



# Annual Figures 2010

Amsterdam, January 27<sup>th</sup> 2011



## Agenda

- |                       |                    |
|-----------------------|--------------------|
| • Welcome             | Koen Slippens      |
| • Annual Figures 2010 | Huib van Rozendaal |
| • Food retail         | Koen Slippens      |
| • Foodservice         | Koen Slippens      |
| • Prospects 2011      | Koen Slippens      |





### Profit and loss account

	2010 x €M	2009 x €M	Delta %	2010 %	2009 %
Revenue	2,286	2,258	1.3	100.0	100.0
Gross margin	529	526	0.6	23.1	23.3
Other operating income	5	2	198.0	0.2	0.1
Expenses	(388)	(379)	2.5	(16.9)	(16.8)
Ebitda	146	149	(2.2)	6.4	6.6
Depreciation/ amortisation	(55)	(51)	7.9	(2.4)	(2.3)
Ebit	91	98	(7.4)	4.0	4.3
Interest expense	1	(0)	-	0.0	(0.0)
Profit before tax	92	98	(6.4)	4.0	4.3
Tax	(22)	(24)	(9.0)	(0.9)	(1.0)
Profit after tax	70	74	(5.5)	3.1	3.3

## Profit and loss account H1 - H2

x €M	SFG Consolidated			
	2010-II	2009-II	2010-I	2009-I
Revenue	1,171	1,172	1,115	1,086
Other operating income	2	2	3	0
Ebitda	82	88	64	61
Ebit	54	62	37	36
Ebitda as % of revenue	7.0	7.4	5.7	5.6
Ebit as % of revenue	4.6	5.3	3.3	3.3



## Segmented analysis of results

x €M	Foodservice		Food retail	
	2010	2009	2010	2009
Revenue	1,548	1,531	738	727
Other operating income	0	(0)	5	2
Ebitda	111	120	35	29
Ebit	78	92	13	6
Ebitda as % of revenue	7.1	7.8	4.8	4.0
Ebit as % of revenue	5.0	6.1	1.8	0.8
Net capital expenditure <sup>1)</sup>	34	39	7	8
Depreciation/ amortisation	(33)	(27)	(22)	(24)

1) In tangible and intangible assets



## Segmented analysis of results

### Return on capital employed

In €M	Foodservice		Food retail		Total	
	2010	2009	2010	2009	2010	2009
CE (year-end) <sup>1)</sup>	424	426	222	177	646	603
EBITDA	111	120	35	29	146	149
EBIT	78	92	13	6	91	98
<b>As % average CE</b>						
EBITDA	25.9	28.6	18.7	15.6	23.7	24.6
EBIT	18.3	22.1	7.0	3.0	14.8	16.3

<sup>1)</sup> Excluding financial assets, including Sanders (1 quarter)



## Cash flow statement (€M)


	2010	2009
From operations	128	150
Interest etc.	0	(3)
Corporate income tax paid	(21)	(24)
<b>From operating activities</b>	<b>107</b>	<b>123</b>
Acquisitions/ divestments	(41)	1
Net capital expenditure	(41)	(50)
<b>From investing activities</b>	<b>(82)</b>	<b>(49)</b>
Changes in debt	65	(31)
Dividend paid/ Re-purchase own shares	(48)	(19)
<b>From financing activities</b>	<b>17</b>	<b>(50)</b>
Movement in cash and short term bank borrowings	42	24
Balance at start of year	25	1
Balance at year-end	67	25



## Sligro Food Group N.V., Annual Figures 2010

### Balance sheet (before profit appropriation)


x €M	<u>01/01</u> <u>2011</u>	<u>02/01</u> <u>2010</u>		<u>01/01</u> <u>2011</u>	<u>02/01</u> <u>2010</u>
<b>Fixed assets</b>			Equity	500	483
Intangible assets	183	170	Provisions	33	31
Property, plant & equipment	305	285	Non-current liabilities	173	128
Investment property	16	24			
Financial assets	49	44	<b>Current liabilities</b>		
	<u>553</u>	<u>523</u>	Current portion long term debt	53	29
<b>Current assets</b>			Creditors	107	110
Inventories	195	189	Other	71	71
Debtors	110	112		<u>231</u>	<u>210</u>
Assets held for sale	12	3		<u>937</u>	<u>852</u>
Cash	67	25			
	<u>384</u>	<u>329</u>			
	<u>937</u>	<u>852</u>			



