Press release – 2007 results

Sligro Food Group net profit up 19.5% at €74.2 million

The profit for the year came out at over €74 million, compared with €62 million in 2006. As announced on 3 January, sales for the year were 24.4% higher at €2,066 million, with an organic increase in sales of 5.6%.

Gross profit was 31.7% higher at €473 million, while the gross margin rose by 1.3% to 22.9%, primarily as a result of a change in the mix of business activities.
The change in the mix of the business activities also had an impact on the composition and level of the group's operating expenses, which increased by 2.1% to 18.8%. The development of costs in our foodservice activities was very pleasing. The extensive and rapid programme to expand our supermarket network resulted in substantial non-recurring expenses, while management of our food retail activities was also less than optimal.

The various developments referred to above swallowed up much of the operating profit generated by food retail, which consequently fell by 4.6% to 0.6% of sales.

Foodservice once again achieved a significantly higher result, thanks in part to its healthy organic rise in sales. This effect was reinforced by the completion of the VEN integration and our acquisition of Inversco in 2006. The operating profit achieved by these activities was 1.2% higher than in 2006 at 6.5% of sales. In terms of operating profits, this was the highest percentage of sales that these activities have ever achieved.

The net effect of the above was an increase of over €5 million in the overall operating profit, which rose to almost €96 million. This represented a decrease of 0.8% to 4.6% of sales.

Finance expense was higher this year because we had to fund the acquisitions made in 2006 for the full year. Net finance income and expense includes the non-recurring, tax-free

book profit of €9.4 million that relates to the transfer of our MeerMarkt and Attent store formats to Spar Holding.

Net earnings per share were 17.8% higher at €1.72, compared with €1.46 in 2006. It is proposed to distribute a dividend for 2007 of €0.65 per share, which represents an increase of 13% on the amount distributed for 2006. The dividend may be taken in cash or in stock at the shareholder's option, with the stock dividend being roughly equal to the cash alternative.

Prospects

The market clearly turned the corner in a positive sense in 2007. Although consumer confidence levels are weakening, unemployment levels are low and job security is high. We consequently expect market conditions in 2008 to remain relatively favourable, although food price inflation, which has been rising sharply, may result in some disturbance. The aspect of greatest uncertainty for us in 2008 will be the development of the results of our food retail activities. We are seeking to achieve further increases in sales and margins in that business, while also reducing our costs further, and that all needs to happen at the same time. We have launched a series of programmes to help us achieve these objectives and expect many of the benefits of these programmes to start becoming visible in the second half of 2008.

We are more certain about the foodservice results. These activities are excellently positioned and various investments made in previous years can still generate additional benefits. We believe that foodservice will continue the upward trend in its results in 2008.

At this stage we regard it as too early to give a reliable forecast of our profits for 2008 and of the extent and speed of the improvements we expect to achieve in our food retail activities. We will provide more information on developments in the first quarter of the year in our trading update on 17 April 2008. Our half-year figures will be published on 17 July 2008. Our figures for 2007 will be discussed at our press conference and in a meeting with analysts today. The presentation we will give can be found on www.sligrofoodgroup.nl. Our 2007 Annual Report will be published on 5 February 2008. Conference call will be hosted at 15.30 hours CET.

Veghel, 24 January 2008

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Encl.:

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2. Consolidated cash flow statement
3. Consolidated balance sheet
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Appendix 1

Consolidated profit and loss account for 2007

(x € 1,000)

	2007	2006	2005
Revenue	2,065,686	1,661,175	1,545,506
Cost of sales	(1,592,431)	(1,301,883)	(1,233,262)
Gross margin	**473,255**	**359,292**	**312,244**
Other operating income	**10,785**	**7,956**	**8,768**
Staff costs	(198,778)	(143,641)	(126,458)
Premises costs	(51,241)	(31,383)	(25,980)
Selling costs	(24,350)	(15,153)	(15,375)
Logistics costs	(61,625)	(48,097)	(38,280)
General administrative expenses	(13,181)	(10,038)	(9,955)
Impairment losses			(4,591)
Depreciation of property, plant & equipment	(33,829)	(25,740)	(24,319)
Amortisation of intangible assets	(5,212)	(2,843)	(1,988)
Total operating expenses	**(388,216)**	**(276,895)**	**(246,946)**
Operating profit	**95,824**	**90,353**	**74,066**
Finance income	976	636	1,126
Finance expense	(11,921)	(7,422)	(5,080)
Share in profits of associates	1,682	868	564
Transaction result on investment in an associate	9,409		459
Profit before tax	**95,970**	**84,435**	**71,135**
Tax	(21,793)	(22,356)	(20,260)
Profit for the year	**74,177**	**62,079**	**50,875**
Attributable to shareholders of the company	**74,177**	**62,079**	**50,875**

