Ahold Delhaize reports strong increase in Q3 sales and earnings, as our great local brands' value proposition continues to resonate well with customers

* With high inflation levels in the U.S. and Europe, our brands are focused on helping customers efficiently manage their spending. Supported by our €850 million Save for Our Customers cost savings program, our brands are working with suppliers to mitigate cost increases for customers, introducing more entry-priced products, expanding high-quality own-brand assortments and delivering personalized value through digital omnichannel loyalty programs.
* Q3 Group net sales increased 9.1% at constant exchange rates to €22.4 billion. At actual exchange rates, net sales grew 20.8%.
* Q3 comparable sales excluding gas accelerated in both regions compared to Q2, growing 8.2% in the U.S. and 7.4% in Europe. Increased market share in most of our brands' reflects strong loyalty to our locally tailored customer value propositions.
* Net consumer online sales increased 11.5% at constant exchange rates. Net consumer online sales in grocery increased 16.9% at constant exchange rates, as we continue to invest in new and innovative high-tech omnichannel solutions.
* Q3 underlying operating margin was 4.4%, in line with the prior year. Strong underlying U.S. margins and continued insurance gains from rising interest rates offset lower Europe margins which were impacted by rising energy costs and challenging economic environment.
* Q3 IFRS-reported operating income was €887 million and Q3 IFRS-reported diluted EPS was €0.59.
* Q3 diluted underlying EPS was €0.70, an increase of 31.6% over the prior year at actual rates.
* Based on Q3 results, we are increasing our full year EPS outlook. We now forecast low-double-digit 2022 diluted underlying EPS growth versus the prior mid-single-digit guidance. The 2022 free cash flow outlook remains at approximately €2.0 billion, with net capital expenditures expected to total approximately €2.5 billion.
* Ahold Delhaize announces a new €1 billion share buyback program to start at the beginning of 2023.

Zaandam, the Netherlands, November 9, 2022 – Ahold Delhaize, one of the world's largest food retail groups and a leader in both supermarkets and e-commerce, reports third quarter results today.

The interim report for the third quarter 2022 can be viewed and downloaded at www.aholddelhaize.com.

Summary of key financial data

	Ahold Delhaize Group			The United States		Europe	
	Q3 2022	% change	% change constant rates	Q3 2022	% change constant rates	Q3 2022	% change constant rates
€ million, except per share data	13 weeks 2022 vs. 2021						
Net sales	22,407	20.8 %	9.1 %	14,659	8.8 %	7,747	9.6 %
Comparable sales growth excluding gasoline	7.9 %			8.2 %		7.4 %	
Online sales	2,086	20.2 %	11.8 %	1,071	20.8 %	1,015	3.7 %
Net consumer online sales	2,703	17.8 %	11.5 %	1,071	20.8 %	1,632	6.1 %
Operating income	887	13.8 %	2.0 %	566	(9.3) %	319	10.6 %
Operating margin	4.0 %	(0.2)pts	(0.3)pts	3.9 %	(0.8)pts	4.1 %	— pts
Underlying operating income	993	22.3 %	9.7 %	726	12.4 %	264	(13.2) %
Underlying operating margin	4.4 %	0.1 pts	— pts	5.0 %	0.2 pts	3.4 %	(0.9)pts
Diluted EPS	0.59	16.6 %	4.7 %				
Diluted underlying EPS	0.70	31.6 %	18.2 %				
Free cash flow	133	(74.2) %	(77.4) %				

Press Office: +31 88 659 5134
Investor Relations: +31 88 659 5213
www.aholddelhaize.com

