



# Half-year figures 2007

19 july 2007



# Agenda

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- Introduction A. Slippens
- Half-year figures H. van Rozendaal
- Foodretail A. Slippens
- Foodservice K. Slippens
- Outlook for 2007 A. Slippens





Half-year figures 2007



# Profit and loss account 2007-I

	2007-I	2006-I	In-	2007-I	2006-I
	x € mln	x € mln	crease%	%	%
Turnover	960	758	26.7	100.0	100.0
Gross margin	213	155	37.5	22.2	20.5
Expenses	(162)	(112)	44.5	(16.9)	(14.8)
Other income	5	2	99.1	0.6	0.3
Ebitda	56	45	23.7	5.9	6.0
Depreciation	(15)	(12)	23.6	(1.6)	(1.6)
Amortisation	(2)	(1)	83.6	(0.2)	(0.1)
Ebit	39	32	21.5	4.1	4.3
Interest expense	(5)	(1)	190.3	0.5	(0.3)
Profit before tax	34	31	11.9	3.6	4.0
Tax	(8)	(9)	(1.8)	(0.9)	(1.1)
Profit after tax	26	22	17.3	2.7	2.9



# Segmented analysis of results 2007-I

x € mln	Food service		Food retail	
	2007	2006	2007	2006
Net turnover	641	546	319	212
Operating profit	32	20	5	10
Operating profit as % of turnover	5.1	3.8	1.6	4.9



# Segmented analysis of results 2007-I

x € mln	Retail property		Total	
	2007	2006	2007	2006
Net turnover	-	-	960	758
Operation profit	2	2	39	32
Operation profit as % of turnover	-	-	4.1	4.3



## Cashflow statement 2007-I (€ mln)

	2007	2006
From trading activities	36	42
Interest, etc.	(4)	(2)
Corporation tax	(11)	(9)
From operating activities	21	31
Acquisitions	13	(89)
Net capital expenditure on fixed assets	(43)	(11)
From investing activities	(30)	(100)
Issue/participating interests	2	2
Bank loans	(12)	47
Dividend	(10)	(18)
From financing activities	(20)	31
Movement in cash & short term borrowings	(29)	(38)
Opening balance	2	14
Closing balance	(27)	(24)



# Balance sheet

x € mln	30/06 2007	30/12 2006		30/06 2007	30/12 2006
<b>Fixed assets</b>			<b>Equity</b>	331	313
Intangible	170	154			
Tangible	256	215	<b>Provisions</b>	20	19
Retail property	32	31			
Financial	8	7	<b>Long-term debt</b>	200	212
	<u>466</u>	<u>407</u>			
<b>Current assets</b>			<b>Current liabilities</b>		
Stocks	164	150	Banks	70	41
Debtors	110	142	Creditors	95	81
Assets held for sale	6	7	Other	44	53
Cash	14	13			
	<u>294</u>	<u>312</u>		<u>209</u>	<u>175</u>
	<u>760</u>	<u>719</u>		<u>760</u>	<u>719</u>



# Summary 2007-I

Turnover	x	
	€ mln	in %
Total increase	202	26.7
Change accounting period Inversco	(6)	(0.8)
Acquisition Inversco	(53)	(7.0)
New stores EM-TÉ and Prisma	<u>(101)</u>	<u>(13.3)</u>
Organic growth of turnover	<u>42</u>	<u>5.6</u>

- Food retail up 2.7%
- Food service up 6.7%



# Summary 2007-I

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**Gross margin from 20.5% to 22.2% of turnover**

- Increase despite margin pressure in foodretail by new stores
- Consolidation impact Inversco
- Consolidation impact new stores
- Organic improvement Sligro



# Summary 2007-I

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Total costs <sup>1)</sup> from 16.5% to 18.7% of turnover

- Consolidation impact Inversco (increase)
- Consolidation impact new stores (increase)
- Non-recurring costs new stores (increase)
- Strong increase like-for-like electricity costs (increase)
- Logistical infrastructure (decrease)



<sup>1)</sup> Including depreciation and amortisation



# Summary 2007-I

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## Other income

€ 2.6 mln more bookprofits (in foodservice)

