



Sligro Food Group N.V.

HALF-YEAR REPORT

Sligro Food Group 2015

Sligro Food Group net profit € 29 million

Net profit for the first six months was €29 million, up 7.4% compared with the corresponding period in 2014. Sales in the first half of 2015 amounted to €1,274 million, an increase of 1.1% on H1 2014. On a like-for-like basis, sales growth was 0.5%.

KOEN SLIPPENS, CEO:

'The macroeconomic indicators point to further recovery in the Dutch market. In the supermarket channel we are already seeing signs of this and sales continue to pick up. There is also a certain amount of recovery in the foodservice market but it is still rather sluggish. Our 'Kick the Costs' programme is now well underway and is showing visible results, which forms an important basis for profitability improvement. All in all we can look back on an encouraging first half of 2015, especially when one considers the incidental gains in 2014.'

KEY FIGURES

	x € million		Change
	2015	2014	in %
Net sales	1,274	1,260	1.1
Like-for-like sales growth, Foodservice in %	0.8	4.0	
Like-for-like growth, EMTÉ in %	0.7	(0.8)	
Like-for-like sales growth, Group in % ¹	0.5	2.1	
Gross operating profit (EBITDA)	65	65	0
Operating profit before amortisation (EBITA)	46	44	4.5
Operating profit (EBIT)	37	35	5.7
Net profit	29	27	7.4
Free cash flow	11	(6)	283.3
Shareholders' equity (mid-year-end)	573	545	5.1
Net interest-bearing debt (mid-year-end)	63	112	(43.8)
Earnings per share (x € 1)	0.66	0.61	

1) excluding tobacco products

RESULTS

The gross margin increased by €3 million to €288 million. The gross margin as a percentage of sales declined by 0.1 of a percentage point to 22.6%, principally as a consequence of changes in the mix.

Costs were down by €2 million, at €252 million. The 2014 figures included a relatively large proportion of incidental items having the overall effect of reducing costs somewhat. As a percentage of sales, costs in 2015 were nevertheless down by 0.4 of a percentage point at 19.8%.

Other operating income was down by €3 million, at €1 million. In contrast to 2014, we did not dispose of any property or stores in the first six months this year, so no results from such transactions are included.

The operating profit before amortisation was €46 million, representing an increase of €2 million compared with last year. It should also be mentioned that the incidental gains were down by €4 million compared with last year. As a percentage of sales, this means an increase of 0.1 of a percentage point to 3.6%.

FOOD RETAIL

Net sales were down by 0.2% (Q2: equal to last year). The like-for-like consumer sales were up by 0.7% (Q2: 0.3%). We therefore lagged behind the market, although we did see an improving trend for EMTÉ during the second quarter. The operating profit before amortisation rose by €5 million to €9 million. Allowing for incidental expenses, which last year depressed the results by €3 million, there was an improvement of €2 million.

Having previously been crowned for the fifth time for having the Best Meat Department, EMTÉ was recently voted the supermarket with the Best Cheese Department for the third time. Last year a lot of hard work went in to developing the new-generation EMTÉ 3.0 format. The current store format was developed around seven years ago and is due for an update. We expect to have the first pilot stores converted by this autumn.

FOODSERVICE

Net sales for Foodservice were up by 1.8% (Q2: 0.2%). The organic sales growth was 0.8% (Q2: -0.4%). We had a strong comparison basis to contend with in the second quarter and we also lost two relatively large customer accounts in the fourth quarter of last year.

The operating profit before amortisation decreased by €3 million to €37 million. Allowing for the incidental items last year, which had the net effect of lifting profits in 2014 by €7 million, there was an improvement of €4 million in 2015. This underlying improvement is partly attributable to progress with the 'Kick the Costs' programme. Our Sligro 3.0 concept is a success and is being rolled out at considerable speed.

BELGIUM

In recent months we have been bringing to a conclusion the study of our position in the Belgian foodservice market identifying the associated threats and opportunities. Our starting position was that we had to be able to secure a top-three position in the fullness of time. Based on our study we believe that there are opportunities for Sligro to establish a position in Belgium with a combination of cash & carry outlets and delivery service. We shall be concentrating over the next few years on growing organically in Belgium and the start-up of two new type IV outlets with delivery facilities in Flanders. We expect to open the first of these in the autumn of 2016. Our starting point for this venture will be the Sligro 3.0 brand strategy, adapted to the Belgian market in certain respects. We shall be using the central systems and back-office in the Netherlands where possible, creating considerable opportunities for synergy. We shall also be setting up a small headquarters in Belgium to manage day-to-day operations, which will look after local sales activities in particular. Under the leadership of our country manager for Belgium, a detailed business case has already been drawn up which will be further developed and put into operation by a broad-based team of Sligro people in the months ahead.

