

# Press release 2007

## Half-year results

### Sligro Food Group posts 17% higher net profit in first half

Sligro's total net sales in the first half of 2007 were 26.7% higher at €960 million. Like-for-like sales growth was 5.6%. Net profit rose €3.8 million (17.3%) to €25.6 million.

Food retail sales were up 50.5% at €318.9 million, most of this increase being due to the conversion of mainly former Edah stores. The number of EM-TÉ stores increased with 25 to 55 in the first half-year, with 11 added in the second quarter. Average sales growth relative to the Edah level of a year ago remained unchanged at around 40%. A further 16 Golf and MeerMarkt stores were opened in the first half-year, of which 7 were in the second quarter.

Like-for-like sales by the existing food retail operations grew 2.7%. As previously reported, while the sales performance of the new supermarkets is satisfactory, their results are still hampered by additional non-recurring start-up costs and pressure on margins.

It is also taking some time to optimise management at the new stores, so wastage rates and wage costs are higher than normal. This had the effect of halving the operating profit on the food retail operations to €5.1 million and reducing the operating profit before depreciation and amortisation (EBITDA) in the first half-year by 14.3% to €11.4 million.

Sales by the food service operations were 17.5% higher at €641.1 million. Like-for-like sales grew 6.7%. A new store was opened in Hilversum in the second quarter. Further sales growth was generated by the acquisition of Inversco in May 2006. The food service operations benefited strongly from rapid sales growth, reduced pressure on margins and cost savings accruing from the new logistics infrastructure. The operating profit on food service operations was 59% higher at €32.6 million and EBITDA was up 40.8% at €43.5 million in the first half-year.



Group operating profit rose 21.5% to €39.6 million but declined as a percentage of sales from 4.3% to 4.1%. After financial income and expense and profit tax, the net profit for the first half-year was 17.3% higher at €25.6 million and earnings per share were up 13.5% at €0.59.

### Outlook

We expect the market conditions to remain relatively favourable, but the sales growth recorded in the second half of 2006 will gradually make comparison less flattering. The group plans to open around 30 new supermarkets in the second half of 2007, completing the programme of transformation of the former Edah stores. It should then be possible in the fourth quarter to start transferring the MeerMarkt and Attent formats to Spar Holding, as recently announced. The group's food retail business will then consist of some 150 full-service supermarkets under the Golf and EM-TÉ banners.

Group sales for 2007 will pass the €2 billion mark.

As in the first half, the food retail results in the second half of 2007 will again be held back by the new stores. In 2008, however, we shall be able to concentrate all our attention on optimising the new outlets.

Foodservice will continue to develop strongly and is on track to post its best-ever annual results. There are plans to increase the number of Sligro cash-and-carry wholesale outlets still further. A new foodservice distribution centre in Gilze, which will serve a large proportion of the client base in central and western Brabant, is to open shortly.

A presentation on the half-year figures will be given at a press conference and analysts' meeting today. The presentation is posted on [www.sligrofoodgroup.com](http://www.sligrofoodgroup.com). The trading update for the third quarter will be published on 18 October.

A conference call will be hosted at 15.30 hours CET.

Veghel, 19 July 2007

Sligro Food Group N.V.

A.J.L. Slippens

H.L. van Rozendaal

Tel. +31 413 343 500

[www.sligrofoodgroup.com](http://www.sligrofoodgroup.com)

### Annexes:

1. Consolidated profit and loss
2. Consolidated cash flow statement
3. Consolidated balance sheet
4. Consolidated statement recognised income and expense
5. Other analyses

## Annex 1

# Consolidated profit and loss account for the first half of 2007

(x €1,000)

	2007	2006	Increase %
<b>Revenue</b>	960,005	757,681	26.7
Cost of sales	746,826	602,628	23.9
<b>Gross margin</b>	<b>213,179</b>	<b>155,053</b>	<b>37.5</b>
Other operating income	<b>5,380</b>	<b>2,702</b>	<b>99.1</b>
Staff costs	(93,410)	(64,977)	43.8
Premises costs	(23,067)	(13,790)	67.3
Selling costs	(10,023)	(7,673)	30.6
Logistics costs	(29,232)	(20,938)	39.6
General administrative expenses	(6,355)	(4,720)	34.6
Depreciation of property, plant & equipment	(15,114)	(12,227)	23.6
Amortisation of intangible assets	(2,152)	(1,172)	83.6
Total operating expenses	<b>(179,353)</b>	<b>(125,497)</b>	<b>42.9</b>
<b>Operating profit</b>	<b>39,206</b>	<b>32,258</b>	<b>21.5</b>
Finance income	275	332	(17.2)
Finance expense	(5,675)	(2,621)	116.5
Share in profits of associates	323	540	(40.2)
<b>Profit before tax</b>	<b>34,129</b>	<b>30,509</b>	<b>11.9</b>
Tax	(8,532)	(8,688)	(1.8)
<b>Profit for the first half</b>	<b>25,597</b>	<b>21,821</b>	<b>17.3</b>
<b>Attributable to shareholders of the company</b>	<b>25,597</b>	<b>21,821</b>	<b>17.3</b>

