



Net profit up 46.5%

Sligro Food Group N.V. saw net profit after tax and after amortisation of goodwill increase by 46.5% in 2002 to € 37.0 million. Total turnover showed an increase of 10.8% to € 1,299.0 million. Organic growth amounted to 4.4% compared with 7.7% in 2001.

All activities contributed to the improvement in results. The figures for EM-TÉ Supermarkten, the company taken over in the course of 2002, have been included in the consolidation for 36 weeks. EM-TÉ's profitability developed better than we had expected at the time of acquisition.

The gross margin increased from 15.7% to 17.8% of turnover. Apart from the effects of consolidating EM-TÉ Supermarkten and J. Smit Vishandel (acquired 1 July 2002), the improvement was due to good margin management, including an improved product mix and a stronger purchasing position.

Total costs increased from 12.0% to 12.8% of turnover. Apart from the acquisitions referred to, there was also a relative increase in costs due to the non-recurring formation in 2002 of a provision for pre-pension rights amounting to € 6.4 million. In 2001, there was a one-off charge of € 2.0 million for the formation of provisions. These changes have been made with a view to the future introduction of IAS accounting policies.

Goodwill amortisation shows a threefold increase due to the acquisitions and as a result of reducing the amortisation period for small acquisitions, the latter change accounting for an additional charge of € 1.2 million in 2002.

The overall effect of the above movements was an increase in the operating result of € 20.3 million to € 65.5 million or, expressed in relation to turnover, up from 3.9% in 2001 to 5.0% in 2002. The increase in financial income and expenses largely stems from the recognition of interest rate swaps at fair value, which accounted for a figure of € 2.2 million.

Net profit after tax and after amortisation of goodwill increased by 46.5% from € 25.3 million in 2001 to € 37.0 million in 2002. Earnings per share, calculated on the average number of shares in issue, amounted to € 3.83 compared with € 2.69 in 2001, an improvement of 42.4%. It is proposed to declare a dividend of € 1.50 per share for 2002, representing an increase of 42.9%. At the shareholder's option, the dividend will be payable either in cash or in shares, in a ratio to be determined in due course, such that the distribution in shares represents 3-5% better value for the shareholder than the cash dividend.

We consider our financial position to be extremely sound, as evidenced by the balance sheet and the cash flow statement.

Prospects

In view of likely developments in the Dutch economy in 2003, organic growth in turnover will show a further slight decline to a level of 3-4% in the first half of the year. In the second six months, organic growth will be hit by an expected sharp decline in sales of Christmas hampers due to changes in the tax rules. The acquisitions made in 2002 will boost 2003 turnover by around € 35 million.

The focus on margin management will be maintained. We expect to see a slight improvement in the gross margin percentage, partly as a result of the consolidation effects.

There has recently been some unhappiness among the Prisma Food Retail franchisees concerning the content and form of the existing partnership. We regret these difficulties most sincerely and will be doing our utmost to find a lasting solution that is satisfactory to all parties.

We shall be continuing to watch costs as closely as ever. In contrast to 2002 we do not expect any major incidental expenses in 2003. In the light of the above developments we again generally expect to achieve growth in earnings per share in 2003. The annual report will be published on 5 February 2003 in both printed

form and electronically via www.sligro.nl. As usual, we shall be making firmer projections for the first half of 2003 when we have the first quarter's results. A press release will be issued making this announcement on 17 April 2003. The half-year figures for 2003 will be published on 17 July 2003.

Veghel, 23 January 2003

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Consolidated profit and loss account for 2002

(x € 1,000)		
	2002	2001
Turnover		
Net turnover	1,299,028	1,171,940
Cost of sales	(1,068,081)	(987,963)
Gross margin	230,947	183,977
Selling and general administrative expenses	(166,558)	(140,305)
Other operating income	4,706	2,638
Operating profit before amortisation of goodwill	69,095	46,310
Goodwill amortisation	(3,613)	(1,166)
Operating profit after amortisation of goodwill	65,482	45,144
Financial income and charges	(7,875)	(6,187)
Profit before tax	57,607	38,957
Taxation	(20,583)	(13,687)
Profit after tax	37,024	25,270
Figures per share		
	€	€
Profit after amortisation of goodwill	3.83	2.69
Profit before amortisation of goodwill	4.20	2.81
Proposed dividend	1.50	1.05
Other information		
Depreciation on tangible fixed assets	18,585	17,145
Net investments in fixed assets ¹⁾	28,265	7,761
¹⁾ Excluding acquisitions		

