

Half-year figures 2008



Amsterdam, July 17th 2008



Agenda

- Welcome A. Slippens
- Half-year figures H. van Rozendaal
- Food retail A. Slippens
- Foodservice K. Slippens
- Outlook for 2008 K. Slippens



Half-year figures



Profit and loss account

	2008	2007	Delta	2008	2007
x € mln	x € mln	%	%	%	
Revenue	1078	960	12.3	100.0	100.0
Gross margin	247	213	16.1	22.9	22.2
Other operating income	6	5	9.3	0.5	0.6
Expenses	(188)	(162)	16.4	(17.5)	(16.9)
Ebitda	65	56	14.6	6.0	5.9
Depreciation/amortisation	(24)	(17)	37.5	(2.2)	(1.8)
Ebit	41	39	4.5	3.8	4.1
Interest expense	(3)	(5)	(32.6)	(0.3)	(0.5)
Profit before tax	37	34	10.0	3.5	3.6
Tax	(9)	(9)	6.3	(0.8)	(0.9)
Profit after tax	28	26	11.3	2.6	2.7

Segmented analysis of results

x € mln	Foodservice		Food retail	
	2008	2007	2008	2007
Revenue	699	641	379	319
Other operating income	3	3	1	0
Ebitda	50	43	14	11
Ebit	38	33	2	5
Ebitda as % of revenue	7.1	6.8	3.6	3.6
Ebit as % of revenue	5.4	5.1	0.5	1.6
Net capital expenditure	25.2	17.1	1.7	30.3

Segmented analysis of results

x € mln	Retail property		Total	
	2008	2007	2008	2007
Revenue	-	-	1078	960
Other operating income	2	2	6	5
Ebitda	1	2	65	56
Ebit	1	2	41	39
Ebitda as % of revenue			6.0	5.9
Ebit as % of revenue			3.8	4.1
Net capital expenditure	-7.3	0.5	19.6	47.9

Cash flow statement (€ mln)

	2008	2007
From operations	58	36
Interest etc	(5)	(4)
Corporation tax paid	(7)	(11)
From operating activities	46	21
Acquisitions/ divestments	1	13
Net capital expenditure	(18)	(43)
From investing activities	(17)	(30)
Share issue	0	2
Long-term borrowings/ associates	(15)	(12)
Dividend paid	(14)	(10)
From financing activities	(29)	(20)
Movements in cash and short-term bank borrowings	0	(29)
Balance at start of year	(29)	2
Balance at end of year	(29)	(27)

Balance sheet (before profit appropriation)

x € mln	28/06 2008	29/12 2007		28/06 2008	29/12 2007
Fixed assets					
Intangible assets	180	181	Equity	390	375
Property, plant & equipment	285	279	Provisions	27	29
Investment property	26	33	Non-current liabilities	169	184
Financial assets	39	38			
	530	531	Current liabilities		
Current assets			Banks	74	74
Inventories	184	187	Creditors	109	114
Debtors	100	116	Other	71	82
Assets held for sale	9	7			
Cash	17	17			
	310	327		254	270
	840	858		840	858

Summary 1st half-year 2008

Revenue

	2008	2007	%
Food retail	379	319	18.8
Foodservice	699	641	9.1
Total	1078	960	12.3
Organic growth	8.3%	5.6%	
Food retail	5.7%	2.7%	
Foodservice	9.2%	6.7%	

Non-organic sales growth:

Acquisition Desimo, divestment Rosenberg (FS)

New stores, transfer MM/Attent to Spar (FR)



Summary 1st half-year 2008

Gross margin from 22.2% to 22.9% of revenue

- Changed mix in operating activities:
 - Mix wholesale/retail in Food retail
 - Share EM-TÉ in Food retail turnover increased from 47% to 66%
- Organic improvement Foodservice

Summary 1st half-year 2008

	2008	2007
Rental income	1.9	2.0
Book profit on sales of assets	1.2	3.2
Fair value adjustment to property	0.2	0.2
Other	2.6	0.0
	<u>5.9</u>	<u>5.4</u>

Summary 1st half-year 2008

Total costs ¹⁾ from 18.7% to 19.7% of revenue

- Changed mix in operating activities:
 - Mix wholesale/retail in Food retail
- Disproportional increase of depreciation and amortization in Food retail (from € 6.3 mln to € 11.7 mln)

Net capital expenditure in Food retail from € 30.3 to € 1.7 mln.

