

PRESS RELEASE

HALF-YEAR REPORT

2011

Sligro Food Group net profit €34 million

The net profit for the first six months amounted to almost €34 million, an increase of 20.3% compared with the corresponding period in 2010. Sales in the first half of 2011 amounted to €1,185 million, an increase of 6.2%. On a like-for-like basis, sales grew by 3.3%.

CEO Koen Slippens

'Although consumers continue to be cautious about spending, Sligro Food Group saw like-for-like sales grow faster than the market in both market segments. Both segments also reported improved results, despite rising purchase prices and fierce price competition. Net profit increased by 20% overall and the market position in both foodservice and food retail was improved. We look back on the first half of 2011 with a feeling of satisfaction, but the performance did not happen all by itself.'

Key figures

	x € million	Increase in%
Revenue	1,185	6.2
Like-for-like sales growth		3.3
Gross operating result (ebitda)	72	13.9
Operating result before amortisation (ebita)	51	25.6
Operating result (ebit)	46	24.9
Net profit	34	20.3

Gross profit as a proportion of sales increased by 0.3 percentage points, to 22.9%. Foodservice succeeded in absorbing the pressure on prices in the market resulting from rising purchase prices and competition by means of an improved product mix and effective margin management.

In Food Retail, the gross profit was squeezed to a greater extent by rising purchase prices and fierce price competition. A strong purchase position coupled with a similarly improved product mix helped to counter this. Moreover, a larger proportion of the Food Retail sales is achieved through company-operated stores. Costs as a proportion of sales were down by 0.3 percentage points, at 19.2%. This was the effect of the cost-saving measures of recent years and because there were incidental expenses in 2010 connected with the 'Greater Amsterdam' project. The overall effect was to produce an increase in the operating result before amortisation of intangible assets of more than €10 million, to almost €51 million.

Food Retail

In Food Retail, the increase in like-for-like consumer sales reported by EMTÉ was 5.5% (Q2: 6.4%). Based on the figures produced by the three market research bureaus, we estimate that the market grew by approximately 2.5% in the first six months, meaning that EMTÉ again outperformed the market. The operating result before amortisation of intangible assets increased by more than €2 million, to almost €10 million, despite the cost of integrating and converting the stores of Sanders Supermarkten acquired in 2010.



Out of the 22 stores, 20 have now been converted to the EMTÉ format and two stores have been disposed of, marking the completion of the entire conversion and integration phase of Sanders Supermarkten by the planned date.

Foodservice

Foodservice posted like-for-like sales growth of 2.5% in the first half (Q2: 4.4%). According to figures available to us, this is a market-beating performance. The combination of increased sales, the maintenance of gross margins and cost savings produced an increase in the operating result before amortisation of intangible assets of €8 million, to almost €41 million. Approximately €3 million of this increase is accounted for by incidental expenses in 2010 connected with the 'Greater Amsterdam' project.

Outlook

The economic climate remains uncertain. We expect consumer spending to remain steady in the forthcoming period. The fierce price competition typical of market conditions of this kind will continue to exert as much pressure as ever on the gross profit margins. In the second half of the year, we can start building on the growth provided by the Sanders supermarkets. After six months spent on store conversion and integration, we can now concentrate fully on sales and further optimisation. The next few months will also see the conversion of the last few Golf stores to the EMTÉ format. The 'Greater Amsterdam' project is making steady progress, system integration has been successfully completed and further efficiency improvements are being implemented. Progress with the order collecting system PLOP is also on track and the system is making a growing contribution to cost savings and quality improvements.

Sligro Food Group's financial position remains as strong as ever. We do not see any significant changes in the risks and uncertainties mentioned in the 2010 annual report.

As usual, we are refraining from making any firm profit forecasts for the full year. A presentation on the half-year figures will be given today in a press conference and in a meeting for analysts. The presentation can be found on www.sligrofoodgroup.nl. The trading update on the third quarter is due to be published on 20 October.