The combination of capex on the planned outlets coupled with start-up losses will require an investment of around €30 million over the next 3 to 4 years. We expect that the operation will be profitable three years after opening and ultimately that this will grow to a level of profitability comparable to that in the Netherlands.

DIVIDEND

In 2014 we started paying an interim dividend which, in principle, will be set at half of the finalised dividend for the preceding year. Based on the half-year figures for 2015, it has been decided to distribute an interim dividend for 2015 of €0.40. This interim dividend will be made payable on Thursday, 1 October. The ex-dividend date will be Monday, 21 September 2015, and the record date will be Tuesday, 22 September 2015.

FINANCIAL POSITION

The Group's financial position remains as strong as ever, enabling us to invest sustainably in maintaining and growing our physical and ICT infrastructure and overhauling our marketing formats. The conversion of our Sligro outlets to the Sligro 3.0 identity is still in full swing.

OUTLOOK

We expect the economic recovery to continue through the rest of 2015 but, as already mentioned, progress will be gradual. Consumers are still careful what they spend and are very much on the lookout for savings and special offers. The food retail market as a whole is expected to maintain the recovery seen in the first half whereas the trend in the foodservice market overall is still rather hesitant. At Sligro we are continuing to develop our network of outlets, with the programme of conversion to Sligro 3.0 and the opening of two new cash & carry stores, in Almere and Utrecht. We are continuing to work on the detail of our plans for Belgium and the integration of the CaterTech acquisition announced last week.

At EMTÉ, this year sees the completion of our long-term plan and we are working on a next generation format as the 'tastiest supermarket' in the Netherlands. We shall also be opening a few pilot stores using the next generation format and, if these are a success, the other stores will be upgraded as part of the normal store maintenance programme.

The 'Kick the Costs' programme is ongoing and we shall be seeing further benefits of this in the second half of the year as well. The 2015 financial year has 53 weeks. This means additional sales of approximately €50 million which will also contribute to results.

In our 2014 annual report we described the main risks and uncertainties. There have been no material changes in this regard. We are not making any firm predictions regarding the profit for the year as a whole.

A presentation of the half-year figures will be given today in a press conference and a meeting for analysts. The presentation can be found on our corporate website www.sligrofoodgroup.com. The trading update on the third quarter is due to be published on 15 October.

Veghel, 16 July 2015

On behalf of the Executive Board of Sligro Food Group N.V.

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**SCAN THE QR-CODE FOR NOTES
ON THE HALF-YEAR FIGURES.**



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DIRECTORS' statement

In accordance with statutory provisions, the directors state that, to the best of their knowledge:

1. The interim financial statements, as shown on pages 5-11 of this report, provide a true and fair view of the assets, liabilities, financial position and result for the first half-year of Sligro Food Group N.V. and its subsidiaries included in the consolidated statements.
2. The interim report, as shown on pages 1-3 of this report, provides a true and fair view of the position at the balance sheet date and the business conducted during the first half of the financial year of Sligro Food Group N.V. and its subsidiaries, details of which are contained

in the interim financial statements. The interim report also provides a true and fair view of the expected course of business, the investments and the circumstances affecting sales and results.

K.M. Slippens, directievoorzitter

R.W.A.J. van der Sluijs, CFO

W.J.P. Strijbosch, directeur Foodservice

Consolidated profit and loss account

for the first half of 2015

(x € million)

	2015	2014	2013
Net sales	1,274	1,260	1,229
Cost of sales	(986)	(975)	(949)
Gross margin	288	285	280
Other operating income	1	4	2
Staff costs	(136)	(133)	(133)
Premises costs	(30)	(32)	(31)
Selling costs	(11)	(12)	(12)
Logistics costs	(38)	(38)	(35)
General and administrative expenses	(9)	(9)	(10)
Impairments		(2)	(0)
Depreciation of property, plant and equipment	(19)	(19)	(20)
Amortisation of intangible assets	(9)	(9)	(7)
Total operating expenses	(252)	(254)	(248)
Operating profit	37	35	34
Finance income and expense	(2)	(2)	(2)
Share in result of associates	2	0	1
Profit before tax	37	33	33
Tax	(8)	(6)	(7)
Profit for the first half year	29	27	26
Attributable to shareholders of the company	29	27	26
Figures per share	€	€	€
Basic earnings per share	0.66	0.61	0.60
Diluted earnings per share	0.66	0.61	0.60