¹⁾ Including depreciation and amortisation

Summary 1st half-year 2008

Ebit + 4.5% € 41 mln (4.1% to 3.8% of revenue)

Food retail	<u>2008-I</u>	<u>2007-II</u>	<u>2007-I</u>
Ebit	2.1	-0.5	5.1
Ebitda	13.8	9.6	11.4

- Compared to 2007-I many small-size stores added
- MM/Attent to Spar (Ebit approximately € 2 mln)
- No opening campaigns in 2008-I

Summary 1st half-year 2008

Ebit + 4.5% € 41 mln (4.1% to 3.8% of revenue)

Foodservice	<u>2008-I</u>	<u>2007-II</u>	<u>2007-I</u>
Ebit	37.7	54.8	32.6
Ebitda	49.7	66.5	43.5

- Compared to 2007-I improvement through strong increase in revenue and improved logistic infrastructure
- Second half is always better as a result of seasonality

Summary 1st half-year 2008

Finance income and expenses (€ mln)

	<u>2008-I</u>	<u>2007-II</u>	<u>2007-I</u>
Net finance expenses	(5.6)	(5.5)	(5.4)
Share in profits of associates	2.2	1.4	0.3
Transaction result on investment in an associate		9.4	

- Share in profits of associates higher partly as a result of Spar.
- In 2007-II non-recurring transaction result.

Summary 1st half-year 2008

Net profit € 28.5 mln (€ 25.6 mln) + 11.3 %

Earnings per share € 0.65 (€ 0.59) + 10.2 %

Summary 1st half-year 2008

Cash flow from operations: € 46 mln (2007: € 21 mln)

- Ebitda + € 9 mln (especially through “d” and “a”)
- No investments in working capital. In 2007 high investments in working capital (incl. advance financing Golf) as a result of increased level of activities.

Cash flow from investing activities: € 17 mln (2007: € 30 mln)

- Net proceeds on divestments € 1 mln (2007: € 13 mln)
- Net capital expenditure € 18 mln (2007: € 43 mln)
 - Conversion of supermarkets finalised
 - Sale of MeerMarkt real estate (€ 9 mln)
 - Capital expenditure 2008:
 - Culivers production facility
 - Sligro outlets Den Bosch (type IV), Heerlen (type II) & Leeuwarden (new location type II)

Cash flow used for reduction of debt (€ 15 mln) and payment of cash dividends (€ 14 mln)





Organisation scheme Sligro Food Group

Central distribution centre and head office in Veghel			
Foodretail		Foodservice	
EM-TÉ 84 own outlets	Golff 62 franchised supermarkets	Sligro Restaurants and bars, leisure organisations, 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 align="center">Sligro Fresh Partners</p> <p align="center">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
- Overview supermarket formats EM-TÉ and Golf
- Developments Sligro Food Group
- Focus for 2008-II