### Figures per share

	€	€	Increase %
Basic earnings per share	0.59	0.52	13.5
Diluted earnings per share	0.59	0.52	13.5

## Annex 2

# Abridged consolidated cash flow statement for the first half of 2007

(x €1,000)

	2007	2006
Net cash generated from operations	36,494	42,618
Interest received	275	332
Dividend received from associates	520	376
Interest paid	(5,048)	(2,679)
Corporation tax paid	(11,031)	(9,208)
<b>Net cash flow from operating activities</b>	<b>21,210</b>	<b>31,439</b>
Acquisitions	(10,259)	(89,530)
Sale of associates/group companies	22,946	0
Capital expenditure on property, plant and equipment/investment property	(45,372)	(15,791)
Receipts from disposal of property, plant and equipment/investment property	2,490	4,852
Repayments by associates	234	234
<b>Net cash flow from investing activities</b>	<b>(29,961)</b>	<b>(100,235)</b>
Share issue	1,777	1,634
Long-term borrowing	0	50,000
Repayment of long-term debt	(11,850)	(2,635)
Dividend paid	(9,730)	(18,091)
<b>Net cash flow from financing activities</b>	<b>(19,803)</b>	<b>30,908</b>
Movement in cash, cash equivalents and short-term bank borrowings	<b>(28,554)</b>	<b>(37,888)</b>
Balance at start of year	1,499	13,898
<b>Balance at the first half</b>	<b>(27,055)</b>	<b>(23,990)</b>

## Annex 3

## Consolidated balance sheet as at 30 June 2007

(x €1,000)

<b>ASSETS</b>	<b>30-06-2007</b>	<b>30-12-2006</b>	<b>01-07-2006</b>
Goodwill	134,131	134,131	135,131
Other intangible assets	36,315	20,004	9,417
Property, plant & equipment	256,505	214,959	200,720
Investment property	31,538	30,804	30,504
Investments in associates	4,622	4,726	3,234
Other financial assets	3,008	2,688	2,886
<b>Total non-current assets</b>	<b>466,119</b>	<b>407,312</b>	<b>381,892</b>
Inventories	163,673	150,379	148,907
Trade and other receivables	81,363	82,940	67,053
Other current assets	28,057	58,584	5,485
Assets held for sale	6,167	6,705	12,025
Cash and cash equivalents	14,198	13,346	11,929
<b>Total current assets</b>	<b>293,458</b>	<b>311,954</b>	<b>245,399</b>
<b>TOTAL ASSETS</b>	<b>759,577</b>	<b>719,266</b>	<b>627,291</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Paid-up and called capital	2,587	2,545	2,539
Reserves attributable to shareholders of the company	328,869	310,292	269,599
	<b>331,456</b>	<b>312,837</b>	<b>272,138</b>
<b>Liabilities</b>			
Deferred tax liabilities	12,806	12,473	15,022
Employee benefits	5,899	5,899	6,358
Other provisions	1,116	1,159	1,062
Bank borrowings	199,698	212,141	164,663
<b>Total long-term liabilities</b>	<b>219,519</b>	<b>231,672</b>	<b>187,105</b>
Current portion of long-term debt	28,714	28,714	13,650
Short-term bank borrowings	41,253	11,847	35,919
Trade and other payables	94,565	81,048	83,283
Corporation tax	1,006	3,505	912
Other taxes and social security contributions	10,640	14,146	10,617
Short-term provisions	2,363	2,238	2,091
Other liabilities, accruals and deferred income	30,061	33,259	21,576
<b>Total current liabilities</b>	<b>208,602</b>	<b>174,757</b>	<b>168,048</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>759,577</b>	<b>719,266</b>	<b>627,291</b>

## Annex 4

# Abridged consolidated statement of movements in shareholders' equity for the first half of 2007

(x €1,000)