Figures per share

	€	€	€
Basic earnings per share	1.72	1.46	1.21
Diluted earnings per share	1.72	1.46	1.21
Proposed dividend	0.65	0.57	0.50

Consolidated cash flow statement for 2007

(x € 1,000)

	2007	2006	2005
Receipts from customers	2,235,456	1,806,851	1,683,640
Other operating income	4,075	3,819	4,453
	2,239,531	**1,810,670**	**1,688,093**
Payments to suppliers	(1,889,084)	(1,517,337)	(1,438,953)
Payments to employees	(103,887)	(76,330)	(69,568)
Payments to the government	(137,657)	(108,946)	(105,496)
	(2,130,628)	**(1,702,613)**	**(1,614,017)**
Net cash generated from operations	108,903	108,057	74,076
Interest received	976	636	1,126
Dividend received from associates	561	446	326
Interest paid	(11,348)	(7,550)	(4,860)
Corporation tax paid	(15,995)	(23,084)	(22,356)
Net cash flow from operating activities	**83,097**	**78,505**	**48,312**
Acquisitions/participations	(28,634)	(171,752)	(2,942)
Sale of associates/operations	27,879	2,760	3,079
Capital expenditure on property, plant and equipment/investment property/assets held for sale	(89,825)	(43,787)	(42,498)
Receipts from disposal of property, plant and equipment/investment property/assets held for sale	15,758	16,136	4,875
Capital expenditure on intangible assets	(1,049)	(725)	(692)
Loans to associates	(65)	(50)	(1,420)
Repayments by associates	234	468	468
Receipts from disposal of investment in an associate		61	
Net cash flow from investing activities	**(75,702)**	**(196,889)**	**(39,130)**
Share issue	1,777	2,516	1,250
Long-term borrowing		125,000	
Repayment of long-term debt	(26,129)	(13,440)	(16,516)
Paid to/received from joint venture	(4,062)	10,000	
Dividend paid	(9,730)	(18,091)	(8,076)
Net cash flow from financing activities	**(38,144)**	**105,985**	**(23,342)**
Movement in cash, cash equivalents and short-term bank borrowings	**(30,749)**	**(12,399)**	**(14,160)**
Balance at start of year	1,499	13,898	28,058
Balance at end of year	**(29,250)**	**1,499**	**13,898**

Consolidated balance sheet as at 29 December 2007
before profit appropriation

(x € 1,000)

ASSETS	29-12-2007	30-12-2006	31-12-2005
Goodwill	127,732	134,131	65,502
Other intangible assets	52,983	20,004	5,929
Property, plant & equipment	279,086	214,959	185,274
Investment property	33,183	30,804	29,845
Investments in associates	35,729	4,726	2,725
Other financial assets	2,503	2,688	11,160
Total non-current assets	**531,216**	**407,312**	**300,435**
Inventories	187,016	150,379	143,856
Trade and other receivables	105,607	82,940	61,962
Corporation tax			1,099
Other current assets	9,969	58,584	3,136
Assets held for sale	7,467	6,705	10,144
Cash and cash equivalents	16,698	13,346	13,898
Total current assets	**326,757**	**311,954**	**234,095**
TOTAL ASSETS	**857,973**	**719,266**	**534,530**