## Operating profit (ebit)

€ 39.2 mln plus 21.5% (4.3% to 4.1%)

## Increase by:

- Non-recurring costs and margin pressure (decrease)
- Management new stores can be optimised (decrease)
- Consolidation impact Inversco (increase)
- Logistical infrastructure (increase)
- Prosperous development food service activities (increase)



# Summary 2007-I

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Net profit	€ 25.6 mln (€ 21.8 mln)	+ 17.3%
Earnings per share	€ 0.59 (€ 0.52)	+ 13.5%



# Summary 2007-I

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## Cashflow from operating activities

€ 21 mln (2006: € 31 mln)

- Decrease by investments in working capital and prefinancing of store projects for franchisees

## Cashflow from investing activities

- High capital expenditure
- Net proceeds from sold/exchanged supermarkets



# Summary 2007-I

## Net interest-bearing debt

x € mln	Mid 2007	End of 2006
Gross	269.7	252.7
Free cash	<u>(14.2)</u>	<u>(13.3)</u>
	<u>255.5</u>	<u>239.4</u>

Increase by:

- High capital expenditure





Food retail



# H1 2007- Food retail

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- High consumer confidence
- Dynamic local markets due to frequent format changes
- Market growth around 3%
- Market leader accounts for large share of market growth
- Savings campaigns generate much publicity



# Supermarket positioning 2007



Summerreport 2007 GfK



# Supermarkets formats

	Number at		x € million		Index turnover	
	Mid	End of	consumer sales <sup>1)</sup>		like-for-like <sup>1)</sup>	
	2007	2006	2007	2006	2007	2006
EM-TÉ	18	18	71	72	99 <sup>2)</sup>	95
EM-TÉ new	37	12	92	0		
Golff	69	57	134	117	101	99
MeerMarkt	67	70	57	57	102	102
Attent	53	54	19	19	102	99
<b>Total</b>	<b>244</b>	<b>211</b>	<b>373</b>	<b>265</b>	<b>100</b>	<b>99</b>

<sup>1)</sup> Including VAT first half of 2007/2006

<sup>2)</sup> Impact of higher regional density



# Comparison of converted stores – H1 2007

	Edah	EM-TÉ new	EM-TÉ existing
Retail floor area m <sup>2</sup>	1,230	1,270	1,100
Average weekly consumer sales <sup>1)</sup>	100	140	150
Weekly sales per m <sup>2</sup> retail floor area	80	110	135

<sup>1)</sup> x €1,000



# Conversion of Edah to EM-TÉ/Golff

	EM-TÉ	Golff
Q4 2006	12	0
Q1 2007	14	7 <sup>1)</sup>
Q2 2007	11	7
Q3/Q4 2007	<u>25</u>	<u>4</u>
Converted	62	18
Existing	<u>18</u>	<u>57</u>
Year-end 2007	<u><u>80</u></u>	<u><u>75</u></u>

S&S Winkels will cease trading in September

<sup>1)</sup> Including two amalgamations (Bathmen and Sluis)



# Golff year-end 2007: 75 supermarkets



# EM-TÉ year-end 2007: 80 supermarkets



# Transfer of MeerMarkt/Attent to Spar

## Business plan

- Object: Greater continuity by creating a national wholesaler serving small supermarkets
- Transfer of MeerMarkt and Attent formats to Spar Holding
- 600 outlets in total
- Total wholesale turnover of around €500 million<sup>1)</sup>
- Market share 2.5%
- Current ownership: 90% Sperwer, 10% Spar retailers
- Future ownership: 45% Sperwer, 45% Sligro Food Group, 10 % Spar retailers
- Effects:
  - Sligro Food Group can focus on over 150 Golf and EM-TÉ full-service supermarkets
  - MeerMarkt/Attent will be transferred to a specialized company

<sup>1)</sup> Including €150 million from Sligro Food Group



# Transfer of MeerMarkt/Attent to Spar

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## Acquisition of shareholding