Developments in Food retail market

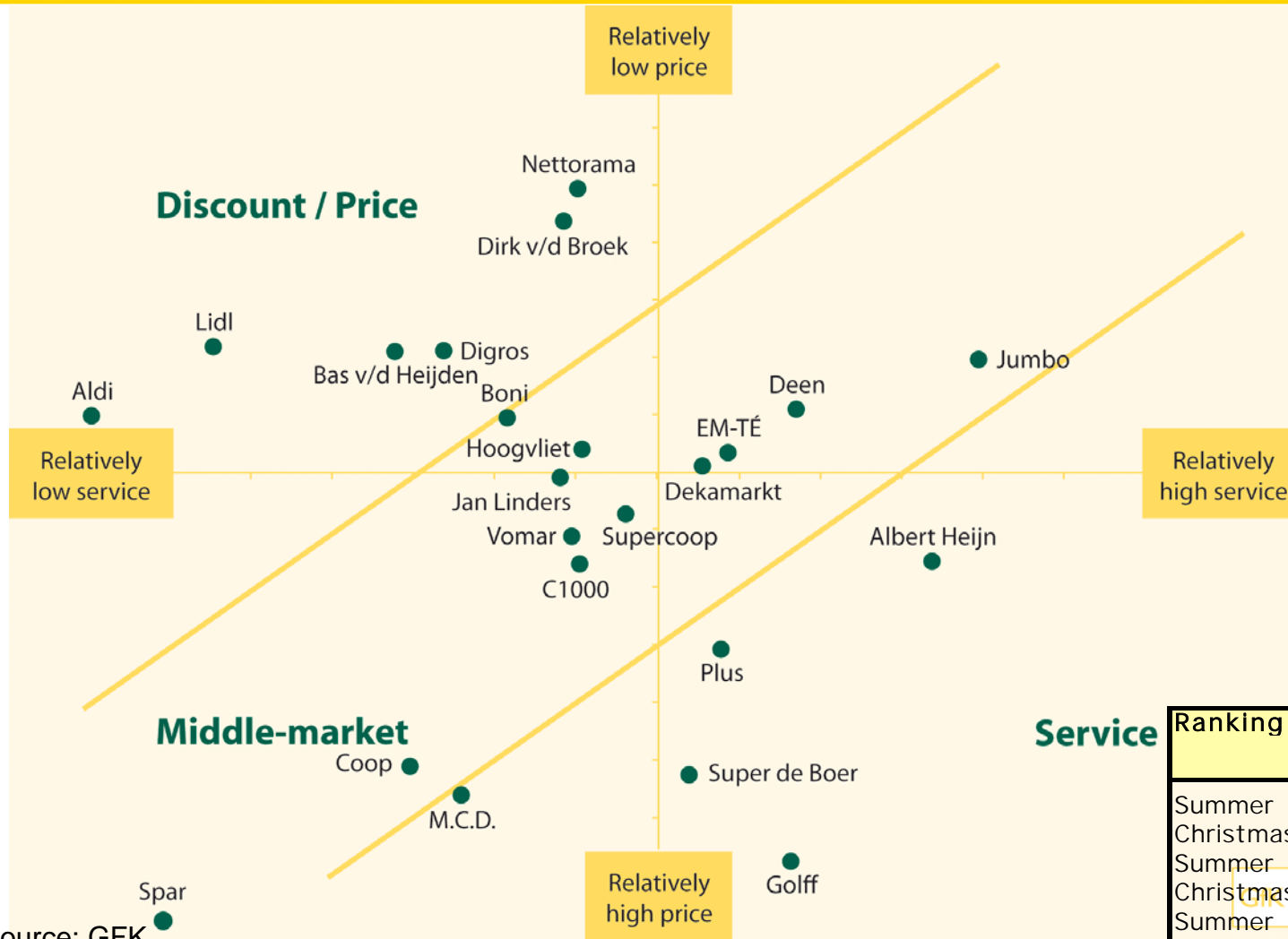
- Growth in sales: 7.7% to € 15 billion¹ growth is leveling out:
 - Q1 2008: 9.2%
 - Q2 2008: 6.0%
- Inflation confirmed by increased average receipt value +5.6%
 - Q1 2008: +7.0%
 - Q2 2008: +4.2%

Decrease in Q2 caused by increase in frequency of store-visits.

