

Annual Figures

2008



Amsterdam, januari 22nd 2009

Agenda

- Welcome K. Slippens
- Annual Figures H. van Rozendaal
- Food retail K. Slippens
- Foodservice K. Slippens
- Prospects for 2009 K. Slippens



Annual Figures 2008



Profit and loss account

	2008	2007	Delta	2008	2007
x € M	x € M	%	%	%	
Net Sales	2168	2066	4.9	100.0	100.0
Gross Margin	516	473	9.0	23.8	22.9
Other operating income	8	11	(24.2)	0.4	0.5
Expenses	(377)	(349)	8.1	(17.4)	(16.9)
Ebitda	147	135	8.9	6.8	6.5
Depreciation/amortization	(48)	(39)	23.7	(2.3)	(1.9)
Ebit	99	96	2.8	4.5	4.6
Interest expense	(7)	0	-	(0.2)	(0.0)
Profit before tax	92	96	(3.8)	4.3	4.6
Tax	(21)	(22)	(3.6)	(1.0)	(1.0)
Profit after tax	71	74	(3.8)	3.3	3.6

Segmented analysis of results

x € M	Foodservice		Food retail	
	2008	2007	2008	2007
Net sales	1444	1351	724	715
Other operating income	3	4	3	3
Ebitda	119	110	26	21
Ebit	95	87	2	5
Ebitda as % of sales	8.3	8.1	3.6	2.9
Ebit as % of sales	6.6	6.5	0.3	0.6
Net capital expenditure ¹⁾	39	44	(1)	38
Depreciation and amortization	(25)	(23)	(23)	(16)

1) In tangible and intangible assets, on transaction basis



Segmented analysis of results

x € M	Retail property		Total	
	2008	2007	2008	2007
Net sales			2168	2066
Other operating income	2	4	8	11
Ebitda	2	4	147	135
Ebit	2	4	99	96
Ebitda as % of sales			6.8	6.5
Ebit as % of sales			4.5	4.6
Net capital expenditure ¹⁾	(8)	1	30	83
Depreciation and amortization			(48)	(39)

1) In tangible and intangible assets, on transaction basis



Segmented analysis of results

Return on capital employed

	CE (x € M)		Ebit as % of CE	
	2008	2007	2008	2007
Foodservice	428	398	23.0%	22.0%
Food retail	191	213	1.1%	2.2%
Retail property	25	33	5.1%	11.9%
Total	644	644	15.3%	15.4%

Cash flow statement (€ M)

	2008	2007
From operations	129	109
Interest etc.	(10)	(10)
Corporation tax paid	(16)	(16)
From operating activities	103	83
Acquisitions	(1)	(1)
Net capital expenditure	(29)	(75)
From investing activities	(30)	(76)
Share issue	0	2
Long-term borrowings/ associates	(29)	(30)
Dividend paid	(14)	(10)
From financing activities	(43)	(38)
Movement in cash and short-term bank borrowings	30	(31)
Balance at start of year	(29)	2
Balance at year-end	1	(29)

Balance sheet (before profit appropriation)

x € M	27/12 2008	29/12 2007		27/12 2008	29/12 2007
Fixed assets			Equity	426	375
Intangible assets	176	181	Provisions	34	29
Property, plant & equipment	284	279	Non-current liabilities	154	183
Investment property	25	33			
Financial assets	41	38	Current liabilities		
	526	531	Banks	53	74
Current assets			Creditors	129	114
Inventories	200	187	Other	79	83
Debtors	124	116			
Assets held for sale	2	7			
Cash	23	17			
	349	327		261	271
	875	858		875	858

Net sales analysis by activity

	x € M		as %	
	2008	2007	2008	2007
Foodservice				
Inversco/ v Hoeckel	237	233	10.9	11.3
Sligro	1207	1118	55.7	54.1
	<u>1444</u>	<u>1351</u>	<u>66.6</u>	<u>65.4</u>
Food retail				
EM-TÉ	498	361	23.0	17.5
Golff/ others	226	354	10.4	17.1
	<u>724</u>	<u>715</u>	<u>33.4</u>	<u>34.6</u>
Total sales	<u><u>2168</u></u>	<u><u>2066</u></u>	<u><u>100.0</u></u>	<u><u>100.0</u></u>

Summary 2008

Net sales

Total increase

Organic growth¹⁾

- Food retail plus 4.1 % (2007: 0.0%)
- Foodservice plus 7.4 % (2007: 7.1%)

x	
€ M	as %
102	4.9
120	6.4

1) Non-organic:

Food retail: New stores, transfer Meermarkt/Attent

Foodservice: divestment Rosenberg, acquisition Desimo (+ trading stamps)



Summary 2008

Gross margin from 22.9% to 23.8% of net sales

- Changed mix operating activities:
 - Mix wholesale/retail in Food retail (50/50 \diamond 30/70)
- Organic improvement Sligro
 - Purchasing conditions
 - Sales of private labels

Summary 2008

Other operating income (in € M)

	<u>2008</u>	<u>2007</u>
Rental income	3.6	4.1
Book profit on sales of assets	4.7	5.6
Fair value adjustment to property	(0.1)	1.1
	<u>8.2</u>	<u>10.8</u>