### Summary 2010

Revenue (€M)	<u>2010</u> <i>52 wks</i>	<u>2009</u> <i>52 wks</i>	<u>2009</u> <i>53 wks</i>	<u>as %</u> <i>52 wks</i>	<u>as %</u> <i>53 wks</i>
Food retail	738	712	727	3.5	1.5
Foodservice	1,548	1,506	1,531	2.8	1.1
Total	<u>2,286</u>	<u>2,218</u>	<u>2,258</u>	<u>3.1</u>	<u>1.3</u>
Organic growth <sup>1)</sup>	3.6%	5.1%			
Food retail	5.3%	6.3%			
Foodservice	2.8%	4.4%			

1) Non organic: Food retail: stores sold, Sanders acquisition (€ 25 M)



## Summary 2010

**Gross margin** down from 23.3% to 23.1% of revenue

- Altered mix of business activities:
  - -/- Growth in petrol for Foodservice (especially H1 2010)
  - -/- Sale of Inversco fruit & veg production to Smeding <sup>1)</sup>
- -/- Increased price and campaign pressures in Food Retail
- -/- Increased campaign pressures in self-service wholesale (cash & carry)
- -/- Intensive new business acquisition efforts and price squeeze for Foodservice delivery business (more growth at larger customers)

1) No effect on results



## Summary 2010

### Other operating income (x €M)

	<b>2010</b>	<b>2009</b>
Rental income	3.5	3.1
Book profit (loss) <sup>1)</sup>	1.6	(0.8)
Fair value adjustment to property	(0.3)	(0.7)
	<u>4.8</u>	<u>1.6</u>
Foodservice	(0.4)	(0.2)
Food retail	5.2	1.8

1) Book profit in FR as a result on sale of (Golf) supermarkets. Book loss in FS over € 1 M as a result on sale of one location in Amsterdam



## Summary 2010

**Total expenses** <sup>1)</sup> up from 19.1% to 19.3% of revenue

- Altered mix of business activities:
  - + Growth in petrol for Foodservice
  - + Sale of Inversco fruit & veg production to Smeding <sup>2)</sup>
- Amortisation/depreciation charges:
  - -/- Accelerated depreciation of assets in Amsterdam region (€5m in 2010)
  - + Gradual return to normal depreciation levels for Food Retail
- Projects:
  - -/- One-off costs of Greater Amsterdam project, especially in 2010 – payback starts in 2011
  - + PLOP project phase 2, gradually increasing from 2010 Q2

*1) Including depreciation and amortisation*

*2) No effect on results*



## Summary 2010

**EBIT** down 7.4% at €91m (from 4.3% to 4.0%)

Foodservice:

- Growth in petrol affects relative margin and costs
- Greater Amsterdam project: extra depreciation charge (€5m), one-off costs (€3m), €2m book loss on sale of one site plus provision recognised for costs of closure

Food Retail:

- Masterplan Food Retail implementation
- Store changes; €1.6m profit in 2010, €0.8m loss in 2009



## Summary 2010

**Finance income and expense** from -0.0% to +0.0%

	<b>2010</b>	<b>2009</b>
Net financing expense	(4.7)	(6.1)
Profits of associates	5.4	5.8

- Finance expense down due to lower average debt and interest rates



## Summary 2010

<b>Profit after tax</b>	€ 70.2 mln (€74.3 mln)	- 5.5 %
<b>Earnings per share</b>	€ 1.59 (€1.68)	- 5.4 %



## Summary 2010

**Cash flow from operating activities:** €107m (2009: €123m)

- 2010:
  - Reduction in inventories by Vemaro (€7m), of which €4m used to fund altered payment conditions applying to a supplier of tobacco products
  - One-off pension payment €6m
- 2009:
  - One-off reduction in inventories