- Market leader still developing strong
- Lots of attention to loyalty programs

¹ Figures GFK

Summer report GfK 2008



Source: GfK

Ranking		EMTE	GOLFF
Summer	2006	5/6	19
Christmas	2006	10	23
Summer	2007	13/15	23
Christmas	2007	9	21
Summer	2008	7	11



Development EM-TÉ and Golff

	<u>EM-TÉ</u>	<u>Golff</u>	<u>Total</u>
Year-end 2007	80	67	147
Newly opened 2008	3	3	6
To Spar	-	-3	-3
Sold	-	-3	-3
Transfer	2	-2	0
Merged	-1	-	-1
Mid 2008	<u>84</u>	<u>62</u>	<u>146</u>

Development EM-TÉ and Golff

	number		retail space x1.000m2		x € mln Cons. sales		Index sales like-for-like	
	mid	YE	mid	YE	2008	2007	2008	2007
	2008	2007	2008	2007	2008	2007	2008	2007
EM-TÉ	84	80	96	92	273	163	107	99
Golff	62	67	51	56	145	134	105	101
Total	146	147	147	148	418	297	106	100

Development EM-TÉ and Golff

Like-for-like consumer sales (%)

	<u>Q1</u>	<u>Q2</u>	<u>2008-I</u>
EM-TÉ	6.4	7.1	6.8
Golff	6.1	3.9	4.9
Total	<u>6.3</u>	<u>5.9</u>	<u>6.0</u>
Market (GfK)	<u>9.2</u>	<u>6.0</u>	<u>7.7</u>

Food retail activities 2008-I

- Transfer MeerMarkt and Attent to Spar completed June 2008
- Re-allocation of stores between two distribution centres
- Implementation new personnel planning system (based on Sligro wholesale model)
- Implementation new store inventory management system in roll-out phase (based on Sligro wholesale model)

Food retail activities 2008-I

- Optimisation space management plans
- First steps in reduction of wastage
- Improved operational performance, though still a lot of potential for further improvement
- Growing experience in-store management
- Brand awareness EM-TÉ is gaining substance (supermarket with highest share in fresh produce)

Focus Food retail in 2008-II

- New director Food retail per September 1st: Johan Pardoel
And new director franchise: Henry van Vlerken
- Further operational improvements
- Further reduction of wastage
- Optimized logistics (set-up in distribution centres and space management plans in stores aligned)
- Store inventory management system (finalizing roll-out)
- Space management plans