Summary 2008

Total costs¹⁾ from 18.8% to 19.7% of net sales

- **Changed mix operating activities**
 - Mix wholesale/retail in Food retail (50/50 \diamond 30/70)
 - Depreciation/ amortization + € 9 M (0.4% of net sales)
- **Cost reduction programs:**
 - Indirect minus 70 FTE (-/- 10%), of which 40 in retail
 - PLOP- project (60 FTE)
 - Optimization in retail distribution centers
- **Effective particularly in 2009:**
 - One-off reorganization costs
 - Optimization after transfer Meermarkt/Attent
 - PLOP- project in course of the year

¹⁾ Including depreciation and amortization

Summary 2008

Operating profit + 2.8% € 99 M (from 4.6% to 4.5% of net sales)

Food retail

- Decrease as a result of transfers to Spar
- Increased depreciation/ amortization (€7 M)
- Less non-recurring costs
- New stores 2007-II loss-making

Foodservice

- Organic growth leads to operational leverage
- Improvements in delivery-service operations

Summary 2008

Net profit	€ 71.3 M (€ 74.2 M)	- 3.8 %
Net profit excluding transaction result Spar		+10.2%
Earnings per share	€ 1.63 (€ 1.72)	- 5.2 %
Optional dividend	€ 0.65 (€ 0.65)	+ 0.0 %

Summary 2008

Cash flow from operations: € 103 M (2007: € 83 M)

- Ebitda + € 12 M
- Less increase in working capital € 8 M

Cash flow from investing activities: € 30 M (2007: € 76 M)

- Net capital expenditure much lower;
 - Conversion supermarkets finalized at the end of 2007
 - Successful divestment program property no longer in use

Net profit available as free cash flow !



Summary 2008

Net interest-bearing debt x € M	2008	2007
Gross	207.1	258.1
Free cash	(23.4)	(16.7)
Net	<u>183.7</u>	<u>241.4</u>

Operational cash flow after investing activities was used for debt reduction (€ 58 M) and dividend payment (€ 14 M).

Summary 2008

Overview financing

Mid- and long-term

	<u>€ M</u>	<u>Interest</u>	<u>Duration</u>
US PP bullet	53	3.92 %	dec 2011
US PP bullet	53	E + 53 bp	dec 2014
€ quarterly redemption	41	4.18 %	sept 2011
€ quarterly redemption	38	E + 35 bp	sept 2011
	<u>185</u>		

Short-term

	<u>Facility</u>	<u>Usage</u>
Short term facility	€ 150 M	€ 16 M
• Of which committed (1-3 yrs)	€ 70 M	

Summary 2008

Pensions

Regulatory authority DNB:

Funding ratio company pension fund 103 (140)

Actual return minus 5%. Funding ratio decrease mainly as a result of changes in interest rate structure DNB.

Increase pension contribution 01-01-2009 7% (€ 0.5 M)