**Cash flow from investing activities (excluding acquisitions):** -/- €41m (2009: -/- €50m)

- Investments in Amsterdam Delivery Service Centre, Nieuwegein Delivery Service Centre and 5 substantial self-service investments

**Net acquisitions:** -/- €41m (2009: + €1m)

- Sanders acquisition -/- €44m, disposals + €3m



## Summary 2010

**Net interest-bearing debt x €M**

	<b>01-01 2011</b>	<b>02-01 2010</b>
Gross <sup>1)</sup>	223	156
Free cash	(67)	(25)
Net	<u>156</u>	<u>131</u>

	<b>2010</b>	<b>2009</b>	<b>2008</b>
Free cash flow <sup>2)</sup>	<u>66</u>	<u>73</u>	<u>74</u>

**Used for:**

Dividend/ Re-purchase own shares	(48)	(19)	(14)
Acquisitions	(41)	1	(1)

<sup>1)</sup> Excluding fair value derivatives

<sup>2)</sup> 2010 includes 'one-off' payment to pension fund (€ 6 M)



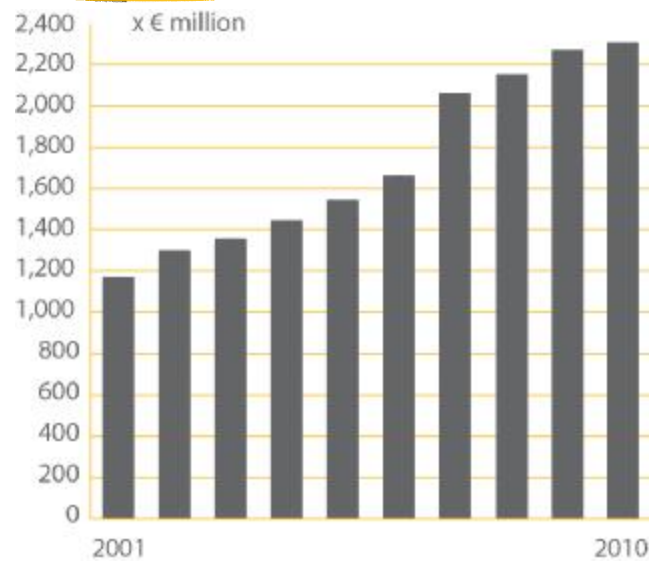
## Summary 2010

### US private placement 2010:

- 7- and 10-year dollar notes
- Counter value on conversion € 114 million
- Fixed USD interest rate (UST + 140 bp)
- Converted to a fixed euro rate of just under 3.5% (7-year loan) and just under 4.0% (10-year loan), including swap contract costs and arrangement fees