Social Media
Instagram: @Ahold-Delhaize
LinkedIn: @Ahold-Delhaize

€ million, except per share data	Ahold Delhaize Group			The United States		Europe	
	Q3 YTD 2022	% change	% change constant rates	Q3 YTD 2022	% change constant rates	Q3 YTD 2022	% change constant rates
	39 weeks 2022 vs. 2021						
Net sales	63,626	14.7 %	6.4 %	40,435	7.5 %	23,190	4.6 %
Comparable sales growth excluding gasoline	4.5 %			6.0 %		1.9 %	
Online sales	6,173	11.7 %	6.0 %	3,025	13.5 %	3,147	(0.5) %
Net consumer online sales	8,086	9.0 %	4.8 %	3,025	13.5 %	5,061	0.1 %
Operating income	2,601	7.2 %	(0.9) %	1,749	(1.0) %	847	(11.9) %
Operating margin	4.1 %	(0.3)pts	(0.3)pts	4.3 %	(0.4)pts	3.7 %	(0.7)pts
Underlying operating income	2,702	8.4 %	0.1 %	1,902	3.6 %	791	(18.9) %
Underlying operating margin	4.2 %	(0.2)pts	(0.3)pts	4.7 %	(0.2)pts	3.4 %	(1.0)pts
Diluted EPS	1.73	11.3 %	2.9 %				
Diluted underlying EPS	1.84	14.4 %	5.7 %				
Free cash flow	708	(42.9) %	(49.3) %				

Comments from Frans Muller, President and CEO of Ahold Delhaize

"Empowering customer choice by providing great value and easy access to affordable and healthy food options is at the center of the customer value proposition in all of our nineteen great local brands. Our positive market share development and resilient financial performance in Q3 highlights the trust customers continue to place in our brands. I am proud of these results and of our associates who consistently rise to meet the demands of these challenging times.

"Comparable store sales ex gas increased 7.9% in Q3, with an acceleration in growth rates in both the U.S. and Europe to 8.2% and 7.4%, respectively. The vast majority of our leading local brands continue to gain or maintain market share. Notably, during the quarter, our two biggest brands achieved significant milestones. Food Lion reached a decade of consecutive quarters of positive comparable sales growth, which is a remarkable achievement. Albert Heijn continues to win market share by focusing on providing value for customers in an increasingly challenging environment. This quarter included a new, traffic-generating ‘100 items under one euro’ campaign as well as an expansion to 1,600 ‘Prijsfavorieten’ (Price favorites), which include top-quality own-brand daily products at affordable prices. Albert Heijn Premium also passed the 600,000-member subscription mark this quarter.

"High inflation, increasing interest rates, slowing economic growth and the war in Ukraine are putting intense pressure on customers' household budgets. At the same time, retailers and suppliers alike are also facing rising costs of doing business. High energy prices, for example, are not just a cost headwind but are also disrupting supply chains, which are still fragile in many parts of the world. With a deep understanding of commodity prices, built through our extensive experience with own-brand products, our teams play an important role in the value chain and work hard on behalf of customers to ensure realistic pricing. In the face of increasing price pressures, it is everyone's job, across the value chain, to keep prices as low as possible for customers. To this end, we continue to engage diligently and proactively with partners, making clear choices on assortment when necessary. We are also adapting our organization and processes to rising costs by increasing efficiencies and mitigating costs wherever practical and possible.

"Building on strong sales growth, we delivered an underlying operating margin of 4.4% and diluted underlying EPS growth of 31.6% in Q3. Our results were again influenced by foreign exchange and interest rate changes as well as other items. In the U.S., our 5% underlying operating margin was positively impacted by 0.3 percentage points from the release of a provision on our self-insurance program. This resulted from, among other things, many years of strong efforts to improve workplace safety. In Europe, our Q3 underlying operating margin showed a slight improvement compared to Q2, despite a more pronounced impact from rising energy and utility costs. Since we last communicated in August, we have seen further increases in per-MwH prices, which will continue to weigh on our European margins in the coming quarters.

"On an IFRS-reported basis, our operating margin was 4.0%. There were two main impacts that led to these results. First, we took an impairment charge of €187 million on FreshDirect, which negatively impacted the reported IFRS U.S. operating margin, largely related to the broad based re-rating of sector valuations and reduced scope of that business that is now predominantly focused on the New York Tri-State area. And second, on an IFRS-reported basis, the European operating margin benefited from the release of a wage tax provision in Belgium amounting to €62 million.