Recovery plan before 01-04-2009: no additional measures

Summary 2008

Pension

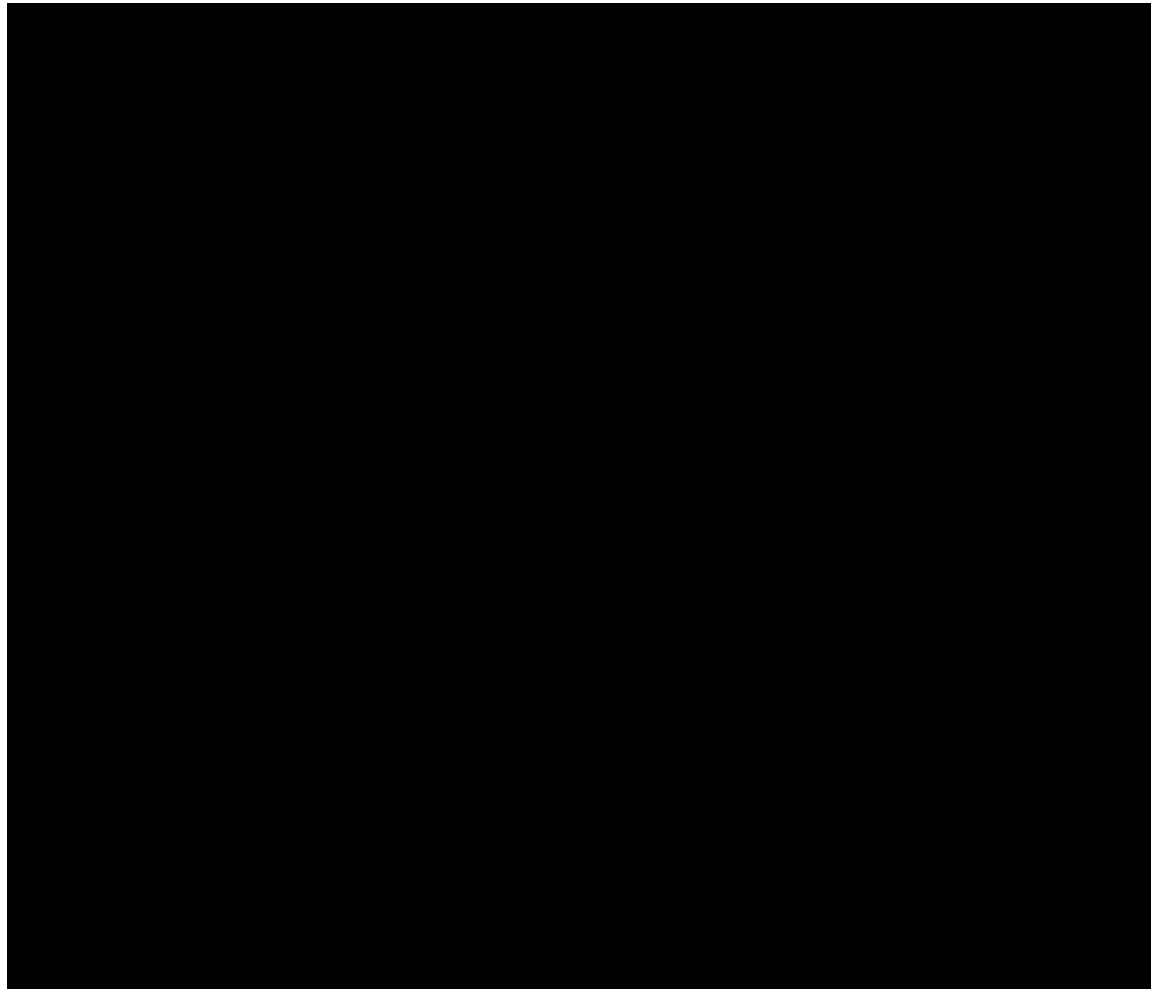
IAS 19

SFG applies SORIE method:

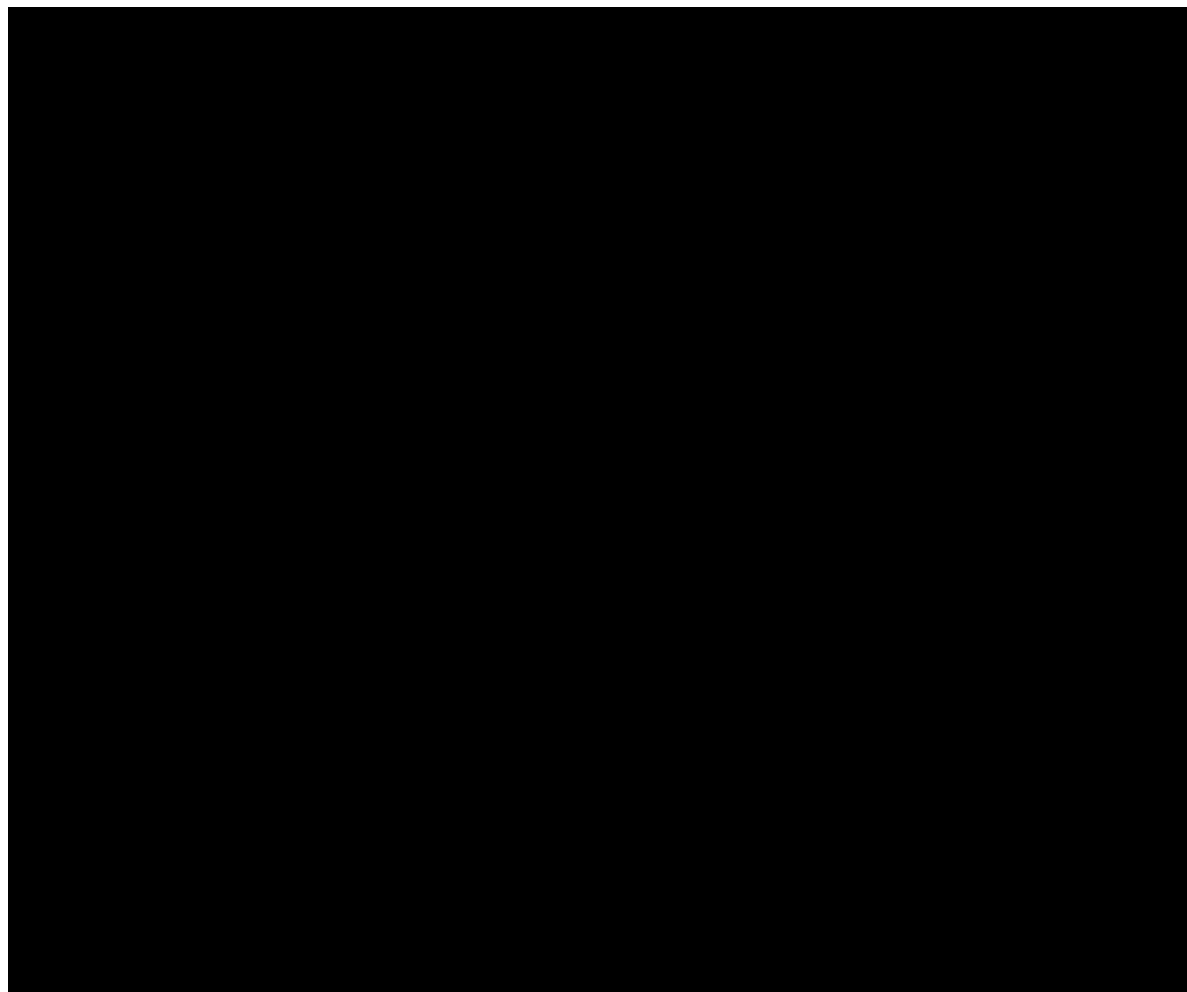
Provision accounted for in the balance sheet, actuarial result through Equity