Consolidated cash flow statement for 2002

(x € 1,000)	2002	2001
Receipts from customers	1,412,335	1,273,100
Other operating income	4,266	2,824
	1,416,601	1,275,924
Payments to suppliers	(1,202,949)	(1,103,425)
Payments to employees	(48,856)	(40,711)
Payments to the government	(66,669)	(63,234)
	(1,318,474)	(1,207,370)
Cash flow from trading activities	98,127	68,554
Interest received	698	847
Dividend received from participating interests	328	226
Interest paid	(6,260)	(6,177)
Corporation tax paid	(18,674)	(12,810)
Cash flow from operating activities	74,219	50,640
Acquisitions	(54,407)	(70,868)
Sale of participating interests	3,597	0
Capital expenditure on fixed assets	(32,500)	(16,782)
Sales of fixed assets	4,747	9,030
Reduction of capital in participating interests	0	73
Cash flow from investing activities	(78,563)	(78,547)
Proceeds from share issues	456	708
Repayments by participating interests	171	1,335
New long-term debt	30,627	34,867
Repayment of long-term debt	(9,116)	(8,718)
Repayment/new long-term debt	(16,159)	1,260
Dividend paid	(1,466)	(1,456)
Cash flow from financing activities	4,513	27,996
Movement in cash and cash equivalents	169	89

Consolidated balance sheet as at 28 December 2002 before profit appropriation

(x € 1,000)

Assets	28 December 2002	29 December 2001
Fixed assets		
Intangible fixed assets	44,461	23,181
Tangible fixed assets	172,774	130,948
Financial fixed assets	5,511	7,504
	<u>222,746</u>	<u>161,633</u>
Current assets		
Stocks	100,679	81,998
Debtors, prepayments and accrued income	42,581	43,252
Cash	1,709	1,540
	<u>144,969</u>	<u>126,790</u>
	<u>367,715</u>	<u>288,423</u>
Equity and liabilities	28 December 2002	29 December 2001
Shareholders' equity	132,182	96,168
Provisions		
Deferred taxation	13,616	12,566
Other	11,671	5,712
	<u>25,287</u>	<u>18,278</u>
Long-term liabilities	65,984	49,401
Current liabilities		
Repayment commitments	21,269	16,341
Amounts owed to credit institutions	25,458	41,617
Creditors	53,613	36,944
Tax and social security contributions	23,068	12,132
Other liabilities, accruals and deferred income	20,854	17,542
	<u>144,262</u>	<u>124,576</u>
	<u>367,715</u>	<u>288,423</u>

Consolidated statement of movements in shareholders' equity before profit appropriation

(x € 1,000)

	Issued and paid-up capital	Share premium	Other reserves	Total
Balance as at 29 December 2001	2,281	22,429	71,458	96,168
Exercise of share options	4	452		456
Stock dividend	56	(56)		
Dividend paid			(1,466)	(1,466)
Profit after tax			37,024	37,024
Balance as at 28 December 2002	2,341	22,825	107,016	132,182

Segmented analysis of results for 2002

(x € million)

	Food service		Food retail		Retail property		Total	
	2002	2001	2002	2001	2002	2001	2002	2001
Net turnover	865.2	842.1	433.8	329.8	-	-	1,299.0	1,171.9
Operating profit	43.8	33.3	19.5	9.8	2.2	2.0	65.5	45.1
Net capital employed ¹⁾	152.8	152.8	77.9	48.2	24.2	24.7	254.9	225.7
Operating profit as % of turnover	5.1	4.0	4.5	3.0	-	-	5.0	3.9
Operating profit as % of net capital employed	28.7	21.8	25.0	20.3	9.1	8.1	25.7	20.0

¹⁾ Net capital employed is calculated on the weighted average.



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 different distribution channels.

- Sligro B.V. supplies the catering trade, volume users, company restaurants and smaller retail businesses on the basis of both self-service and delivery from 34 large outlets.
- Van Hoeckel Grootverbruik B.V. addresses the institutional market, supplying non-profit establishments like hospitals, residential homes for the elderly and the Dutch Army.
- Prisma Food Retail B.V. supplies some three hundred independent food retailers employing four different retail formats with different store sizes and market approaches (Golf, 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 11 large supermarket/off-licence stores, with the aim of achieving market leadership at regional level.
- Sligro Fresh Partners, together with partners and subsidiaries (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, based on five Regional Fresh Centres.
- Rosenberg Import B.V. supplies the top segment of the sweets market, involving a number of sole agencies.

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. In conjunction with the distribution concept, we also provide commercial and business management services, ranging from complete franchise packages to insurance and training arrangements.

Intensive efforts are made among the Sligro Food Group companies to share know-how and to utilise the substantial economies of scale. Joint purchase and the joint use of exclusive brands, combined with a direct and detailed management of margins, is 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 have the opportunity 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 2002 was € 1,299 million, with a net profit of € 37 million. The average number of employees on a full-time equivalent basis was 2,561.