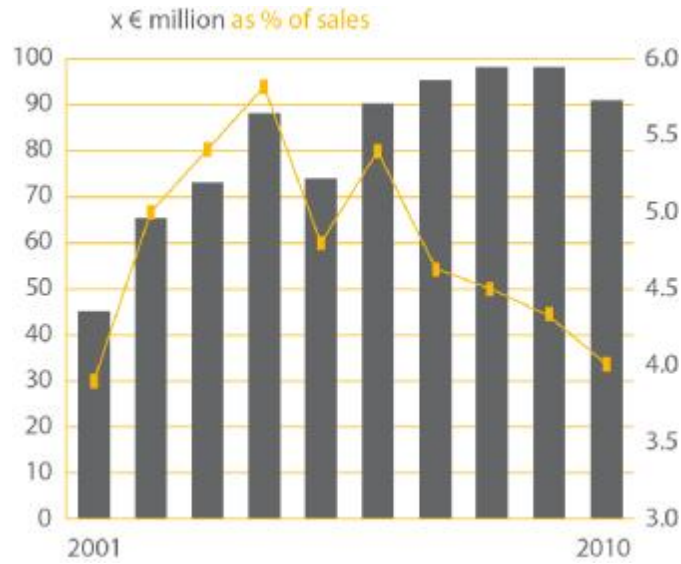


## Revenue



Sligro Food Group N.V., Annual Figures 2010

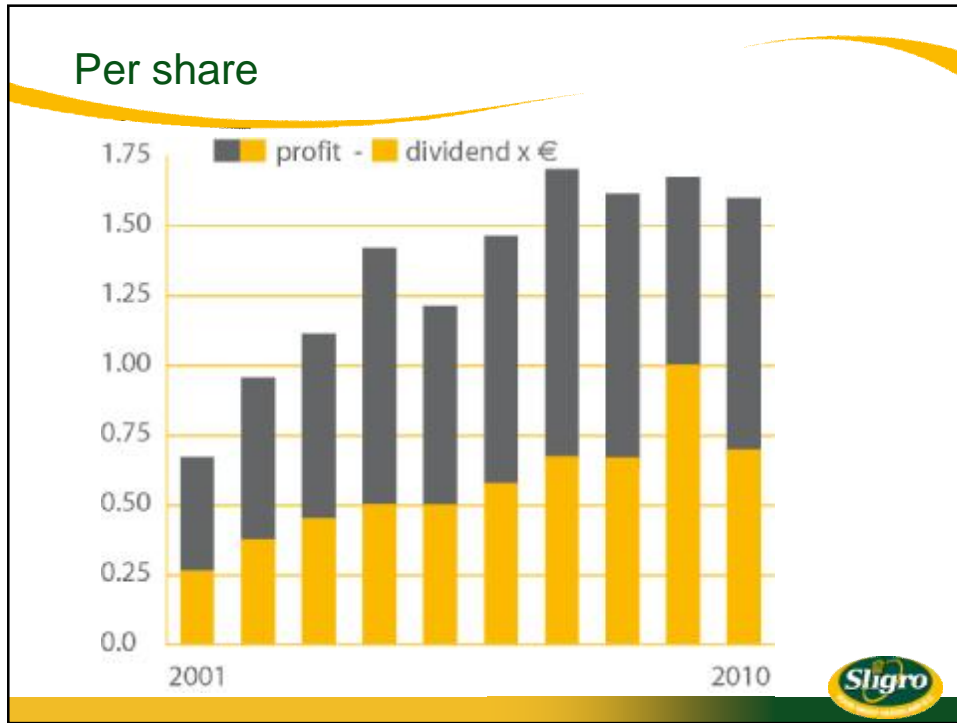