- Act. loss 2008 € 7.3 M (gross)
- Provision for pensions € 11.7 M (2007: € 8.9 M)
- Discount rate 5.3 % (2007: 5.2%)
- Net expense 2009 € 4.3 M (2008: € 2.5 M)
- Employers contribution € 7.6 M (2008: € 7.0 M)

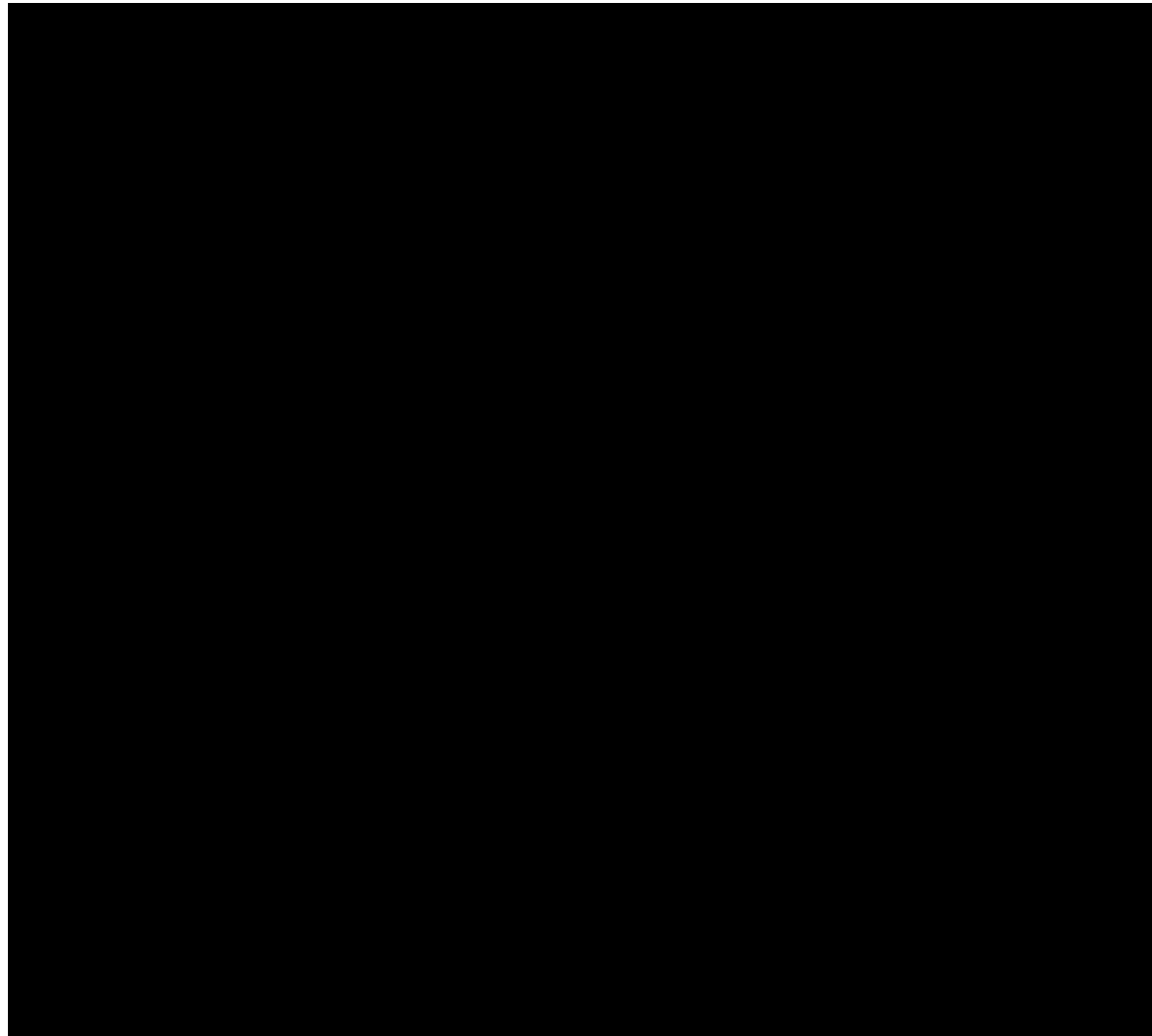
Net sales $x \in M$



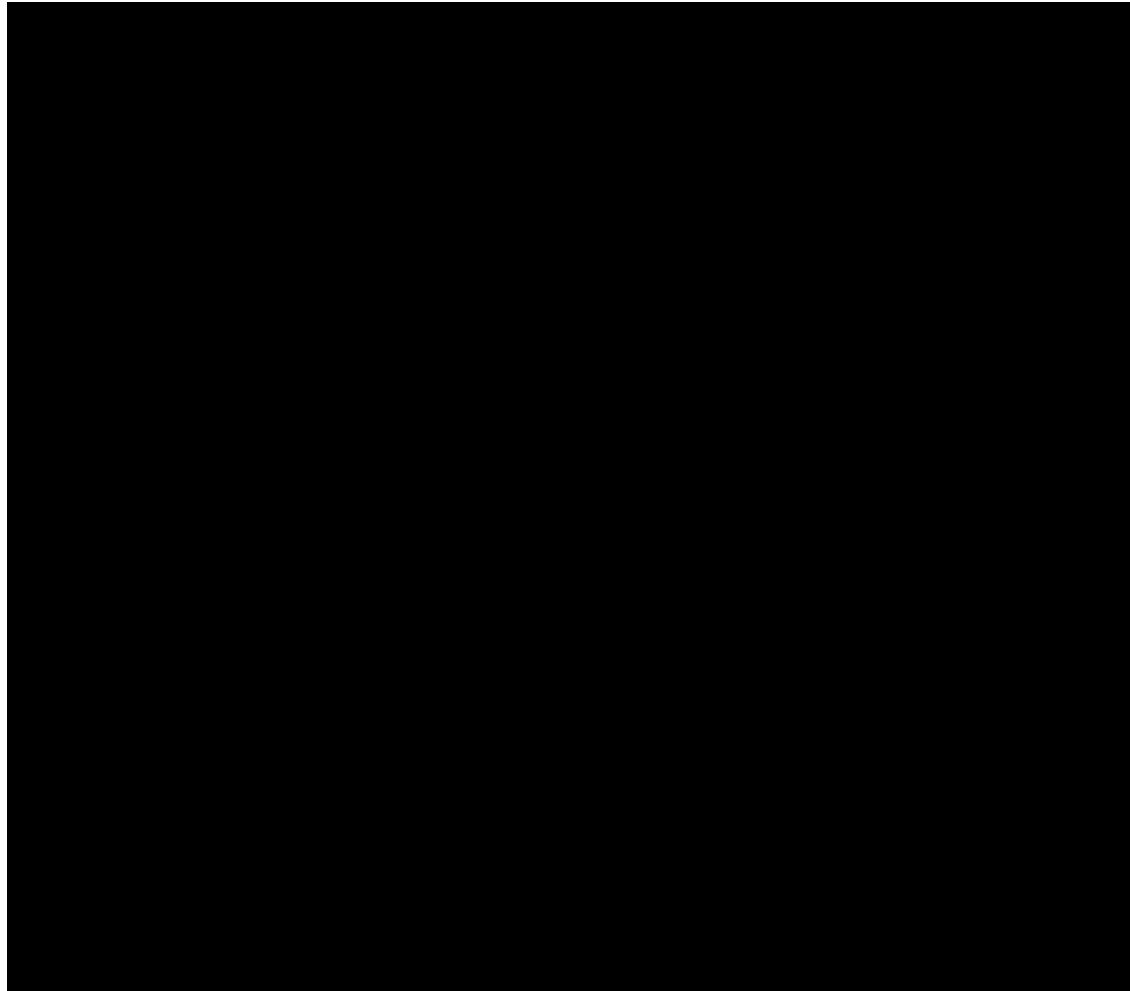
Operating profit x € M as % of net sales