Veghel, 21 July 2011

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

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Scan the QR Code for an explanation of the half-year figures



DIRECTOR'S 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 6-11 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 1-2 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, Executive Board Chairman

H.L. van Rozendaal, Finance Director

J.H.F. Pardoel, Director of Food Retail

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE FIRST HALF OF 2011

(x €1,000)

	2011	2010	2009
Revenue	1,184,709	1,115,032	1,085,853
Cost of sales	(912,989)	(863,078)	(837,635)
Gross margin	271,720	251,954	248,218
Other operating income	1,912	2,577	490
Staff costs	(122,398)	(111,990)	(110,840)
Premises costs	(29,847)	(30,069)	(29,990)
Selling costs	(9,266)	(10,374)	(9,421)
Logistics costs	(33,147)	(31,555)	(30,871)
General and administrative expenses	(6,814)	(7,177)	(7,011)
Depreciation of property, plant and equipment	(21,566)	(23,093)	(20,944)
Amortisation of intangible assets	(4,898)	(3,683)	(4,078)
Total operating expenses	(227,936)	(217,941)	(213,155)
Operating profit	45,696	36,590	35,553
Finance income	75	280	172
Finance expense	(3,543)	(2,320)	(3,660)
Share in results of associates	2,187	2,282	3,037
Profit before tax	44,415	36,832	35,102
Tax	(10,719)	(8,826)	(8,324)
Profit for the first half year	33,696	28,006	26,778
Attributable to shareholders of the company	33,696	28,006	26,778
Figures per share	€	€	€
Basic earnings per share	0.76	0.63	0.61
Diluted earnings per share	0.76	0.63	0.61

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST HALF OF 2011

(x €1,000)

	2011	2010	2009
Net cash generated from operations	48,222	48,386	71,468
Interest received	75	280	172
Dividend received from associates	5,006	4,155	2,851
Interest paid	(3,489)	(2,371)	(4,416)
Corporate income tax paid	(19,930)	(21,057)	(9,510)
Net cash flow from operating activities	29,884	29,393	60,565
Acquisitions/investments	(631)	0	0
Sale of associates/operations	1,168	1,280	125
Capital expenditure on property, plant and equipment/investment property/assets held for sale	(31,099)	(21,923)	(20,079)
Receipts from disposal of property, plant and equipment/investment property/assets held for sale	8,728	0	0
Investments in/loans to associates	0	(1,100)	0
Repayments by associates	0	0	66
Net cash flow from investing activities	(21,834)	(21,743)	(19,888)
Repurchase of own shares	(3,472)	(3,580)	0
Repayment of long-term borrowings	0	(14,805)	(16,522)
Paid to joint venture	(30)	(100)	0
Dividend paid	(30,813)	(44,074)	(18,880)
Net cash flow from financing activities	(34,315)	(62,559)	(35,402)
Movement in cash, cash equivalents and short-term bank borrowings	(26,265)	(54,909)	5,275
Opening balance	67,464	24,684	883
Balance of the first half year	41,199	(30,225)	6,158

CONSOLIDATED BALANCE SHEET

AS AT 2 JULY 2011

(x €1,000)

ASSETS	02-07-2011	01-01-2011	03-07-2010
Goodwill	126,287	126,287	127,007
Other intangible assets	54,960	57,146	39,721
Property, plant and equipment	309,282	304,544	286,056
Investment property	15,254	15,945	24,499
Investments in associates	40,044	42,934	39,910
Other financial assets	4,237	6,467	16,962
Total non-current assets	550,064	553,323	534,155
Inventories	187,991	195,047	176,214
Trade and other receivables	99,346	105,181	98,675
Other current assets	14,114	3,526	12,760
Corporate income tax	9,730	863	7,672
Assets held for sale	7,659	11,906	3,097
Cash and cash equivalents	41,199	67,464	16,828
Total current assets	360,039	383,987	315,246
Total assets	910,103	937,310	849,401
EQUITY AND LIABILITIES	02-07-2011	01-01-2011	03-07-2010
Paid-up and called capital	2,655	2,655	2,655
Reserves	497,771	497,418	461,066
Total shareholders' equity attributable to shareholders of the company	500,426	500,073	463,721
Deferred tax liabilities	32,959	29,097	24,250
Employee benefits	3,042	3,042	5,355
Other provisions	208	221	316
Long-term borrowings	166,464	173,254	126,443
Total long-term liabilities	202,673	205,614	156,364
Current portion of long-term borrowings	53,232	53,232	27,850
Bank borrowings	0	0	47,053
Trade and other payables	97,857	106,906	103,423
Other taxes and social security contributions	20,634	22,176	17,196
Other liabilities, accruals and deferred income	35,281	49,309	33,794
Total current liabilities	207,004	231,623	229,316
Total equity and liabilities	910,103	937,310	849,401

CONSOLIDATED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' EQUITY

FOR THE FIRST HALF OF 2011

(x €1,000)