Consolidated statement of recognised income and expense

for the first half of 2015

(x € million)

	2015	2014	2013
Profit for the year	29	27	26
Items never recognised in the profit and loss account:			
Actuarial gains and losses on defined-benefit plans, net of tax		(3)	(1)
Items recognised or which may be recognised in the profit and loss account:			
Effective part of movements in the fair value of cash flow hedge of long-term loans, net of tax	2	(2)	(1)
Income and expense recognised directly in shareholders' equity	2	(5)	(2)
Recognised income and expense for the first half of	31	22	24
Attributable to shareholders of the company	31	22	24

Abridged consolidated cash flow statement

for the first half of 2015

(x € million)

	2015	2014	2013
Net cash generated from operations	67	57	57
Interest received	(2)	(2)	(2)
Dividend received from associates	1	2	3
Corporate income tax paid	(21)	(21)	(22)
Net cash flow from operating activities	45	36	36
Acquisitions/investments	0	(16)	(18)
Sale of associates/operations			0
Capital expenditure on property, plant and equipment/investment property/assets held for sale	(28)	(36)	(16)
Receipts from disposal of property, plant and equipment/investment property/assets held for sale	0	7	2
Capital expenditure on intangibles	(6)	(13)	(2)
Loans to associates	0	(5)	0
Repayments by associates	0	0	0
Net cash flow from investing activities	(34)	(63)	(34)
Repayment of long-term borrowings	0	0	0
Movement of own shares	3	(0)	(3)
Dividend paid	(31)	(46)	(46)
Net cash flow from financing activities	(28)	(46)	(49)
Movement in cash, cash equivalents and short-term bank borrowings	(17)	(73)	(47)
Opening balance	74	135	102
Balance of the first half year	57	62	55

Consolidated balance sheet

as at 27 June 2015

(x € million)

ASSETS	27-06-2015	27-12-2014	28-06-2014
Goodwill	126	126	126
Other intangible assets	68	72	77
Property, plant and equipment	311	295	301
Investment property	15	15	15
Investments in associates	46	45	46
Other financial assets	21	9	6
Total non-current assets	587	562	571
Inventories	204	213	200
Trade and other receivables	121	146	129
Other current assets	10	9	9
Corporate income tax	13	0	12
Assets held for sale	7	8	7
Cash and cash equivalents	57	74	62
Total current assets	412	450	419
Total assets	999	1,012	990
EQUITY AND LIABILITIES	27-06-2015	27-12-2014	28-06-2014
Paid-up and called capital	3	3	3
Reserves	570	567	542
Total shareholders' equity attributable to shareholders of the company	573	570	545
Deferred tax liabilities	27	27	30
Employee benefits	4	4	4
Other provisions	0	0	0
Long-term borrowings	134	124	121
Total long-term liabilities	165	155	155
Current portion of long-term borrowings			53
Bank borrowings	0	0	0
Trade and other payables	182	200	159
Other taxes and social security contributions	37	33	34
Other liabilities, accruals and deferred income	42	54	44
Total current liabilities	261	287	290
Total equity and liabilities	999	1,012	990

Consolidated statement of movements in shareholders' equity

for the first half of 2015

(x € million)

	Paid-up and called capital	Share premium	Other reserves	Revaluation reserve	Hedging-reserve	Reserve for own shares	Total
Balance at 28-12-2013	3	31	551	3	(4)	(13)	571
Transactions with owners							
Share-based payments			(1)				(1)
Dividend paid			(46)				(46)
Repurchase of own shares						(1)	(1)
	0	0	(47)	0	0	(1)	(48)
Total realised and unrealised results							
Profit for the first half year			27				27
Cash flow hedge					(2)		(2)
Actuarial results			(3)				(3)
	0	0	24	0	(2)	0	22
Balance at 28-06-2014	3	31	528	3	(6)	(14)	545
Balance at 27-12-2014	3	31	552	4	(6)	(14)	570
Transactions with owners							
Share-based payments			(31)				(31)
Movement of own shares			2			1	3
	0	0	(29)	0	0	1	(28)
Total realised and unrealised results							
Profit for the first half year			29				29
Cash flow hedge					2		2
	0	0	29	0	2	0	31
Balance at 27-06-2015	3	31	552	4	(4)	(13)	573

Notes

to the interim financial statements 2015

GENERAL

Sligro Food Group N.V. is established in Veghel, Netherlands. The interim financial statements include the parent company and its subsidiaries (also referred to as the 'Group').