"So, while we can't control external factors like energy prices, we have continued to work diligently on things that are under our control, and I am pleased we are making good progress. For example, at Stop & Shop, we continue to advance on our remodeling program, with over 40% of the store fleet now remodeled since 2018. An important focus area for Stop & Shop is New York City, where we announced a multi-year $140 million investment earlier this year. With the first five store remodels completed, we are encouraged to see all stores trending ahead of plan, with the sales lift driven by increased units and new customer transactions. In addition, the introduction of Stop & Shop's new Deal Lock savings program, which helps customers capture value by locking in a specific sales price for multiple weeks on both national and private brands, is delivering strong early chain-wide results. Delhaize Belgium also saw a material improvement in comparable store sales supported by the first full quarter of its Little Lions everyday low price program and enhancements to its SuperPlus initiative. At bol.com, net consumer online sales were up 5.6% in Q3, with a market share gain of well over one percentage point year to date. This was driven by double-digit growth in third-party partner network sales. And while the market is still challenging, the brand is well positioned to maximize the holiday season opportunity, supported by 'The Big Toy Book' and the logistical strength of its new distribution facility, which opened earlier this year.

"Taking a step back and looking at the big picture, I am equally encouraged about our progress on the key levers of our Leading Together strategy. Our omnichannel transformation is central to this strategy, driven by customers' desire to shop whenever and wherever they want. In Q3, net consumer online sales increased by 11.5%. Our online grocery sales were up 16.9% with strong growth in both regions as we continued to invest in new and innovative high-tech omnichannel solutions. Our Save for Our Customers cost savings program remains on track to produce savings of more than €850 million in 2022. These annual programs help our great local brands absorb cost increases to invest in better customer propositions and to keep shelf prices as low as possible. On another of our strategic initiatives, to generate €1 billion in complementary revenues by 2025, we also took important steps to bolster our digital advertising capabilities. We announced the acquisition of a minority stake in Belgian adtech company Adhese, which will provide an important part of the tech stack and third-party integration to help scale our capabilities and increase services for advertisers and publishers in Europe. In the U.S., Peapod Digital Labs announced plans to build an end-to-end, in-house retail media business, building on the existing AD Retail Media network. With this step, Ahold Delhaize USA creates a simplified way to engage omnichannel customers at the largest grocery retail group on the East Coast.

"We believe it is important to continue to make progress on elevating our Healthy and Sustainable strategy during these challenging times. It is clear from the science that more structural actions are needed to combat climate change, and we are encouraged to see that the current energy crisis is stimulating creative thinking and driving the transition to renewable energy. Our brands continue to work hard to bring meaningful initiatives to customers in stores and online. We are well on track to again deliver on key milestones related to growing our share of healthy sales, decreasing food waste and reducing the carbon emissions of our own operations. We believe that every step, no matter how big or small, counts. And our brands continue to show that it is not just about the numbers, there is real customer benefit as well. For example, Albert Heijn recently introduced its 'Leftovers' program to reduce food waste but also provide value to customers by enabling them to buy products approaching 'best by' or 'expiry' dates at lower prices. Our Albert brand in the Czech Republic became the first retailer to test a hydroponic system that grows herbs and leafy vegetables on the sales floor and also introduced a zero waste kitchen, turning leftover food from three stores into meals for over 100 associates.

"In conclusion, despite increasing macro-economic and geopolitical challenges, we continue to make important progress on delivering our strategy. Better-than-expected underlying U.S. results, foreign exchange benefits, and continued insurance gains from rising interest rates allow us to raise our full year diluted underlying EPS guidance to low-double-digit growth. Operational excellence, tight cost control and disciplined capital allocation continue to be important in these times. As such, we are working hard on a variety of initiatives across the company to maintain our industry-leading position of consistent and reliable performance, dependable cash flows and shareholder returns. This is a track record we are proud of, and, in light of our continued expectations of strong free cash flow generation going forward, we are announcing the continuation of our annual share buyback program in 2023. As always, striking the appropriate balance between supporting our associates, investing in our customers and local communities, prioritizing our digital and omnichannel transformation and playing our part in the transition to a healthy and sustainable food system will guide our decision making. Our proactive culture, our scale and our agility position us well – a testament to the strength of our company and our business model."