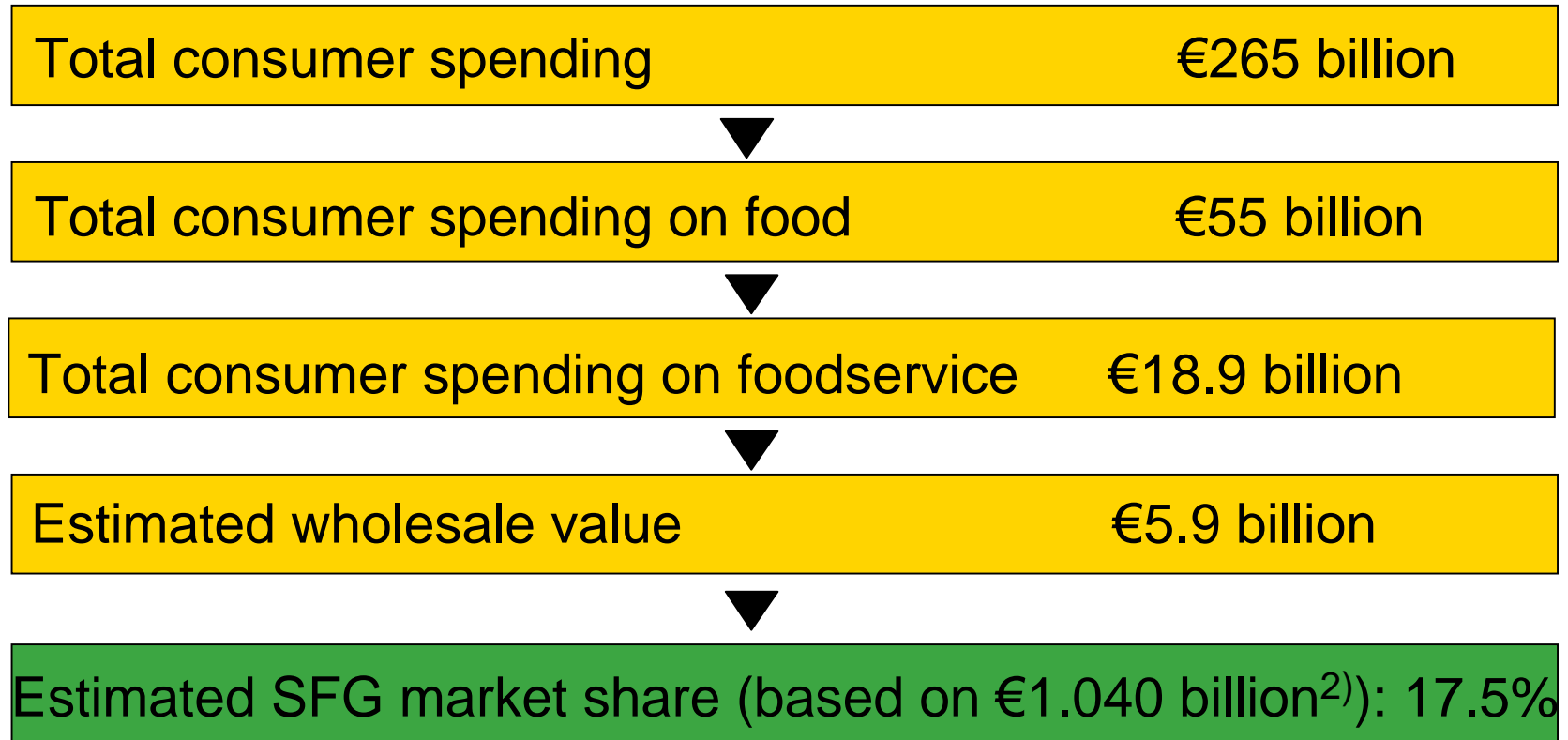
Focus Food retail in 2008-II

- Price perception
- Loyalty programs
- Customer focus
- Refining of local range policy
- Improved range mix
- Growing into the market (sales)
- More brand awareness EM-TÉ

Foodservice

- Market developments
- Developments at Sligro Food Group
- Plans for 2008-II / 2009-I

