Acquisitions	(1,959)	0
Sale and reduction of capital in participating interests	0	152
New loan to participating interests	0	(1,000)
Capital expenditure on fixed assets	(15,258)	(15,026)
Sales of fixed assets	907	928
Cash flow from investing activities	(16,310)	(14,946)
Proceeds from share issues	1,585	1,394
Repayments by participating interests	250	0
Repayment of long-term debt	(12,044)	(14,074)
New short-term bank borrowings	19,212	2,245
Dividend paid	(7,424)	(5,773)
Cash flow from financing activities	1,579	(16,208)
Movement in cash and cash equivalents	(578)	817

[1] Calculated on incorporation 2003

Consolidated balance sheet as at 26 June 2004

(x € 1,000)

	26-06-2004	27-12-2003	28-06-2003
Fixed assets			
Intangible fixed assets	42,568	42,561	43,551
Tangible fixed assets	186,311	183,600	177,701
Financial fixed assets	6,193	6,018	6,480
	235,072	232,179	227,732
Current assets			
Stocks	110,474	104,341	101,010
Debtors, prepayments and accrued income	45,100	57,606	41,265
Cash	7,017	7,594	6,318
	162,591	169,541	148,593
Balance sheet total	397,663	401,720	376,325
Shareholders' equity	185,689	172,668	144,953
Provisions			
Deferred taxation	13,824	13,138	13,138
Other	9,409	10,078	11,748
	23,233	23,216	24,886
Long-term liabilities	41,859	47,591	59,858
Current liabilities			
Creditors	57,893	67,082	63,204
Repayment commitments	12,052	18,365	12,194
Amounts owed to credit institutions	43,710	24,498	32,622
Tax and social security contributions	15,873	18,965	17,204
Other liabilities, accruals and deferred income	17,354	29,335	21,404
	146,882	158,245	146,628
Balance sheet total	397,663	401,720	376,325
Solvency in %	47	43	39
Gearing in %	53	52	72

Consolidated statement of movements in shareholders' equity for the first half of 2004

(x € 1,000)

	Issued and paid-up capital	Share premium	Other reserves	Profit before appropriation	Total
Balance as at 27-12-2003	2,412	24,220	101,242	44,794	172,668
Exercise of share options	11	1,574	0	0	1,585
Stock dividend	51	(51)	0	0	0
Dividend paid	0	0	0	(7,424)	(7,424)
Profit appropriation	0	0	37,370	(37,370)	0
Profit after tax	0	0	0	18,860	18,860
Balance as at 26-6-2004	2,474	25,743	138,612	18,860	185,689

Segmented analysis of results for the first half of 2004

(x € 1,000)

	Turnover		Operating profit (Ebit)	
	2004	2003	2004	2003
Food service	432,230	425,412	20,493	17,646
Food retail	218,597	230,375	8,112	10,953
Retail premises	0	0	1,249	1,176
Total	650,827	655,787	29,854	29,775

profile

Sligro Food Group N.V. encompasses food service and food retail companies selling directly and indirectly to the entire Dutch market for food and beverages. The group adopts a multichannel strategy covering various forms of sales and distribution (self-service and delivery) using several different distribution channels.

Food retail

- Prisma Food Retail B.V. supplies some three hundred and fifty independent food retailers employing five different retail formats with different store sizes and market approaches (Golff, MeerMarkt, Attent, Zomermarkt/Rekra and Milo). This multiformat principle means that outlets can be accurately matched to local market needs.
- EM-TÉ Supermarkten B.V. operates 14 large supermarket/off-licence stores principally in central Brabant, with the aim of achieving market leadership at regional level.

Food service

- Sligro B.V. supplies the catering trade, volume users, company restaurants, small and medium-sized enterprises, financial service providers and smaller retail businesses on the basis of both self-service and delivery from 36 large outlets.
- Van Hoeckel B.V., partner in food care, addresses the institutional market nationally, supplying non-profit establishments like hospitals, nursing and care homes, residential homes for the elderly and the Dutch Army.
- Rosenberg Import B.V. supplies the top segment of the confectionary market via a number of sole agencies.

Sligro Fresh Partners, together with partners and participating interests (Smit Vis 100%, Smeding AGF 49%) in the fresh produce business, focuses on the most efficient logistics commensurate with food safety for supplying fresh produce to all Sligro Food Group operations, from eight Regional Fresh Centres.

We endeavour to keep over 50,000 lines - dry goods, perishables and food-related non-food items - in stock at all times, assuring our customers of prompt service. We also provide commercial and business management support, ranging from complete franchise packages to insurance and training services.

Sligro Food Group has transferred its food buying of consumer packages to CIV Superunie B.A., which has a market share of approximately 26% in the Dutch supermarket sector.

Intensive efforts are made among the Sligro Food Group companies to share know-how and to utilise the substantial economies of scale. Joint purchasing and the joint use of exclusive brands, combined with a direct and detailed management of margins, are yielding higher gross margins. Operating expenses are kept in check by ongoing tight cost control and a joint logistics and distribution strategy.

Group synergy is further enhanced by the expansion of joint IT systems, joint property management and group management development. Staff are encouraged to make the most of their talents and develop their full potential. Innovation, training and personal development are the key concepts in this context.

Sligro Food Group aims to be a consistent, quality company, achieving controlled growth in all its activities and for all its stakeholders.

Turnover in 2003 was € 1,356 million and net profit was nearly € 45 million. The average number of employees on a full-time-equivalent basis was 2,746.