

# Press Release 2008

## Sligro Food Group's first-half net profit up 11.3 % to €28.5 million

Sligro Food Group N.V. posted sales of €1,078 million in the first half of 2008 (26 weeks), an increase of €118 million or 12.3% on the €960 million sales generated in the same period in 2007.

Net profit for the first half rose 11.3 % to €28.5 million. Earnings per share for the period amounted to €0.65, an increase of 10.2%.

Total sales are analysed as follows (€ million)

	Q1		Q2		1st half	
	2008	2007	2008	2007	2008	2007
Food retail	192	139	187	180	379	319
Foodservice	328	296	371	345	699	641
Total	520	435	558	525	1,078	960

Organic growth in total sales amounted to 8.3% (Q2: 7.5%). The growth in food retail sales also reflects changes in the storemix as a result of the opening of new supermarkets and the transfer of stores to Spar Holding.



The percentage growth in like-for-like consumer sales is analysed by format as follows:

	Q1	Q2	1st half
EM-TÉ	6.4	7.1	6.8
Golff	6.1	3.9	4.9
Total	6.3	5.9	6.0

Both formats improved their scores in the GFK Panel Services 'Summer Report' in the first half-year.

As predicted, the operating result on the food retail operations was positive in the first half of 2008 (€2.1 million), after a slightly negative operating result in the second half of 2007, but was lower than in the first half of 2007 (€5.1 million). Since then, many relatively small stores have been added to the estate and the profitable sales to MeerMarkt and Attent operators have been transferred to Spar Holding, which generates a share in the result for Sligro Food Group. The improvement in the results compared with the second half of 2007 reflects lower non-recurring expenses and operational improvements.

Organic sales growth in the food service operations amounted to 9.2% (Q2: 8.0%), due to the acquisition of new customers, higher expenditure by existing customers and expansion of the branch network. The operating profit on food service operations continued to improve, increasing by €5.1 million to €37.7 million, reflecting strong sales growth and improvements in the logistics infrastructure.





Group operating profit rose by €1.8 million to €41.0 million, but declined as a percentage of sales from 4.1% to 3.8%. The share in the results of associates increased by €1.9 million to €2.2 million, partly due to the investment in Spar Holding.

#### **Outlook**

Given the economic conditions, growth in the markets we serve will be rather less robust than in the first half of 2008. However, since the market segments in which we operate are relatively insensitive to economic cycles, we expect the slowdown in growth to be limited.

Market analysts predict that supermarket sales will not grow as fast in the second half of 2008 as they did in the first six months, continuing a trend that became apparent in the first half. Fortunately, our retail formats are benefiting from our investment in stores in recent years and the commercial and operational improvements we have made. Various programmes are under way to increase sales and margins and reduce costs still further, because there is still much room for improvement in the food retail operations. For that reason, we expect our formats to achieve better like-for-like consumer sales growth compared with the rest of the market in the second half than in the past period. That will also contribute to the ongoing recovery in the operating result of the food retail operations in the remainder of the year.

We expect organic growth by the foodservice operations to be slower than in the first half of 2008, but faster than the markets we serve. Foodservice is expected to achieve a further improvement in its relative operating result in the second half of 2008. One factor here has been gains made in logistics efficiency despite the sharp rise in diesel prices.

The non-recurring tax-free book profit of €9.4 million on the transfer of the MeerMarkt and Attent store formats to Spar Holding, which was recognised in the second half of 2007, has a significant effect on the basis of comparison with 2008.

Presentations on the half-year figures will be given at a press conference and analysts' meeting today. The presentation is posted on [www.sligrofoodgroup.com](http://www.sligrofoodgroup.com). The trading update for the third quarter will be published on 16 October. A conference call will be hosted at 15.30 hours CET.

Veghel, 17 July 2008

On behalf of the management of Sligro Food Group N.V.

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## **Annexes:**

1. Consolidated profit and loss account
2. Consolidated cash flow statement
3. Consolidated balance sheet
4. Abridged consolidated statement of movements in shareholders' equity and consolidated statement of recognised income and expense
5. Other information



## Annex 1

# Consolidated profit and loss account for the first half of 2008

(x € 1,000)