EBIT



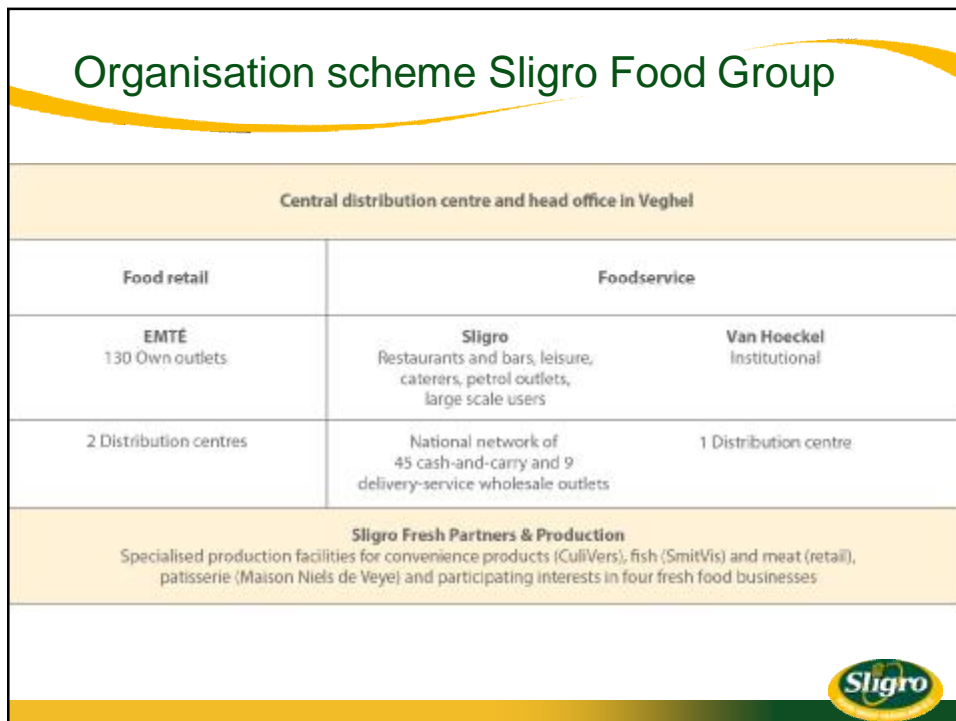
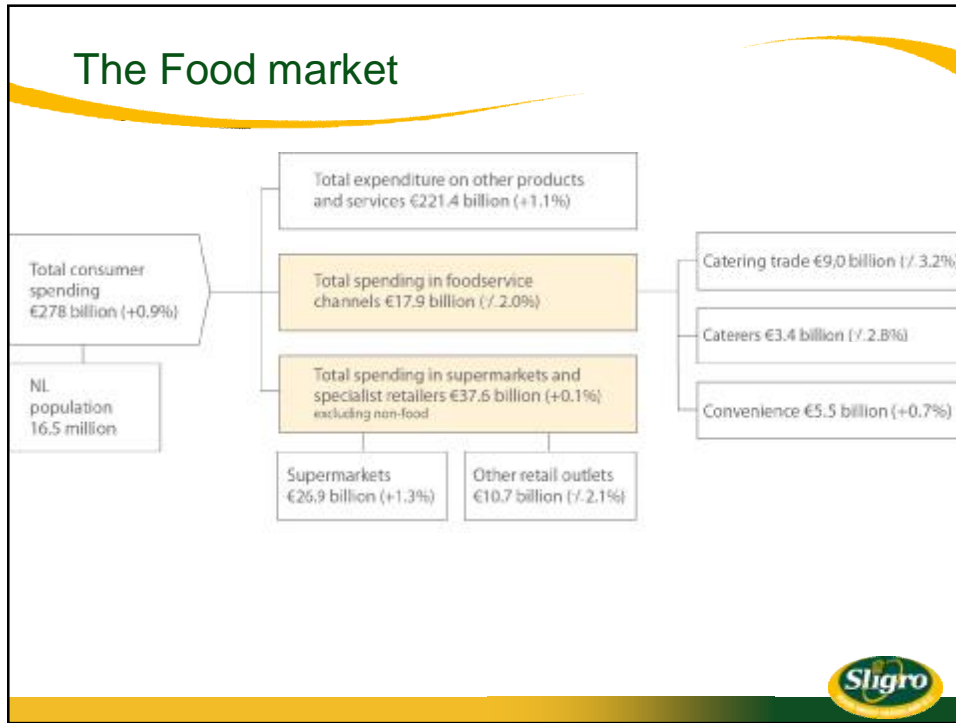
Profit after tax