- Transfer in exchange for issue of new shares
- Sligro Food Group to buy further Sperwer shares to build 45% stake
- Sligro Food Group to dispose of MeerMarkt-related real estate
- Neutral effect on liquidity



# Transfer of MeerMarkt/Attent to Spar

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## Effect on Sligro Food Group figures

- MeerMarkt/Attent deconsolidated (reducing sales by €150 million)
- Investment result instead of profit contribution by formats
- Possible non-recurring accounting effect (non-cash)
- Increased earnings per share from synergy with Spar and focus on full-service operations by Sligro Food Group





Food service



# Foodservice

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- Foodservice market development
- Development of foodservice within Sligro Food Group
- Plans for H2 2007 and H1 2008



# Foodservice market development – H1 2007 (1)

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- Rising trend in volume and value that started in 2006 is continuing
- Hospitality trade association forecasts full-year market growth in 2007 of 4.5-5% or more, of which half is volume growth
- All segments except beverages good, especially fast food and hotels
- Weather: good start to the season, followed by poor June/July
- Healthy alternative still an issue



# Foodservice market development – H1 2007 (2)

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- Institutional market changing rapidly, due to such factors as:
  - European tendering
  - Cluster formation
  - Small-scale residential/healthcare units
  - Cook or buy?
  - Patient/customer demands



# Foodservice within Sligro Food Group

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## Sligro

- Strong like-for-like growth in both cash-and-carry and delivery-service business
- Sligro format outperforming the market
- All former VEN sites growing strongly
- Margins improving, thanks partly to better mix
- Costs well under control, with significant improvements at former VEN sites in particular
- Successful start for Sligro Hilversum (16 April 2007)
- Optimisation of new delivery-service structure introduced in 2006



# Foodservice within Sligro Food Group

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## Inversco-Van Hoeckel

- Gradual process of integration on schedule
- Frans Rienstra appointed as general manager
- Commercial effectiveness means significantly higher sales for both 'old' Inversco and 'old' Van Hoeckel
- Success with several major tenders



# Fresh Food Production

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- Comprises business units:
  - Koelvers, Eindhoven (convenience)
  - Koelvers, Amsterdam (convenience)
  - De Dis, Ter Apel (convenience)
  - SmitVis (central fresh fish depot)
  - Maison Niels de Veye (patisserie)
- Object: competitive edge and added value
- One general manager responsible for all production units
- Basis for harmonisation of various aspects (quality, controller function, IT, product development, technical services, packaging systems etc.)
- Basis for specialisation/closer focus



# Foodservice plans for H2 2007 and H1 2008(1)

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- Cash-and- carry outlets:
  - New store in Weert (pilot type II), 29 October 2007
  - Major expansion and upgrade in Vlissingen (H2 2007)
  - Major upgrade to type IV in Den Bosch (H1 2008)
  - Comprehensive upgrade in Arnhem
  - Comprehensive upgrade and expansion in Nijmegen
  - Opening of two new cash-and-carry stores in 2008
- Delivery service:
  - New delivery-service depot in Gilze serving central and west Brabant (Goirle and Riel to close), H2 2007
  - Further optimisation of delivery-service structure (quality and costs), 2007-2008
  - Expansion of Sligro/Inversco logistics capacity in Amsterdam region, 2007-2008



# Foodservice plans for H2 2007 and H1 2008(2)

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- Inversco-Van Hoeckel:
  - Completion of integration process 2007-2008
- Fresh Food Production:
  - After completion of study and decision-making phases: harmonisation of specialist food-production organisation synergy gains, 2007-2008
  - Start on converting and extending Koelvers in Eindhoven, H2 2007
  - New SmitVis site (close to Sligro Food Group head office/distribution centre), H2 2007





## Outlook for 2007



# Outlook for 2007

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- Sales in excess of €2 billion
- Rising sales in H2 2006 will make sales comparison for H2 2007 more difficult
- Conversion of 30 supermarkets
- Food retail results still held back by new stores
- Start on gradual transfer of MeerMarkt/Attent to Spar
- Possible accounting gain from transfer
- Foodservice will continue to develop strongly
- Trading update on 18 October 2007