The interim financial statements cover the first 26 weeks of 2015, from 28 December 2014 to 27 June 2015, inclusive. The comparative figures cover the same period in 2014.

STATEMENT OF COMPLIANCE

This half-year report has been prepared in accordance with the International Financial Reporting Standards, as adopted the European Union (EU-IFRS), and IAS 34 Interim Financial Reporting. It does not contain all the information required for full financial statements and should be read in conjunction with the 2014 consolidated financial statements.

AUDIT STATUS

This half-year report is unaudited.

ACCOUNTING POLICIES FOR THE PREPARATION OF THE HALF-YEAR FINANCIAL STATEMENTS

The financial reporting policies applied by the Group in this half-year report are the same as those for the consolidated financial statements for 2014.

SEASONAL INFLUENCES

The foodservice activities show a seasonal pattern. Sales in the second half of the year are normally higher than those in the first half. This is mainly due to relatively high expenditure in the foodservice channel in the Christmas period, followed by relatively low expenditure at the start of the new year. Because this variation in sales is also accompanied by a shift in the sales mix, profitability in the second half is generally higher than in the first half. There is no significant seasonal pattern in the food retail business.

Segment information

for the first half of 2015

(x € million)

	Foodservice		Food Retail		Total	
	2015	2014	2015	2014	2015	2014
Revenue	859	844	415	416	1,274	1,260
Other operating income	0	4	1	0	1	4
Gross operating profit (EBITDA)	51	53	14	12	65	65
EBITA	37	40	9	4	46	44
Operating profit (EBIT)	32	35	5	0	37	35
Net capital employed ¹⁾	481	481	140	165	621	646
EBITDA as % of revenue	5.9	6.3	3.4	3.0	5.1	5.2
EBITA as % of revenue	4.3	4.7	2.2	1.0	3.6	3.5
EBIT as % of revenue	3.7	4.2	1.2	0.1	2.9	2.8
EBITA as % of average CE	18.7	19.9	12.1	5.9	17.1	16.1
EBIT as % of average CE	16.5	18.4	7.2	1.4	14.3	13.8
Free cash flow	4	(13)	7	7	11	(6)
Net capital expenditure ²⁾	33	47	4	5	37	52

1) Excluding financial fixed assets.

2) On property, plant and equipment, investment property, software and assets held for sale.

PROFILE

Sligro Food Group N.V. encompasses food retail and foodservice companies that sell directly and indirectly to the entire Dutch food and beverages market. The Group is active in foodservice as a wholesaler and in food retail as a wholesaler and retailer.

FOOD RETAIL

The food retail activities comprise around 130 full-service EMTÉ supermarkets, of which 30 are operated by independent retailers.

FOODSERVICE

Sligro Food Group is the Dutch foodservice market leader, with a nationwide network of cash-and-carry and delivery service outlets serving large and small-scale hospitality establishments, leisure facilities, volume users, company and other caterers, forecourt retailers, small and medium-sized enterprises, small retail businesses and the institutional market.

The cash-and-carry operation has 47 Sligro wholesale outlets and the delivery operation has 9 delivery centres.

In the institutional market, we trade under the Van Hoeckel name.

We also operate our own in-house production facilities for specialist convenience products, fish and patisserie and confectionary products, as well as a meat-processing centre focusing on the retail market. For meat, game and poultry, fruit and vegetables and bread and bakery products we have participating interests in our Fresh Partners.

Our customers have the choice of around 60,000 food and food-related non-food items.

We also offer a range of services, some on a franchise basis.

CIV Superunie B.A., a leading purchasing cooperative with a share of almost 30% of the Dutch supermarket sector, handles Sligro Food Group's food retail purchases. As market leader in the sector, the Group handles its own purchases of foodservice products. Sligro Food Group companies actively seek to share expertise and utilise the substantial scope for synergy and economies of scale.

Activities that are primarily customer-related are carried out by the business units, with behind-the-scenes management taking place at the Group level. We strive to increase our gross margins through joint purchasing, in combination with direct and detailed margin management.

Operating expenses are reduced by means of constant, strict cost control and a joint integrated logistics strategy. Group synergy is further enhanced by joint ICT systems, joint management of property and Group management development.

Sligro Food Group strives to be a high-quality company achieving steady, managed growth for all its stakeholders.

Sales in 2014 totalled €2.6 billion, generating a net profit of €69 million. The average number of employees on a full-time basis was over 5,800. Sligro Food Group shares are listed on Euronext Amsterdam.



Sligro Food Group
corporate video