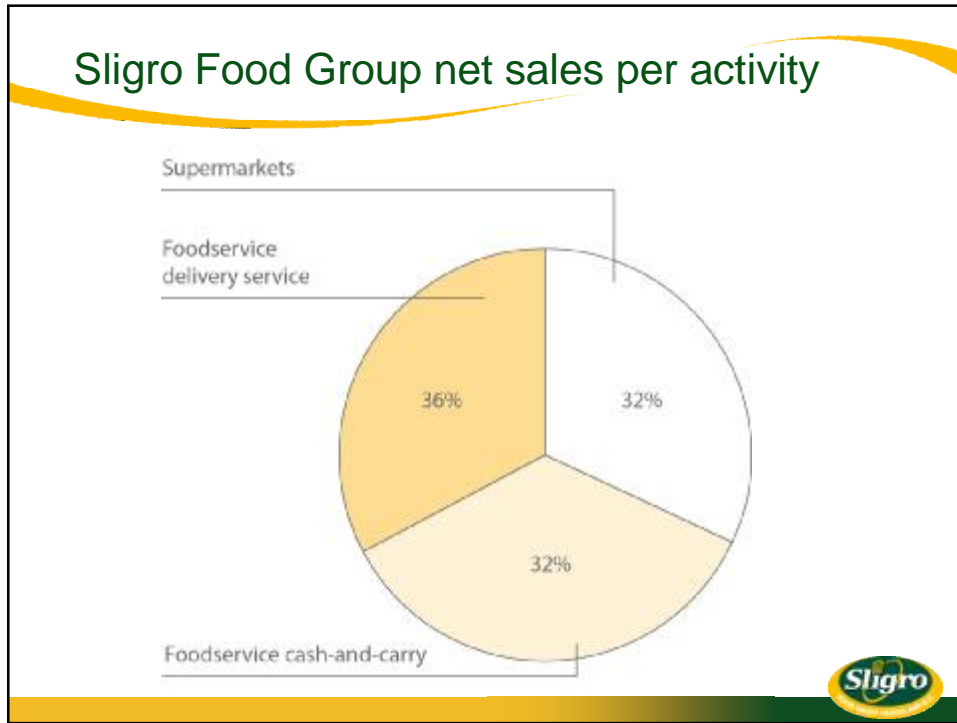


# Sligro Food Group N.V., Annual Figures 2010



# Sligro Food Group N.V., Annual Figures 2010





- ### Food retail
- Market developments
  - Food retail and Sligro Food Group
  - Plans for 2011
- 

## Food retail market in 2010

Growth figures based on 52-week year <sup>1)</sup>:

IRI	2.5%	} € approx. 2%
ACN	1.9%	
GFK	1.2%	

- Market picked up in 2010
- Switch from deflation to inflation during 2010, mainly on back of rising commodity prices
- Consumers cautious about spending, very much watching prices and special offers
- Altered competitiveness

*1) Differences mainly due to estimates for hard discounters*



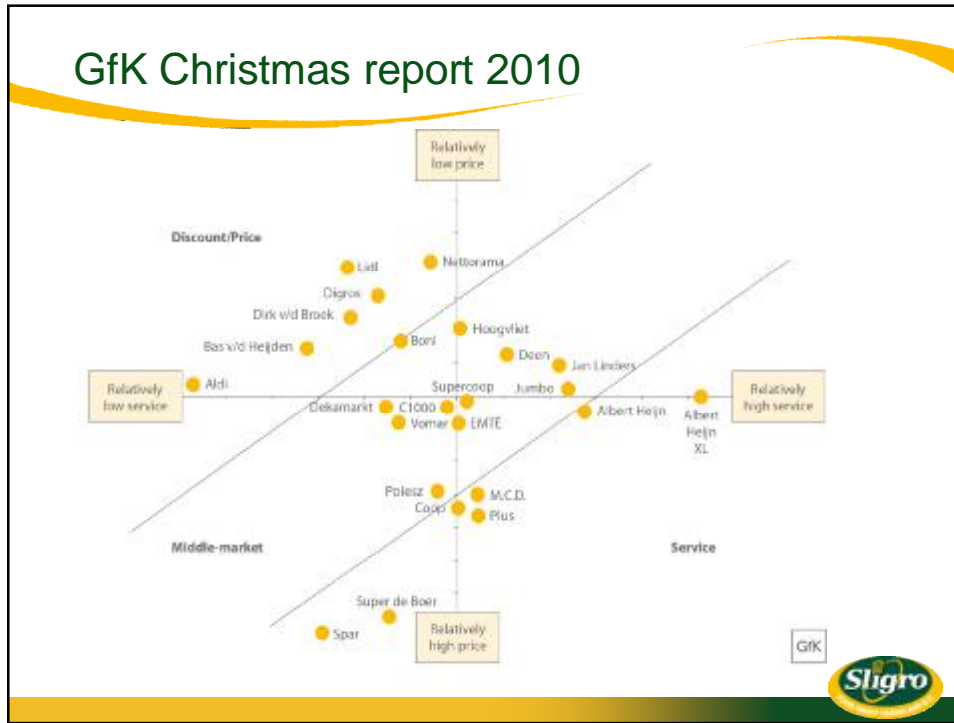
## Market share Food retail 2010

As %

Competitors <sup>1)</sup>	Market shares		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Albert Heijn	33.5	32.8	31.3
C-1000	11.5	11.7	13.2
Plus <sup>2)</sup>	6.0	6.0	6.1
Super de Boer <sup>3)</sup>	5.5	6.5	6.8
Jumbo	5.5	4.9	4.8
Hard discount <sup>4)</sup>	17.8	17.9	17.4
Sligro Food Group <sup>2)</sup>	2.7	2.6	2.7
Others <sup>5)</sup>	17.5	17.6	17.7
<b>Total</b>	<b><u>100.0</u></b>	<b><u>100.0</u></b>	<b><u>100.0</u></b>