	<i>Paid-up and called capital</i>	<i>Share premium</i>	<i>Other reserves</i>	<i>Revalua- tion reserve</i>	<i>Hedging reserve</i>	<i>Reserve for own shares</i>	<i>Total</i>
Balance as at 01-01-2011	2,655	31,106	467,423	4,537	(2,068)	(3,580)	500,073
Transactions with owners							
Share-based payments			346				346
Dividend paid			(30,813)				(30,813)
Repurchase of own shares						(3,472)	(3,472)
	0	0	(30,467)	0	0	(3,472)	(33,939)
Total realised and unrealised results							
Profit for the first half year			33,696				33,696
Cash flow hedge					2,832		2,832
Actuarial results			(2,236)				(2,236)
	0	0	31,460		2,832	0	34,292
Balance as at 02-07-2011	2,655	31,106	468,416	4,537	764	(7,052)	500,426

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE FIRST HALF OF 2011

(x €1,000)

	2011	2010	2009
Profit for the first half year	33,696	28,006	26,778
Effective part of movements in the fair value of cash flow hedge of long-term loans, net of tax	2,832	709	(1,051)
Actuarial gains and losses on defined-benefit plans, net of tax	(2,236)		
Share-based payments, net of tax	346	337	0
Income and expense recognised directly in shareholders' equity	942	1,046	(1,051)
Recognised income and expense for the first half year	34,638	29,052	25,727
Attributable to shareholders of the company	34,638	29,052	25,727

NOTES TO THE INTERIM FINANCIAL STATEMENTS 2011

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 2011, from 2 January 2011 to 2 July 2011, inclusive. The comparative figures cover the same period in 2010.

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 2010 consolidated financial statements.

Audit status

This half-year report is unaudited.

Accounting policies applied in the preparation of the interim financial statements

The same accounting policies have been applied by the Group in these interim financial statements as in the 2010 consolidated financial statements.

Seasonal effects

There is a seasonal pattern in the foodservice business, with sales normally higher in the second half than in the first. 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 2011

(x € million)

	<i>Foodservice</i>		<i>Food retail</i>		<i>Total</i>	
	2011	2010	2011	2010	2011	2010
Revenue	778.6	759.4	406.1	355.6	1,184.7	1,115.0
Other operating income	0.5	0.4	1.4	2.2	1.9	2.6
Gross operating profit (EBITDA)	53.9	47.9	18.3	15.5	72.2	63.4
As % of revenue	6.9	6.3	4.5	4.4	6.1	5.7
EBITA	40.8	32.8	9.8	7.5	50.6	40.3
As % of revenue	5.2	4.3	2.4	2.1	4.3	3.6
Operating profit (EBIT)	39.7	31.9	6.0	4.7	45.7	36.6
As % of revenue	5.1	4.2	1.5	1.3	3.9	3.3
Net capital expenditure ¹⁾	18.5	21.0	6.7	4.9	25.2	25.9
Net capital employed ²⁾	456.3	444.0	218.8	180.5	675.1	624.5

1) On property, plant and equipment, intangible assets and assets held for sale.

2) Excluding financial fixed assets.

OTHER OPERATING INCOME FOR THE FIRST HALF OF 2011

(x € million)

	2011	2010
Rental income	1.7	1.6
Net book profit assets	0.2	1.0
	1.9	2.6

PROFILE

Sligro Food Group encompasses food retail and foodservice companies selling directly and indirectly to the entire Dutch food and beverages market. Sligro Food 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 supermarkets, of which 30 are operated by independent retailers. During 2011 the latter will all switch to the rapidly growing EMTÉ format.

Foodservice

The foodservice activities comprise two businesses that work closely together. Sligro offers both cash-and-carry and delivery services from 45 large cash-and-carry stores and 9 delivery centres serving bars and restaurants, leisure facilities, volume users, company and other caterers, fuel retailers, small and medium-sized enterprises and smaller retail businesses. As the market leader Sligro plays a dominant role in the Dutch foodservice market.

Van Hoeckel is fully focused on the institutional market and its back-office makes intensive use of Sligro Foodservice's know-how.

We also operate our own in-house production facilities for specialised convenience products and fish and patisserie items and a meat-processing centre serving the retail market.

Our Fresh Partners associates specialise in meat, game and poultry, fruit and vegetables and bread and bakery products.

We stock around 60,000 food and food-related non-food items for our customers, while also providing a wide range of services, including franchising.

CIV Superunie B.A., which has a market share of around 30% of the Dutch supermarket sector, is responsible for

purchasing of Sligro Food Group's food retail products. As market leader, 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 client-related take place largely at individual operating company level, with behind-the-scenes management at a central level. We strive to increase our gross margins through joint purchasing, combined with direct and detailed margin management.

Operating expenses are kept in check through 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.

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

Sales in 2010 totalled €2,286 million, with net profit of €70 million. The group employed an average of 5,500 full-time equivalents in 2010. Sligro Food Group shares are listed on NYSE Euronext.