Q3 Financial highlights

Group highlights

Group net sales were €22.4 billion, an increase of 9.1% at constant exchange rates, and up 20.8% at actual exchange rates. Group net sales were driven by positive contributions from comparable sales growth excluding gasoline of 7.9%, foreign currency translation benefits, and higher gasoline sales. Q3 Group comparable sales benefited by approximately 0.2 percentage points from the net impact of calendar shifts and weather.

In Q3, Group net consumer online sales increased by 11.5% at constant exchange rates, led by a robust performance in the U.S. and a return to growth in Europe, where the difficult year-over-year comparisons that pressured first half results eased. Net consumer online sales in grocery increased 16.9% at constant exchange rates.

In Q3, Group underlying operating margin was 4.4%, consistent with Q3 2021 at constant exchange rates, reflecting strong cost savings and favorable insurance results, which helped offset higher labor, distribution and energy costs. In Q3, Group IFRS-reported operating income was €887 million, representing an IFRS-reported operating margin of 4.0%.

Underlying income from continuing operations was €696 million, up 27.3% in the quarter at actual rates. Ahold Delhaize's IFRS-reported net income in the quarter was €589 million. Diluted EPS was €0.59 and diluted underlying EPS was €0.70, up 31.6% at actual currency rates compared to last year's results and 18.2% at constant currency rates. In the quarter, 7.1 million own shares were purchased for €188 million, bringing the total year-to-date amount to €711 million through the first nine months.

U.S. highlights

U.S. net sales were €14.7 billion, an increase of 8.8% at constant exchange rates and up 27.4% at actual exchange rates. U.S. comparable sales excluding gasoline increased by 8.2%, benefiting by approximately 0.4 percentage points from the net impact of weather and calendar shifts. Food Lion continued to lead brand performance, celebrating 40 consecutive quarters of positive sales growth.

In Q3, online sales in the segment were up 20.8% in constant currency. This builds on top of 52.9% constant currency growth in the same quarter last year.

Underlying operating margin in the U.S. was 5.0%, up 0.2 percentage points at constant exchange rates from the prior year period. Q3 U.S. underlying operating margins benefited by 0.3 percentage points from a favorable reserve release impacted by various safety programs. In Q3, U.S. IFRS-reported operating margin was 3.9%, mainly impacted by an impairment charge in the amount of €187 million for FreshDirect.

Europe highlights

European net sales were €7.7 billion, an increase of 9.6% at constant exchange rates and 10.0% at actual exchange rates. These sales also benefited slightly from the 2021 acquisition of 38 stores from DEEN in the Netherlands, which was lapped late in Q3. Europe's comparable sales excluding gasoline increased by 7.4%, as shelf inflation accelerated in the quarter, and year-over-year comparisons eased versus a difficult first half of the year. Q3 Europe comparable sales were negatively impacted by approximately 0.1 percentage points from calendar shifts.

In Q3, net consumer online sales in the segment increased by 6.1%, following 20.1% growth in the same period last year. Net consumer online growth was driven in large part by strong grocery sales, where Ahold Delhaize's robust online solutions continue to serve consumers well. While non-food e-commerce market conditions in the Benelux remained soft, bol.com continued to gain market share, enabling it to generate positive net consumer online sales growth of 5.6% in the quarter, a sequential improvement versus the prior quarter. Bol.com's net consumer online sales from its more than 50,000 third-party sellers grew at 11% in Q3 and represented 59% of sales.

Underlying operating margin in Europe was 3.4%, down 0.9 percentage points from the prior year due to volume deleveraging and escalating energy and other cost pressures. Europe's Q3 IFRS-reported operating margin was 4.1%, positively impacted by the release of a wage tax provision in the amount of €62 million.