*1) Source: Company press releases and market definition Nielsen and IRI, figures of previous years slightly adjusted, 2) Member of Superunie, all members combined account for almost 30% market share. Sanders included in Sligro Food group figures as per Q4-2010, 3) Acquired by Jumbo in December 2009, 4) Includes hard discount part Detailresult, since 01-07-2008 member of Superunie, 5) Mostly remaining members of Superunie*





### Food retail and Sligro Food Group

	growth %				
	Q1	Q2	Q3	Q4	2010
<u>Like-for-like (quarter = 13 weeks)</u>					
EMTÉ	5.7	4.6	7.4	7.0	6.1
Golff	3.0	0.0	0.9	1.8	1.4
<b>Food retail</b>	<b>4.9</b>	<b>3.4</b>	<b>5.5</b>	<b>6.3</b>	<b>5.3</b>

- Strong growth at EMTÉ for second year in a row
  - 1 in 3 EMTÉ stores grew by more than 10%
- Food Retail significantly outperformed the market, outperformance similar to 2009
- Approximately 50 stores converted to NewLook EMTÉ format (*verVerste formule*)
- Improvements under Master plan Food Retail, plan on track

## Food retail and Sligro Food Group

- Golf à EMTÉ conversion programme started
  - 12 sites converted to NewLook EMTÉ format
- Sales up by 7% in franchise stores converted to EMTÉ format <sup>1)</sup>
- Golf stores broadly matching market growth despite conversion programme
- Sanders acquisition completed at end of August, included in consolidation with effect from Q4
- Like-for-like index for Sanders stores approximately 101 in Q4
- First Sanders store converted to NewLook EMTÉ format, retaining meat department format
- EMTÉ voted best meat department in the Netherlands in GfK customer report, EMTÉ ranked no. 3 overall

1) Only like-for-like in terms of sales area



## Food retail plans for 2011

- Total integration of the Sanders stores and operations
- Almost all the group's 130 supermarkets to have NewLook EMTÉ format by end of 2011, with the emphasis on fresh produce and quality
- Continuation of successful sales strategy (mix of price and loyalty campaigns)
- Enhancement of NewLook format; '... live well'
- Further intensification of 'Our House EMTÉ' theme
- Further back-office improvements



## Foodservice

- Market developments
- Foodservice and Sligro Food Group
- Plans for 2011



## Foodservice market in 2010

- Total Foodservice market -2% (FSIN), sales in segments relevant to us - 4%
- Sligro only player achieving more than marginal growth on an organic basis
- Consumers watching spending
- Volume pressure led to stiff price competition, margins squeezed (especially on delivery service)



## Market share Foodservice 2010

As %

Competitors <sup>1)</sup>	Market shares		
	2010	2009	2008
Sligro Food Group	18.2	17.4	16.7
Lekkerland	14.5	14.8	12.0
Brewers	14.1	14.6	15.9
Deli-XL	11.0	10.9	10.7
Metro	8.9	8.8	9.4
Hanos/ISPC <sup>2)</sup>	6.2	6.4	4.1
Kruidenier	4.4	4.4	4.4
De Kweker/ Vroegop	3.8	3.7	3.8
Other	18.9	19.0	23.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

1) Source: Foodservice monitor 2010/2011

2) As of 2009 adjusted figures



## Foodservice and Sligro Food Group

### General

- Organic sales up 2.8%, clearly outperforming the market
  - Strength of Sligro self-service format and promotion programme
  - Attractive pricing
  - Intensive new-business effort for delivery service
  - Quality and standard of service provided by delivery service
- Foundation laid for strong growth and more efficient operations in years ahead
- Merging of delivery activities in Amsterdam region led to one-off integration costs (partly expected)
  - Standard of service maintained
  - Operations running smoothly
  - Targets achieved by mid-2011