	2008	2007	Increase %
<b>Revenue</b>	1,078,393	960,005	12.3
Cost of sales	(830,922)	(746,826)	11.3
<b>Gross margin</b>	<b>247,471</b>	<b>213,179</b>	<b>16.1</b>
Other operating income	<b>5,878</b>	<b>5,380</b>	<b>9.3</b>
Staff costs	(110,331)	(93,410)	18.1
Premises costs	(29,367)	(23,067)	27.3
Selling costs	(11,057)	(10,023)	10.3
Logistics costs	(30,821)	(29,232)	5.4
General administrative expenses	(7,057)	(6,355)	11.0
Depreciation of property, plant & equipment	(19,778)	(15,114)	30.9
Amortisation of intangible assets	(3,961)	(2,152)	84.1
<b>Total operating expenses</b>	<b>(212,372)</b>	<b>(179,353)</b>	<b>18.4</b>
<b>Operating profit</b>	<b>40,977</b>	<b>39,206</b>	<b>4.5</b>
Finance income	581	275	111.3
Finance expense	(6,182)	(5,675)	8.9
Share in profits of associates	2,177	323	574.0
<b>Profit before tax</b>	<b>37,553</b>	<b>34,129</b>	<b>10.0</b>
Tax	(9,070)	(8,532)	6.3
<b>Profit for the first half-year</b>	<b>28,483</b>	<b>25,597</b>	<b>11.3</b>
<b>Attributable to shareholders of the company</b>	<b>28,483</b>	<b>25,597</b>	<b>11.3</b>
<b>Figures per share</b>			
	€	€	Increase %
Basic earnings per share	0.65	0.59	10.2
Diluted earnings per share	0.65	0.59	10.2

## Annex 2

# Abridged consolidated cash flow statement for the first half of 2008

(x € 1,000)

	2008	2007
Net cash generated from operations	57,959	36,494
Interest received	581	275
Dividend received from associates	996	520
Interest paid	(6,340)	(5,048)
Corporation tax paid	(7,494)	(11,031)
<b>Net cash flow from operating activities</b>	<b>45,702</b>	<b>21,210</b>
Acquisitions	(2,389)	(10,259)
Sale of associates/group companies	3,833	22,946
Capital expenditure on (in)tangible assets	(27,480)	(45,372)
Receipts from disposal of property, plant and equipment/investment property	9,193	2,490
Repayments by associates	0	234
<b>Net cash flow from investing activities</b>	<b>(16,843)</b>	<b>(29,961)</b>
Share issue	0	1,777
Repayment of long-term debt	(14,959)	(11,850)
Dividend paid	(13,855)	(9,730)
<b>Net cash flow from financing activities</b>	<b>(28,814)</b>	<b>(19,803)</b>
Movement in cash and short-term bank borrowings	<b>45</b>	<b>(28,554)</b>
Balance at start of year	(29,250)	1,499
Balance at the first half-year	<b>(29,205)</b>	<b>(27,055)</b>

## Annex 3

# Consolidated balance sheet as per June 28th 2008

(x € 1,000)

<b>ASSETS</b>	<b>28-06-2008</b>	<b>29-12-2007</b>	<b>30-06-2007</b>
Goodwill	127,547	127,732	134,131
Other intangible assets	51,969	52,983	36,315
Property, plant & equipment	285,038	279,086	256,505
Investment property	26,098	33,183	31,538
Investments in associates	36,924	35,729	4,622
Other financial assets	1,827	2,503	3,008
<b>Total non-current assets</b>	<b>529,403</b>	<b>531,216</b>	<b>466,119</b>
Inventories	184,282	187,016	163,673
Trade and other receivables	92,494	105,607	81,363
Other current assets	7,904	9,969	28,057
Assets held for sale	8,912	7,467	6,167
Cash and cash equivalents	16,592	16,698	14,198
<b>Total current assets</b>	<b>310,184</b>	<b>326,757</b>	<b>293,458</b>
<b>TOTAL ASSETS</b>	<b>839,587</b>	<b>857,973</b>	<b>759,577</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Paid-up and called capital	2,622	2,587	2,587
Reserves	387,650	372,188	328,869
<b>Total shareholders' equity attributable to shareholders of the company</b>	<b>390,272</b>	<b>374,775</b>	<b>331,456</b>
<b>Liabilities</b>			
Deferred tax liabilities	17,014	16,808	12,806
Employee benefits	9,025	11,285	5,899
Other provisions	850	851	1,116
Bank borrowings	168,741	183,700	199,698
<b>Total long-term liabilities</b>	<b>195,630</b>	<b>212,644</b>	<b>219,519</b>
Current portion of long-term debt	28,452	28,452	28,714
Short-term bank borrowings	45,797	45,948	41,253
Trade and other payables	108,815	114,461	94,565
Corporation tax	4,871	3,501	1,006
Other taxes and social security contributions	26,302	27,285	10,640
Short-term provisions	1,948	2,324	2,363
Other liabilities, accruals and deferred income	37,500	48,583	30,061
<b>Total current liabilities</b>	<b>253,685</b>	<b>270,554</b>	<b>208,602</b>
<b>Total equity and liabilities</b>	<b>839,587</b>	<b>857,973</b>	<b>759,577</b>