Outlook 2022

Despite challenging macro-economic operating conditions, our Q3 results provide us with the ability to again increase our full year EPS outlook. We now forecast low-double-digit 2022 diluted underlying EPS growth, versus the prior guidance of growth at a mid-single-digit range.

Ahold Delhaize's 2022 Group underlying operating margin is expected to be at least 4.0%, in line with the Company's historical profile. Management believes that the Company's brands continue to offer consumers a strong shopping proposition and are well-positioned to maintain profitability in the current inflationary environment. Ahold Delhaize's Save for Our Customers initiative is on track to deliver more than €850 million in savings in 2022, which is helping to offset cost pressures related to inflation and supply chain issues, along with the negative impact to margins from increased online sales penetration.

The 2022 free cash flow outlook remains at approximately €2.0 billion, with net capital expenditures expected to total approximately €2.5 billion. As labor and raw material costs remain high, we reiterate our commitment to exercise discipline in executing and phasing the timing of investments, in order to ensure hurdle rates and return on capital metrics are achieved.

In addition, Ahold Delhaize remains committed to its dividend policy and share buyback program, as previously stated. We are on track to increase our full-year dividend within our 40-50% payout range, in line with our policy, and we are executing our €1 billion share repurchase program in 2022 as planned. Ahold Delhaize also announces a new €1 billion share buyback program to start at the beginning of 2023[3].

	Full-year outlook	Underlying operating margin	Underlying EPS	Save for Our Customers	Net capital expenditures	Free cash flow[1]	Dividend payout ratio[2,3]	Share buyback[3]
Outlook	**2022**	**At least 4%**	**Low-double-digit growth vs. 2021**	**> €850 million**	**~ €2.5 billion**	**~ €2.0 billion**	**40-50% payout; YOY growth in dividend per share**	**€1 billion**

1. *Excludes M&A.*
2. *Calculated as a percentage of underlying income from continuing operations.*
3. *Management remains committed to the share buyback and dividend program, but, given the uncertainty caused by the wider macro-economic consequences of the war in Ukraine and COVID-19, will continue to monitor macro-economic developments. The program is also subject to changes resulting from corporate activities, such as material M&A activity.*

Group performance

€ million, except per share data	Q3 2022 (13 weeks)	Q3 2021 (13 weeks)	% change	% change constant rates	Q3 YTD 2022 (39 weeks)	Q3 YTD 2021 (39 weeks)	% change	% change constant rates
Net sales	22,407	18,545	20.8 %	9.1 %	63,626	55,454	14.7 %	6.4 %
Of which: online sales	2,086	1,735	20.2 %	11.8 %	6,173	5,528	11.7 %	6.0 %
Net consumer online sales[1]	2,703	2,295	17.8 %	11.5 %	8,086	7,420	9.0 %	4.8 %
Operating income	887	780	13.8 %	2.0 %	2,601	2,426	7.2 %	(0.9)%
Income from continuing operations	589	522	12.8 %	1.3 %	1,738	1,612	7.8 %	(0.4)%
Net income	589	522	12.7 %	1.2 %	1,738	1,612	7.8 %	(0.4)%
Basic income per share from continuing operations (EPS)	0.59	0.51	16.6 %	4.6 %	1.74	1.56	11.3 %	2.9 %
Diluted income per share from continuing operations (diluted EPS)	0.59	0.51	16.6 %	4.7 %	1.73	1.56	11.3 %	2.9 %
Underlying EBITDA[1]	1,886	1,568	20.2 %	8.4 %	5,250	4,700	11.7 %	3.4 %
Underlying EBITDA margin[1]	8.4 %	8.5 %			8.3 %	8.5 %		
Underlying operating income[1]	993	812	22.3 %	9.7 %	2,702	2,493	8.4 %	0.1 %
Underlying operating margin[1]	4.4 %	4.4 %			4.2 %	4.5 %		
Underlying income per share from continuing operations – basic (underlying EPS)[1]	0.70	0.53	31.6 %	18.2 %	1.84	1.61	14.4 %	5.7 %
Underlying income per share from continuing operations – diluted (diluted underlying EPS)[1]	0.70	0.53	31.6 %	18.2 %	1.84	1.61	14.4 %	5.7 %
Free cash flow[1]	133	516	(74.2)%	(77.4)%	708	1,239	(42.9)%	(49.3)%