Net profit € M as % of net sales

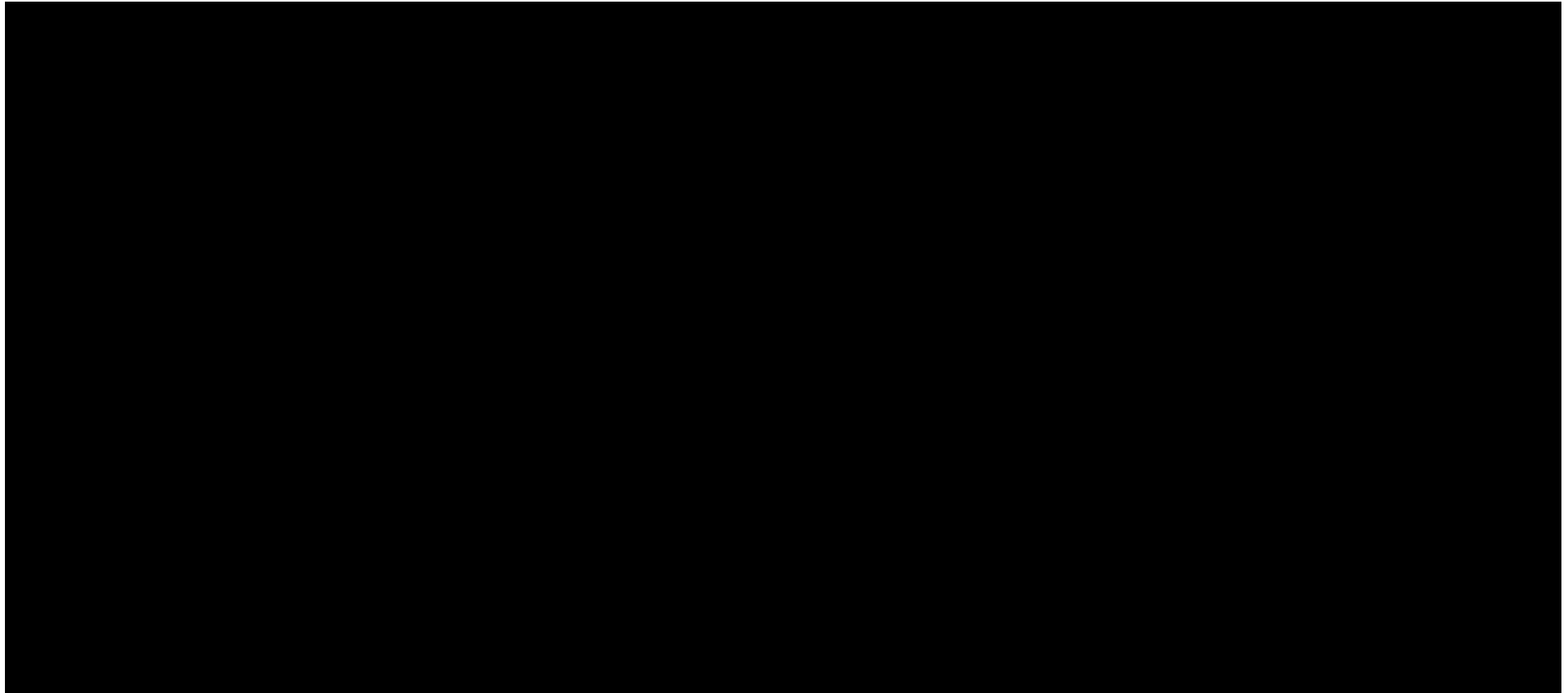


Per share x €





The Food market



Source: Foodservice Monitor 2008/2009



Organization scheme Sligro Food Group

Central distribution centre and head office in Veghel			
Foodretail		Foodservice	
EM-TÉ 84 own outlets	Golff 55 franchised supermarkets	Sligro Restaurants and bars, leisure, petrol outlets, caterers, large-scale users	Inversco-Van Hoeckel Institutional and national chains, large-scale caterers
2 distribution centres		National network of 44 cash-and-carry and 10 delivery-service wholesale outlets	2 distribution centres
<p>Sligro Fresh Partners & Production 5 specialised production facilities for convenience products (CuliVers), fish (SmitVis), and patisserie (Maison Niels de Veye) and participating interest in four fresh food businesses</p>			



Food retail

- Market developments
- Developments Sligro Food Group
- Overview supermarket formats EM-TÉ and Golf
- Focus for 2009

Developments in Food retail market in 2008

- Conditions changed in the course of 2008
 - Declining growth per quarter (GFK: Q1: 9.3%. Q2: 6.3%. Q3: 5.1% and Q4: 4.5%)
 - Growth in sales 6.2% (2007: 4.0%)
- Average inflation higher, but decreasing
- Market leader accounts for large share of market growth
- As per Q4 market share hard discount increasing, before Q4 decreasing

Turnover development supermarkets 2008

History supermarket turnover(€)



Source: GFK



Market Share Food retail

As %

	Market Share	
	2008	2007
Competitors¹⁾		
Albert Heijn	31.3	29.7
C-1000	13.4	14.5
Super de Boer	6.8	7.3
Plus ²⁾	6.1	6.0
Jumbo ²⁾	4.9	4.5
Sligro Food Group ²⁾	2.7	2.4
Hard discount ⁴⁾	17.4	17.3
Others ³⁾	17.4	18.3
Total	100.0	100.0

1) Source: Company press releases and market definition GfK. Hard discount based on market estimates. 2) Member of Superunie, all members combined account for almost 35% market share. 3) Almost entirely members of Superunie. 4) Includes "Dirk van de Broek", since 01-07-2008 member of Superunie



Sligro Food Group's Food retail activities in 2008

- Consolidation and integration after phase of strong growth
- Unsatisfied with speed and execution improvement process
- Management changes
- Transfer MeerMarkt and Attent to Spar completed mid 2008
- EM-TÉ: best supermarket for meat product sales
- Strong optimization Retail DC's
- Closing Prisma headquarters
- Retail overhead reduced by 40 FTE (70 FTE for the Group)
- New personnel planning system and system for managing store inventories
- Start rationalization store network