## Abridged consolidated statement of movements in shareholders' equity for the first half of 2008

(x € 1,000)

	Paid-up and called capital	Share premium	Other reserves	Revaluation reserve	Hedging reserve	Profit before appro- priation	Total
<b>Balance as at 29-12-2007</b>	<b>2,587</b>	<b>31,174</b>	<b>258,960</b>	<b>5,936</b>	<b>1,941</b>	<b>74,177</b>	<b>374,775</b>
Profit appropriation			74,177			(74,177)	0
Stock dividend	35	(35)					0
Dividend paid			(13,855)				(13,855)
Profit after tax					869	28,483	29,352
<b>Balance as at 28-6-2008</b>	<b>2,622</b>	<b>31,139</b>	<b>319,282</b>	<b>5,936</b>	<b>2,810</b>	<b>28,483</b>	<b>390,272</b>

## Consolidated statement of recognised income and expense for the first half of 2008

(x € 1,000)

	2008	2007
Effective part of movements in the fair value of cash flow hedge of long-term loan	869	975
Income and expense recognised directly in shareholders' equity	869	975
Profit for the first half-year	28,483	25,597
<b>Total recognised income and expense for the first half-year</b>	<b>29,352</b>	<b>26,572</b>
<b>Attributable to shareholders of the company</b>	<b>29,352</b>	<b>26,572</b>

## Other financial analyses for the first half of 2008

(x € 1,000)

	Foodservice		Food retail		Retail property		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Revenue	699.5	641.1	378.9	318.9	0	0	1,078.4	960.0
Other operating income	2.9	3.4	1.5	0.3	1.5	1.7	5.9	5.4
Operating profit (EBIT)	37.7	32.6	2.1	5.1	1.2	1.5	41.0	39.2
Operating profit as percentage of sales	5.4	5.1	0.6	1.6			3.8	4.1
Operating profit before depreciation and amortisation (EBITDA)	49.7	43.5	13.8	11.4	1.2	1.6	64.7	56.5
As % of revenue	7.1	6.8	3.6	3.6			6.0	5.9
Net capital expenditure	25.2	17.1	1.7	30.3	(7.3)	0.5	19.6	47.9

## Other operating income

(x € 1,000)

	2008	2007
Rental income	1.9	2.0
Book profit on sales of assets	1.2	3.2
Fair value adjustment investment property	0.2	0.2
Other	2.6	0
	<b>5.9</b>	<b>5.4</b>

<sup>1)</sup> In tangible and intangible assets, investment property and assets held for sale

# Profile



Sligro Food Group N.V. encompasses food retail and food-service companies selling directly and indirectly to the entire Dutch food and beverages market. The group pursues a multi-channel strategy, covering various forms of sale and distribution (cash-and-carry and delivery) and using several different distribution channels (retail and wholesale).

## Food retail

- The food retail activities comprise almost 150 full-service supermarkets, of which over 80 are operated by the group itself under the EM-TÉ format and over 60 are operated by independent food retailers under the Golff format.

## Foodservice

The foodservice activities comprise two businesses that work closely together.

- Sligro offers both cash-and-carry and delivery services from 44 large cash-and-carry stores and 10 distribution centres serving restaurants and bars, volume users, company caterers, small and medium-sized enterprises and smaller retailers.
- Inversco-Van Hoeckel specialises in large foodservice accounts, such as institutional customers and national chains.

Sligro Fresh Partners operates the group's in-house production facilities, making specialised convenience products and fish and patisserie items.

We endeavour to keep around 60,000 lines – dry goods, perishables and food-related non-food items – in stock at all times so that our customers can be assured of prompt service.

We also provide commercial and business management support, ranging from complete franchise packages to advice on store layouts and training services.

CIV Superunie B.A., which has a market share of around 35% of the Dutch supermarket sector, handles Sligro Food Group's food retail purchases. In view of its size, the group handles its own purchases of foodservice products.

Sligro Food Group companies actively seek to share expertise and utilise the substantial scope for economies of scale. Activities that are primarily client-related take place largely at individual business unit level, with behind-the-scenes management at central level. Joint purchasing and the joint use of exclusive brands, combined with direct and detailed margin management, mean our gross margins are rising. Operating expenses are kept in check through ongoing, tight cost control and a joint logistics strategy.

Group synergy is further enhanced by joint IT systems, joint management of property and group management development. Staff are encouraged to make the most of their talents and develop their full potential, with inspiration, training and personal development being the key concepts in this respect. Sligro Food Group strives to be a high-quality company achieving steady, managed growth in all its activities and for all its stakeholders.

Sales in 2007 totalled €2,066 million and net profit was €74 million. The group employed an average of over 5,000 full-time-equivalents in 2007.