## Foodservice and Sligro Food Group

### Cash and carry

- Sligro self-service format outperforms the market
  
- Intensive promotions programme, Sligro's 75th anniversary
  
- Extensive investment programme aimed at expanding and upgrading existing outlets:
  - Roosendaal (type III)
  - Doetinchem (type I)
  - Breda (type III)
  - Tilburg (type III)
  - Rotterdam South (type III)



## Foodservice and Sligro Food Group

### Delivery service

- In Amsterdam, 5 sites merged to create Amsterdam Delivery Service Centre
  - Physical merger, premises leases cancelled, sale of frozen food distribution centre
  - Total integration of Inversco into SFG systems
  - Extra depreciation charges of €5m, rental commitments and book loss on sale of frozen food distribution centre €2m plus temporary additional expenses of €3m due to integration problems
  - Expected completion, as planned, by mid-2011, resulting in sharp reduction in costs compared with old situation from then on
  - Standard of service well up again after a sharp dip
  - Scope for growth in the region



## Foodservice and Sligro Food Group

### Delivery service

- Nieuwegein Delivery Service Centre opens in May 2010
- Customer satisfaction survey among 1,000 delivery service customers:
  - Significant improvement compared with 2007, absolute level good
  - Internal priorities of improvement projects reflect customer requirements
- Vemaro supplies all delivery service outlet customers with tobacco products directly
- Van Hoeckel 2.0 development still progressing strongly, integration of Inversco institutional customer operations



## Foodservice plans for 2011

### Cash and carry

- Rollout of non-food department (more extensive rather than deeper range, attractiveness to shoppers)
- Expansion and upgrading of Sligro Tilburg to type III, upgrade and expansion of Sligro Amersfoort and Leiden, start of construction in Zwolle (year-end)
- Launch of 'Eerlijk & Heerlijk' range ('Honest & Tasty')
- E-commerce



## Foodservice plans for 2011



**eerlijk & heerlijk**  
Sligro Food Group's verantwoorde keuze...



## Foodservice plans for 2011



**biologisch**      **eerlijke handel**      **duurzaam**      **streekproduct**



[www.eerlijk-heerlijk.nl](http://www.eerlijk-heerlijk.nl)



het is heerlijk  
wanneer het  
eerlijk is

biologisch  
eerlijke handel  
streekproduct

**eerlijk & heerlijk, Sligro Food Group's verantwoorde keuze...**

Vanaf januari 2011 vindt u op deze website eerlijk & heerlijk, een duurzaam geproduceerde assortiment van vlees, die geleefd is op 4 richtspijlers en die naast mogelijk het best bewaard voedsel ook duurzame keuzes maken. Naast duurzaamheid, maar ook focus op gezondheid, waarbij we het welzijn achter de productie willen vertellen.

Want u moet natuurlijk ook weten waarvoor u koopt. Het is niet alles maar over het eten van vlees & het welzijn van de 4 richtspijlers.

eerlijk & heerlijk is vanaf januari 2011 te vinden in de Sligro vestigingen: EMT 2, winkel van de Vler Huisdier. Op deze website vindt u dan ook een uitgebreide informatie waar hoe en waarom het eten in het duurzaam assortiment van Sligro en de PFT 2. Wij helpen ook u kennis te maken met de 4 richtspijlers in 2011.

## Foodservice plans for 2011

### Delivery service

- Amsterdam region delivery service activity consolidation follow-up:
  - Transfer of customer order stream from Inversco to Sligro Slimis system
- From 2011 onwards, significant improvement in standard of service and sharp increase in profitability
- Construction of Enschede Delivery Service Centre (2011)
- Expansion of Haps Delivery Service Centre (2011)
- Paresto successfully launched
- E-commerce





### Prospects 2011

- Though not really warranted by the economic circumstances and outlook, consumers are still keeping a tight hold on their purse strings à it appears to be all 'in the mind'
- Rising inflation à due to price pressures in both segments not easily passed on
- Accelerated sales growth
  - Strength of format and standard of service
  - Paresto
  - Sanders
- Sligro Food Group will once again outperform the market in both segments
- No firm profit projections