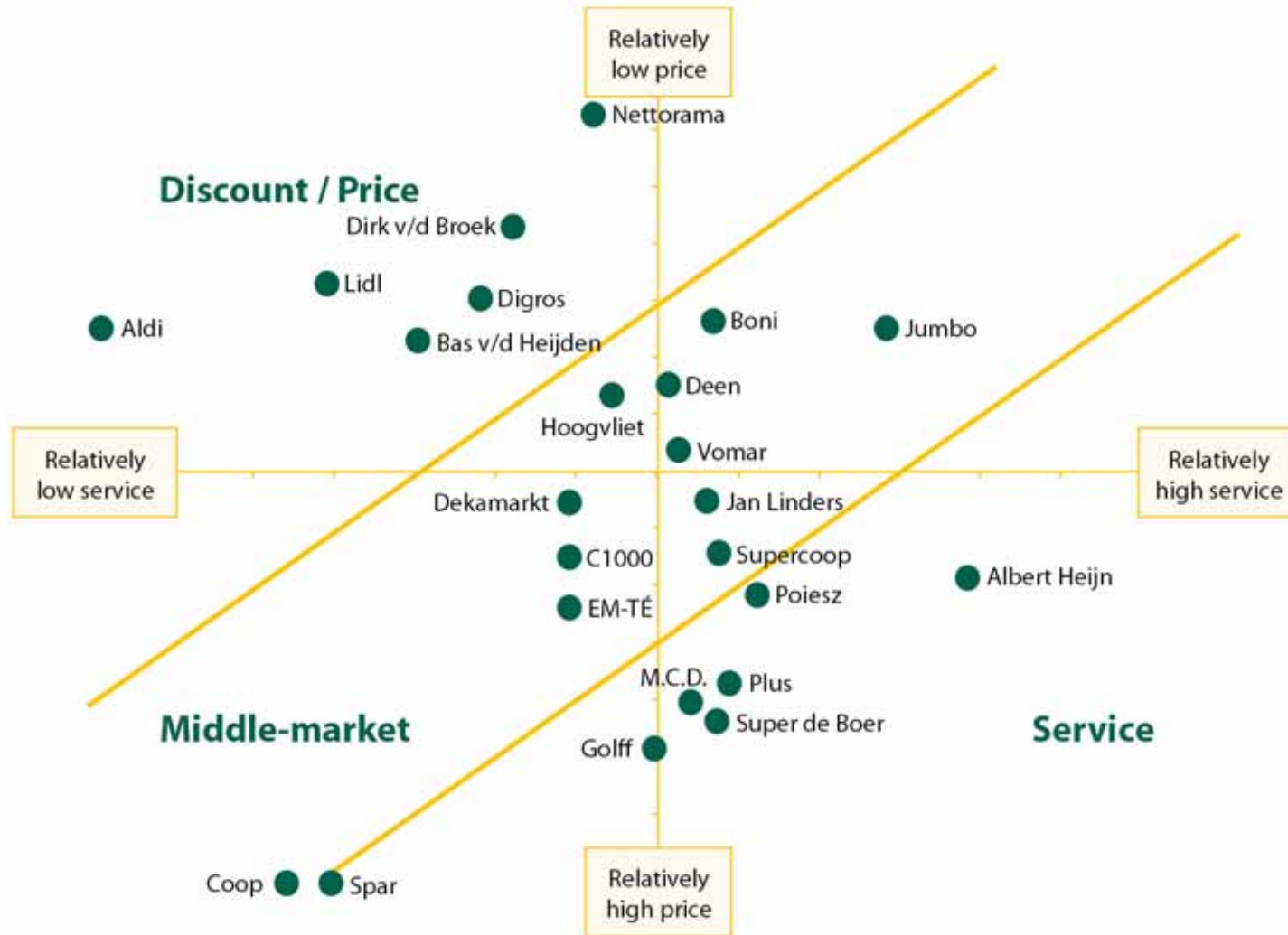
Supermarket formats at a glance

Supermarket formats¹⁾

	<i>number of stores at year-end</i>		<i>retail space at year-end (x 1,000 m²)</i>		<i>consumer sales (x € million)</i>		<i>like-for-like sales index</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
EM-TÉ	84	80	96	92	540	390	104	99
Golff	55	67	46	56	282	286	104	101
Total	139	147	142	148	822	676	104	100

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