	Paid-up and called capital	Shared premium	Other reserves	Revaluation reserve	Hedging reserve	Profit before appropriation	Total
<b>Balance as at 30-12-2006</b>	<b>2,545</b>	<b>29,439</b>	<b>213,684</b>	<b>5,276</b>	<b>(186)</b>	<b>62,079</b>	<b>312,837</b>
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)
Profit after tax					975	25,597	26,572
<b>Balance as at 30-06-2007</b>	<b>2,587</b>	<b>31,174</b>	<b>266,033</b>	<b>5,276</b>	<b>789</b>	<b>25,597</b>	<b>331,456</b>

## Consolidated statement of recognised income and expense for the first half of 2007

(x €1,000)

	2007	2006
Movement in cash-flow hedge of long-term loan	975	190
Actuarial results of defined-benefit plans	0	1,086
Income and expense recognised directly in shareholders' equity	975	1,276
Profit for the first half	25,597	21,821
<b>Total recognised income and expense for the first half</b>	<b>26,572</b>	<b>23,097</b>
<b>Attributable to shareholders of the company</b>	<b>26,572</b>	<b>23,097</b>

## Annex 5

# Other financial analyses for the first half of 2007

### Segment information

(x € million)

	Foodservice		Foodretail		Retail property		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Revenue	641.1	545.8	318.9	211.9	0	0	960.0	757.7
Other operating income	3.4	0.9	0.3	0.2	1.7	1.6	5.4	2.7
Operating profit	32.6	20.5	5.1	10.3	1.5	1.5	39.2	32.3
Operating profit as percentage of sales	5.1	3.8	1.6	4.9			4.1	4.3
Operating profit before depreciation and amortisation (EBITDA)	43.5	30.9	11.4	13.3	1.6	1.5	56.5	45.7

### Other operating income

(x € million)

	2007	2006
Rental income	2.0	1.9
Book profit on disposals	3.2	0.6
Fair value adjustment investment property	0.2	0.2
	<b>5.4</b>	<b>2.7</b>

### Capital expenditure of property, plant & equipment <sup>1)</sup>

(x € million)

	2007	2006
Capital expenditure	50.4	17.8
Sales <sup>2)</sup>	(2.5)	(4.3)
	<b>47.9</b>	<b>13.5</b>

<sup>1)</sup> On a transaction basis

<sup>2)</sup> At bookvalue

# Profile

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

## Food retail

The group's food retail operations are currently in a transformation phase. By the end of 2007:

- Prisma Food Retail B.V. will be supplying around 75 Golff full-service supermarkets operated by independents;
- EM-TÉ Supermarkten B.V. will be operating around 80 full-service supermarkets, most of which will be located in the central and southern regions of the Netherlands.

## Foodservice

- Sligro B.V. supplies restaurants and bars, volume users, company caterers and small and medium-sized enterprises, offering both cash-and-carry and delivery services from 43 large cash-and-carry stores and 10 distribution centres.
- Inversco-Van Hoeckel supplies short-life and long-life perishables, convenience products and groceries to institutional clients in the non-profit sector (hospitals, nursing and care homes and residential homes for the elderly) and large chains in the hospitality sector.

To preserve its competitive edge and add value for customers, part of the perishables range is produced in-house: Koelvers/De Dis produces meals and meal components in Eindhoven, Amsterdam and Ter Apel, SmitVis is a specialist fish processor and packer in Veghel and Maison Niels de Veye creates superior patisserie products in Diemen. Inversco also has its own meat-processing plant Stalknecht and vegetable processing centre Kramer & Zn. Interests in vegetable centre O. Smeding & Zn., butchers Slagerij Kaldenberg, poultry producers M. Ruig & Zn. and bakers G. Verhoeven Bakkerij complete the picture.



We endeavour to keep around 60,000 lines – food, short-life and long-life perishables and food-related non-food items – in stock at all times, assuring our customers in the food retail and foodservice market of prompt service.

CIV Superunie B.A., which has a share of around 30% of the Dutch supermarket sector, handles the buying of Sligro's food retail products. Given its size, the group buys foodservice products itself.

Sligro Food Group companies seek actively to share expertise and utilise the substantial scope for economies of scale. Joint purchasing and joint use of exclusive brands, combined with direct and detailed margin management, mean gross margins are rising. Operating expenses are kept in check by ongoing tight cost control and a joint integrated 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 regard.

Sligro Food Group aims to be a dependable, high-quality company achieving managed growth in all its activities and for all its stakeholders. Sales in 2006 totalled €1,661 million and net profit was €62 million. The average number of employees on a full-time-equivalent basis was almost 3,700. Sligro Food Group shares are listed on NYSE Euronext.