1. *Net consumer online sales, underlying EBITDA, underlying operating income, basic and diluted underlying income per share from continuing operations and free cash flow are alternative performance measures that are used throughout the report. For a description of alternative performance measures, see section Alternative performance measures in this press release.*

Performance by segment

The United States

	Q3 2022 (13 weeks)	Q3 2021 (13 weeks)	% change	% change constant rates	Q3 YTD 2022 (39 weeks)	Q3 YTD 2021 (39 weeks)	% change	% change constant rates
$ million								
Net sales	14,745	13,550	8.8 %		42,859	39,874	7.5 %	
Of which: online sales	1,077	892	20.8 %		3,211	2,829	13.5 %	
€ million								
Net sales	14,659	11,502	27.4 %	8.8 %	40,435	33,356	21.2 %	7.5 %
Of which: online sales	1,071	757	41.5 %	20.8 %	3,025	2,365	27.9 %	13.5 %
Operating income	566	534	6.1 %	(9.3)%	1,749	1,569	11.4 %	(1.0)%
Underlying operating income	726	551	31.9 %	12.4 %	1,902	1,622	17.3 %	3.6 %
Underlying operating margin	5.0 %	4.8 %			4.7 %	4.9 %		
Comparable sales growth	8.6 %	3.6 %			6.7 %	1.5 %		
Comparable sales growth excluding gasoline	8.2 %	2.9 %			6.0 %	1.0 %		

Europe

€ million	Q3 2022 (13 weeks)	Q3 2021 (13 weeks)	% change	% change constant rates	Q3 YTD 2022 (39 weeks)	Q3 YTD 2021 (39 weeks)	% change	% change constant rates
Net sales	7,747	7,043	10.0 %	9.6 %	23,190	22,098	4.9 %	4.6 %
Of which: online sales	1,015	979	3.7 %	3.7 %	3,147	3,163	(0.5)%	(0.5)%
Net consumer online sales	1,632	1,538	6.1 %	6.1 %	5,061	5,055	0.1 %	0.1 %
Operating income	319	287	10.9 %	10.6 %	847	958	(11.6)%	(11.9)%
Underlying operating income	264	303	(12.9)%	(13.2)%	791	972	(18.6)%	(18.9)%
Underlying operating margin	3.4 %	4.3 %			3.4 %	4.4 %		
Comparable sales growth	7.4 %	(0.2)%			1.9 %	3.4 %		
Comparable sales growth excluding gasoline	7.4 %	(0.2)%			1.9 %	3.4 %		

Global Support Office

€ million	Q3 2022 (13 weeks)	Q3 2021 (13 weeks)	% change	% change constant rates	Q3 YTD 2022 (39 weeks)	Q3 YTD 2021 (39 weeks)	% change	% change constant rates
Underlying operating income (expense)	3	(41)	NM[1]	NM[1]	9	(101)	NM[1]	NM[1]
Underlying operating expense excluding insurance results	(41)	(40)	4.1 %	(1.1)%	(111)	(117)	(5.1)%	(8.7)%

1. *Not meaningful, as the result is an income for 2022, compared to an expense for 2021.*

In Q3, underlying Global Support Office operating income was €3 million, versus an expense of €41 million in the prior year, mainly due to a positive impact of €46 million from insurance, which reflects the favorable discounting effect on the Company's insurance provisions driven by the increase in interest rates.