EQUITY AND LIABILITIES	29-12-2007	30-12-2006	31-12-2005
Shareholders' equity			
Paid-up and called capital	2,587	2,545	2,520
Reserves	372,188	310,292	262,978
Total Shareholders' equity attributable to shareholders of the company	**374,775**	**312,837**	**265,498**
Liabilities			
Deferred tax liabilities	16,808	12,473	14,485
Employee benefits	11,285	5,899	7,949
Other provisions	851	1,159	799
Bank borrowings	183,700	212,141	134,411
Total long-term liabilities	**212,644**	**231,672**	**157,644**
Current portion of long-term debt	28,452	28,714	4,925
Short-term bank borrowings	45,948	11,847	
Trade and other payables	114,461	81,048	65,308
Corporation tax	3,501	3,505	883
Other taxes and social security contributions	27,285	14,146	13,246
Short-term provisions	2,324	2,238	2,091
Other liabilities, accruals and deferred income	48,583	33,259	24,935
Total current liabilities	**270,554**	**174,757**	**111,388**
TOTAL EQUITY AND LIABILITIES	**857,973**	**719,266**	**534,530**

Consolidated statement of movements in shareholders' equity for 2007 before profit appropriation

(x € 1,000)

	Paid-up and called capital	Shared premium	Other reserves	Revalua-tion reserve	Hedging reserve	Profit before appro-priation	Total
Balance as at 31-12-2005	**2,520**	**26,948**	**182,221**	**4,653**	**(1,719)**	**50,875**	**265,498**
Profit appropriation			50,875			(50,875)	0
Exercise of share options	15	2,501					2,516
Stock dividend	10	(10)					0
Dividend paid			(18,091)				(18,091)
Property investments			(623)	623			0
Profit after tax			(698)		1,533	62,079	62,914
Balance as at 30-12-2006	**2,545**	**29,439**	**213,684**	**5,276**	**(186)**	**62,079**	**312,837**
Profit appropriation			62,079			(62,079)	0
Exercise of share options	10	1,767					1,777
Stock dividend	32	(32)					0
Dividend paid			(9,730)				(9,730)
Property investments			(660)	660			0
Profit after tax			(6,413)		2,127	74,177	69,891
Balance as at 29-12-2007	**2,587**	**31,174**	**258,960**	**5,936**	**1,941**	**74,177**	**374,775**

Consolidated statement of recognised income and expense for 2007

(x € 1,000)	**2007**	**2006**
Movement in cash-flow hedge of long-term loan	2,127	1,533
Actuarial results of defined-benefit plans	(6,413)	(698)
Income and expense recognised directly in shareholders' equity	(4,286)	835
Profit for the year	74,177	62,079
Total recognised income and expense for the year	**69,891**	**62,914**
Attributable to shareholders of the company	**69,891**	**62,914**

Appendix 5

Segmentation of results for 2007

(x € million)	Foodservice		Food retail		Retail property		Total	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Net sales	1,351.0	1,210.3	714.7	450.9			2,065.7	1,661.2
Other operating income	3.8	2.5	2.7	2.2	4.2	3.3	10.7	8.0
Operating profit	87.4	63.9	4.6	23.4	3.8	3.1	95.8	90.4
Net capital employed	406.1	372.6	221.8	181.1	33.2	30.8	661.8	584.5
Operating profit as percentage of sales	6.5	5.3	0.6	5.2			4.6	5.4
Operating profit as percentage of average net capital employed	22.4	19.6	2.3	16.4	11.9	10.2	15.4	18.1

Supermarket information [1)]

	Number of stores at year-end		Retail space at year-end (x 1,000 m^2)		Consumer sales (x € million)		Like-for-like sales index	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
EM-TÉ	80	30	92	36	390	159	99	97
Golff	67	57	56	46	286	239	101	101
Total	147	87	148	82	676	398	100	99

1) Excluding MeerMarkt- and Attent-formats and including VAT.

Other operating income

(x € 1,000)	**2007**	**2006**
Investment property rental income	2,900	2,762
Book profit on investment property disposal	188	
Book profit on sales of assets	3,824	1,172
Investment property fair value adjustments	1,070	531
Other rental income	1,175	1,057
Book profit on property, plant and equipment disposal	1,628	2,434
	10,785	**7,956**

Profile

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

Food retail

The food retail activities comprise 150 full service-supermarkets, of which some 80 are operated by the group itself under the EM-TÉ format and approximately 70 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 43 large cash-and-carry stores and 10 distribution centres to 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 30% 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.