GfK Christmas report 2008



Source: GfK



Focus Food retail in 2009

Master plan is being drawn (finalized in march)

- Amplify the formula's basic principles
- More consistent communication and positioning
- Much tighter execution in operations with respect to customer focus, store-perception and efficiency
- Improved price perception
- Re-evaluation store network

Golf ♦ EM-TÉ franchise ?

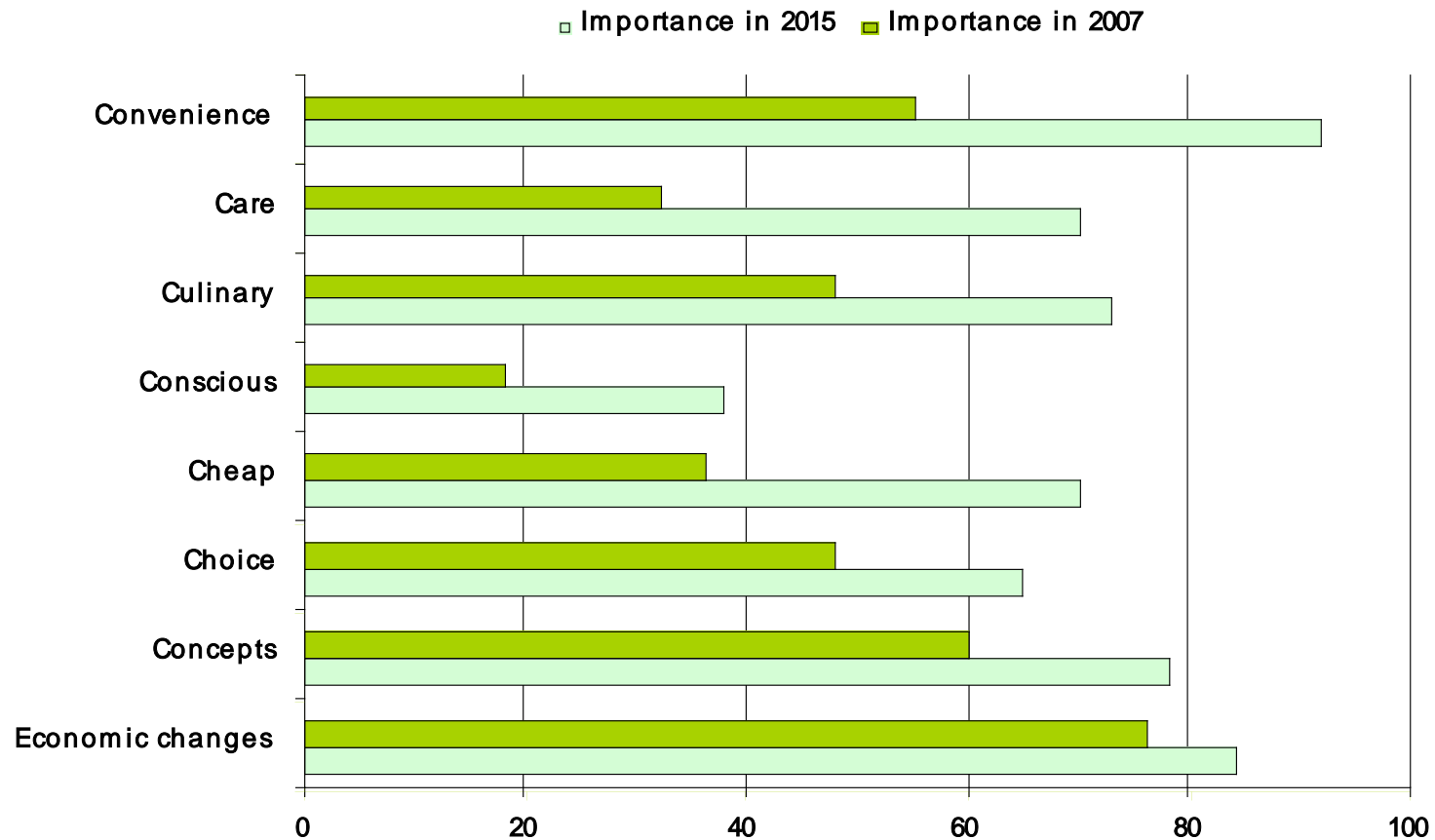
Goals:

- Increase turnover per m²
- Strengthen market position
- Increase returns

Foodservice

- Market developments
- Developments at Sligro Food Group
- Plans for 2009

Trends and relative importance in Foodservice



Source: FSIN Foodservice Monitor 2009



Development market segments (2008 vs 2007)

+

- Recreation
- Day-Diner
- Institutional

+/-

- Restaurants
- Company catering

-

- Beverages sector
- Fast service

Source: FSIN, Vision Sligro Food Group



Market developments Foodservice 2008 ¹⁾

- Total Foodservice market € 18.7 billion
- Market growth 1.1% in consumer spending
- Declining growth in the course of 2008
- Re-defined consumer market and wholesaler-value (€ 7 billion)
- Market leader accounts for more than market growth

¹⁾ Source: FSIN Monitor



Market Share Foodservice

As %

	Market Share	
	2008	2007
Competitors¹⁾		
Sligro Food Group	16.7	14.8
Lekkerland	12.0	11.5
Deli XL	10.7	10.3
Metro	9.4	9.3
Heineken	8.5	9.1
Kruidenier	4.4	4.1
De Kweker/ Vroegop	3.8	3.7
Hanos	3.0	3.1
Others	31.5	34.1
Total	100.0	100.0

1) Source: Foodservice monitor 2008/2009



Foodservice - Sligro Food Group

General

- Organic sales growth 7.4 % (2007: 7.1 %)
- More focus on growing market segments
- Outperformance:
 - Sligro formula
 - Process improvement delivery-service



Foodservice - Sligro Food Group

Sligro

- Sales growth 8.0%
- Focus on medium sized national accounts and regional customers
- Good development of margins through product mix and sales of private labels
- Progress in segregating cash-and-carry and delivery service activities
 - Increased quality
 - Decrease in costs
 - Client outflow decreased
- Start PLOP project
 - Reduction order picking errors to almost 0%
 - Immense improvement in productivity (- 60 FTE)
 - “Negative” investment



Foodservice - Sligro Food Group

Sligro

- Costs well under control
- Acquisition Desimo, divestment Rosenberg
- New store in Leeuwarden and major expansion in 's-Hertogenbosch
- Successful defensive program in Eindhoven
- Upgrade Emmen and Heerlen to Type II
- New delivery service location in Gilze

Foodservice - Sligro Food Group

Inversco-van Hoeckel

- More focus on segments
 - Institutional 's-Hertogenbosch
 - Restaurant chains Amsterdam
- Integration in operation Sligro/ headquarters
- Lots of new customers, loss of one big account
- Growth 1.6%

Production activities

- Combined in separate organization
- New production facility Culivers Eindhoven put into use (investment € 8.5 M)
- Gradual implementation of new production ERP system

Foodservice plans 2009

- Cash-and-carry locations:
 - Opening Roermond type II (new)
 - Upgrade and expansion Nijmegen and Deventer to type II
 - Major upgrade Arnhem and Haarlem type III
- Segregation cash-and-carry and delivery service activities in region mid-Netherlands
- ICT en administrative integration Inversco-van Hoeckel
- Sales force support model
- Further extend Culivers sales concept specifically to Sligro and Inversco-van Hoeckel



Prospects for 2009



Prospects for 2009

Economic circumstances unclear, impact on Food?

Impact on Foodservice market less than expected

Foodservice:

- Sligro Food Group will outperform market
- Organic sales development positive in 2009, as over the past 20 years

Food retail:

- Master plan Food retail finalized in march
- Golf ◇ EM-TÉ franchise ?

Prospects for 2009

Despite challenging market circumstances:

- Excellent positioning FS
- Gradual harvesting at FR

Strengthening of the financial position

- Working capital management (inventories and vendor allowances)
- Capex < depreciation and amortization
- Further decrease in debt

Annual Figures

2008