Consolidated income statement

€ million, except per share data	Q3 2022 (13 weeks)	Q3 2021 (13 weeks)	Q3 YTD 2022 (39 weeks)	Q3 YTD 2021 (39 weeks)
Net sales	22,407	18,545	63,626	55,454
Cost of sales	(16,426)	(13,472)	(46,562)	(40,225)
Gross profit	**5,981**	**5,073**	**17,063**	**15,229**
Other income	186	115	489	371
Selling expenses	(4,368)	(3,673)	(12,516)	(10,949)
General and administrative expenses	(912)	(735)	(2,434)	(2,225)
Operating income	**887**	**780**	**2,601**	**2,426**
Interest income	19	6	39	21
Interest expense	(61)	(44)	(168)	(134)
Net interest expense on defined benefit pension plans	(4)	(4)	(13)	(13)
Interest accretion to lease liability	(92)	(84)	(264)	(252)
Other financial expenses	(5)	(1)	(20)	(12)
Net financial expenses	(144)	(127)	(426)	(389)
Income before income taxes	**744**	**653**	**2,176**	**2,037**
Income taxes	(169)	(144)	(478)	(448)
Share in income of joint ventures	14	13	40	24
Income from continuing operations	**589**	**522**	**1,738**	**1,612**
Income (loss) from discontinued operations	—	—	—	—
Net income	**589**	**522**	**1,738**	**1,612**
Attributable to:				
Common shareholders	589	522	1,738	1,612
Non-controlling interests	—	—	—	—
Net income	**589**	**522**	**1,738**	**1,612**
Net income per share attributable to common shareholders				
Basic	0.59	0.51	1.74	1.56
Diluted	0.59	0.51	1.73	1.56
Income from continuing operations per share attributable to common shareholders				
Basic	0.59	0.51	1.74	1.56
Diluted	0.59	0.51	1.73	1.56
Weighted average number of common shares outstanding (in millions)				
Basic	992	1,026	1,000	1,032
Diluted	995	1,028	1,003	1,036
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.9942	0.8489	0.9421	0.8364

Consolidated balance sheet

€ million	October 2, 2022	January 2, 2022
Assets		
Property, plant and equipment	12,886	11,838
Right-of-use asset	10,178	9,010
Investment property	716	708
Intangible assets	13,826	12,770
Investments in joint ventures and associates	254	244
Other non-current financial assets	1,242	1,193
Deferred tax assets	282	289
Other non-current assets	97	76
Total non-current assets	**39,480**	**36,128**
Assets held for sale	39	18
Inventories	4,851	3,728
Receivables	2,346	2,058
Other current financial assets	433	356
Income taxes receivable	37	45
Prepaid expenses and other current assets	416	387
Cash and cash equivalents	3,914	2,993
Total current assets	**12,036**	**9,584**
Total assets	**51,516**	**45,712**
Equity and liabilities		
Equity attributable to common shareholders	**15,972**	**13,721**
Loans	4,692	4,678
Other non-current financial liabilities	11,779	10,473
Pensions and other post-employment benefits	810	1,107
Deferred tax liabilities	928	746
Provisions	775	746
Other non-current liabilities	58	62
Total non-current liabilities	**19,042**	**17,812**
Accounts payable	7,921	7,563
Other current financial liabilities	4,548	2,552
Income taxes payable	205	96
Provisions	428	484
Other current liabilities	3,399	3,483
Total current liabilities	**16,502**	**14,179**
Total equity and liabilities	**51,516**	**45,712**
Year-end U.S. dollar exchange rate (euro per U.S. dollar)	1.0202	0.8795