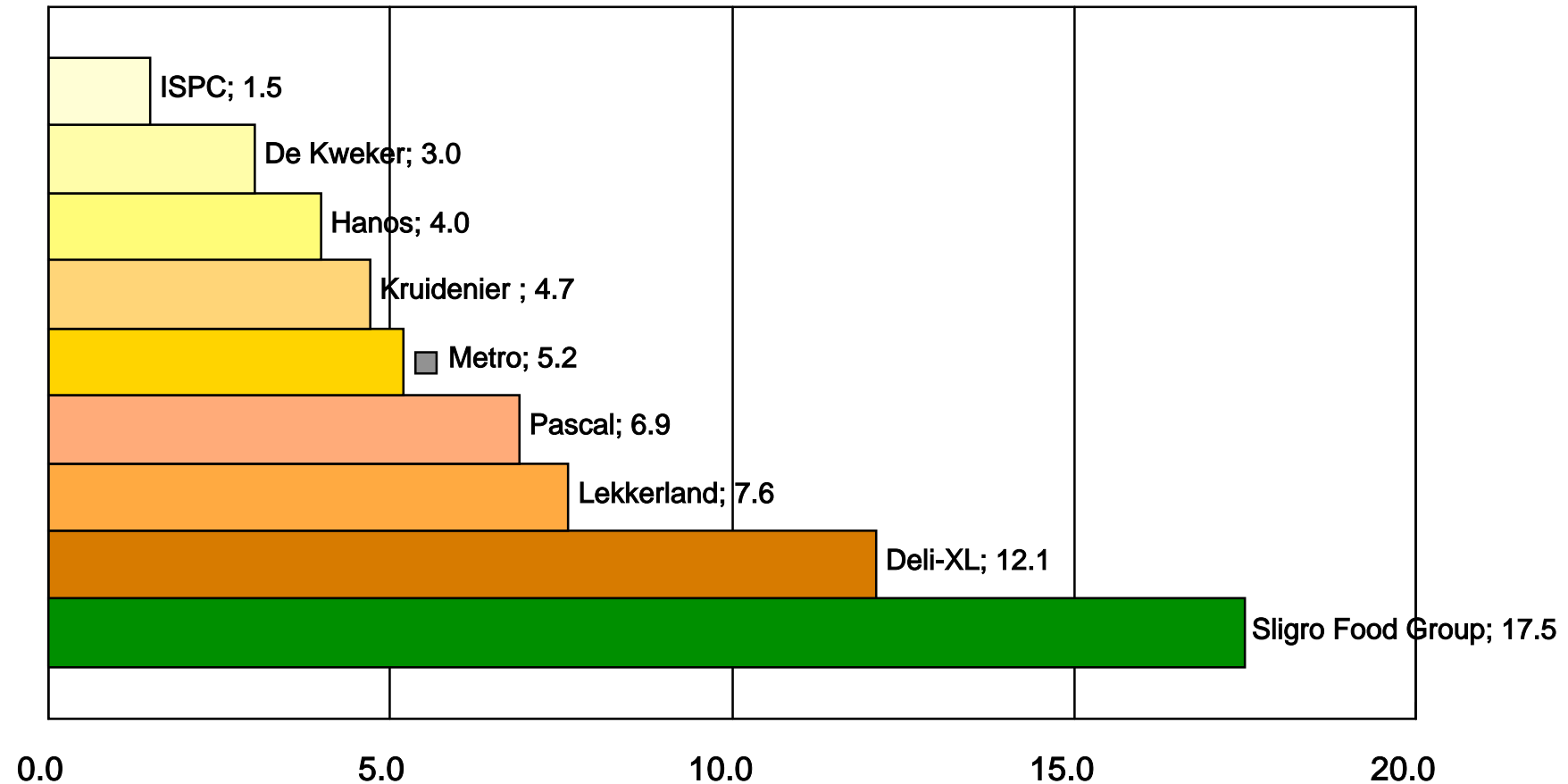
Developments in Foodservice market in 2007 ¹⁾



1) Source: Netherlands Foodservice Institute Monitor 2008

2) This is 77% of total SFG foodservice sales of €1.351 billion

Overview market shares competitors



Source: Netherlands Foodservice Institute Monitor 2008



Developments in Foodservice market in 2008-I

According to “Branch organization Hospitality & Catering” (and CBS):

- Since 2007-II, growth has leveled out
- In 2008-I this trend is confirmed (total hospitality + 2.7%)
- Part of this is explained by decreasing consumer confidence
- This trend is visible in all market segments. The first quarter has been relatively difficult for the “restaurant-segment” (+0.8%), the “hotel-segment” was doing well + 6.3 %.
- Figures on the Q2 performance of the institutional, catering and hospitality segments are not yet available.

Developments in Foodservice market in 2008-I

First indications on the second quarter:

- Weather “as usual” ◇ very bad during (early) Easter.
good during spring holidays
- Long spring holidays ◇ many people abroad
- EC Football ◇ good for beverages segment, bad for
restaurants
- Further decline in consumer confidence
 ◇ impact on total foodservice limited though
causes shifts between segments

Developments in Foodservice market in 2008-I

Outlook 2008-II:

- Continued strong purchase price increases (agro / nutrition)
- Increased costs and limitations caused by government regulation
- Non-smoking regulation for hospitality business

Altogether market growth will level out in the course of 2008-II

Developments in Foodservice market in 2008-I

The institutional segment:

- Pressure on budgets in care centres
- Managerial clustering combined with small-scale care centres
- Increased need for convenience
- Shorter stay in care centres, prolonged independent living
- Increased competition ◊ pressure on prices and margin

Sligro Food Group's Foodservice activities

General:

- Strong organic sales growth of 9.2 % outperforming the market
- Shifts in activities and turnover impact the individual Sligro and Inversco - v. Hoeckel figures

Sligro Food Group's Foodservice activities

Sligro:

- Strong organic sales growth in both cash-and-carry outlets and delivery-service
- Sligro format outperforms market development
- Further optimisation after split-up of cash-and-carry and delivery-service
- More focus on “in-store” customer in cash-and-carry
 - Higher quality in delivery-service ◊ decreased outflow
 - Increased efficiency in delivery-service (logistics & commerce)
- Good margin development through product-mix, customer-mix and sales in private brands
- Costs are well under control despite increased transportation and personnel costs
- Clustering delivery-service for the West and Middle part Brabant from Gilze
- Opening new Sligro outlet in Leeuwarden
- Continued good sales development in Sligro Amsterdam, Hilversum and Weert



Sligro Food Group's Foodservice activities

Institutional:

- Organic sales growth is good though levelling out, as a result of strong competition ◊ SFG will not enter into loss-making contracts where quality cannot be assured
- Integration Inversco – v Hoeckel within Sligro Food Group:
 - Commercial: fully operational
 - Further steps to be taken with respect to the organization, under supervision of renewed management in 2008-II: Claas van Os.
 - ICT 2008 / 2009
- As a result of the integration process there is some pressure on and intercompany shifts in results.

Sligro Food Group's Foodservice activities

Production activities:

- First phase of renovation and expansion of Culivers Eindhoven completed
- We are building two convenience sales teams incl. commercial plans
 - Intramural / hospitality
 - Extramural

Foodservice plans for 2008-II / 2009-I

Cash-and-carry outlets:

- Expansion Sligro Den Bosch with 4.000 m² fresh section and complete internal remodeling (type IV, completed July 2008)
- Expansion Sligro Emmen to become a type II outlet (completed Q4-2008)
- Expansion Sligro Heerlen to a type II outlet (completed Q3-2008)
- Start expansion Nijmegen (type II), completed 2009-I
- Start new outlet Roermond (type II), completed 2009-I
- Start rebuilding / remodeling Sligro Arnhem. (type III), completed 2009
- Start expansion Sligro Haarlem (type III), completed 2009



Foodservice plans for 2008-II / 2009-I

Delivery-service:

- Evaluating a new Sligro delivery-service location in Limburg to accommodate sales growth in the south of the Netherlands (currently handled by Maastricht and Haps)
- Expand logistic capacity Sligro / Inversco in the Amsterdam region
- Continue to professionalise the delivery-service operation

Foodservice plans for 2008-II / 2009-I

Inversco v-Hoeckel:

- Next phase in the gradual integration under supervision of renewed management
- Improvement in sales mix (convenience / fresh)
- Increase efficiency / and reduce costs in anticipation of a further increase in competition and growing cost-awareness
- Build-up of turnover in convenience for Culivers



Outlook 2008-II



Outlook for 2008-II

General:

- Market growth levelling out in both Foodservice and Food retail

Food retail:

- Continue the improvement projects started in 2008-I to increase sales and margin and reduce costs \diamond further commercial and operational optimisation.
- Expectation that like-for-like consumer sales compared to the market will improve during 2008-II compared to 2008-I
- Outflow MM/Attent > inflow EM-TÉ
- Further recovery of Ebit

Outlook for 2008-II

Food service:

- Declining sales growth compared to 2008-I as a result of general market conditions, however outperforming the market
- Expected improvement in earnings as a result of before mentioned actions, and despite increased (transportation) costs.

Financial:

- 2007-II: non-recurring non-taxable transaction result on Meermarkt/Attent ◇ Spar Holding for € 9.4 mln euro (basis for comparison!)
- October 16th trading update

Half-year figures 2008