Consolidated statement of cash flows

€ million	Q3 2022 (13 weeks)	Q3 2021 (13 weeks)	Q3 YTD 2022 (39 weeks)	Q3 YTD 2021 (39 weeks)
Income from continuing operations	**589**	**522**	**1,738**	**1,612**
Adjustments for:				
Net financial expenses	144	127	426	389
Income taxes	169	144	478	448
Share in income of joint ventures	(14)	(13)	(40)	(24)
Depreciation, amortization and impairments	1,086	771	2,761	2,244
(Gains) losses on leases and the sale of assets / disposal groups held for sale	(6)	(21)	(25)	(38)
Share-based compensation expenses	10	8	39	31
Operating cash flows before changes in operating assets and liabilities	1,978	1,538	5,376	4,662
Changes in working capital:				
Changes in inventories	(170)	(104)	(691)	(269)
Changes in receivables and other current assets	(39)	26	(169)	216
Changes in payables and other current liabilities	(351)	14	(373)	(538)
Changes in other non-current assets, other non-current liabilities and provisions	(181)	55	(282)	121
Cash generated from operations	1,236	1,528	3,861	4,192
Income taxes paid – net	(114)	(70)	(317)	(301)
Operating cash flows from continuing operations	1,123	1,458	3,544	3,891
Operating cash flows from discontinued operations	—	—	—	—
Net cash from operating activities	**1,123**	**1,458**	**3,544**	**3,891**
Purchase of non-current assets	(591)	(586)	(1,631)	(1,529)
Divestments of assets / disposal groups held for sale	20	11	59	18
Acquisition of businesses, net of cash acquired	(2)	(129)	(18)	(527)
Divestment of businesses, net of cash divested	—	—	—	1
Changes in short-term deposits and similar instruments	—	105	—	44
Dividends received from joint ventures	4	1	38	19
Interest received	12	4	28	12
Lease payments received on lease receivables	29	21	86	77
Other	3	4	2	18
Investing cash flows from continuing operations	(525)	(571)	(1,436)	(1,868)
Investing cash flows from discontinued operations	—	—	—	—
Net cash from investing activities	**(525)**	**(571)**	**(1,436)**	**(1,868)**
Proceeds from long-term debt	—	—	—	598
Interest paid	(16)	(27)	(99)	(103)
Repayments of loans	(9)	(6)	(98)	(417)
Changes in short-term loans	828	1,693	1,584	2,700
Repayment of lease liabilities	(449)	(367)	(1,317)	(1,145)
Dividends paid on common shares	(457)	(442)	(979)	(856)
Share buyback	(188)	(207)	(711)	(695)
Other cash flows from derivatives	—	—	—	—
Other	(7)	(2)	(28)	(4)
Financing cash flows from continuing operations	(297)	643	(1,647)	77
Financing cash flows from discontinued operations	—	—	—	—
Net cash from financing activities	**(297)**	**643**	**(1,647)**	**77**
Net cash from operating, investing and financing activities	**301**	**1,531**	**460**	**2,100**
Cash and cash equivalents at the beginning of the period (excluding restricted cash)	3,413	3,565	2,968	2,910
Effect of exchange rates on cash and cash equivalents	171	89	456	175
Cash and cash equivalents at the end of the period (excluding restricted cash)	**3,884**	**5,185**	**3,884**	**5,185**
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.9942	0.8489	0.9421	0.8364

Alternative performance measures

This press release includes alternative performance measures (also known as non-GAAP measures). The descriptions of these alternative performance measures are included in the *Glossary* in Ahold Delhaize's Annual Report 2021.

Free cash flow

€ million	Q3 2022	Q3 2021	Q3 YTD 2022	Q3 YTD 2021
Operating cash flows from continuing operations before changes in working capital and income taxes paid	1,797	1,593	5,094	4,783
Changes in working capital	(560)	(65)	(1,233)	(591)
Income taxes paid – net	(114)	(70)	(317)	(301)
Purchase of non-current assets	(591)	(586)	(1,631)	(1,529)
Divestments of assets / disposal groups held for sale	20	11	59	18
Dividends received from joint ventures	4	1	38	19
Interest received	12	4	28	12
Interest paid	(16)	(27)	(99)	(103)
Lease payments received on lease receivables	29	21	86	77
Repayment of lease liabilities	(449)	(367)	(1,317)	(1,145)
Free cash flow	**133**	**516**	**708**	**1,239**

In Q3 2022, free cash flow was €133 million, which represents a decrease of €383 million compared to Q3 2021, driven by an unfavorable development in working capital of €496 million mainly due to the timing and offset of certain accounts payable and receivable positions, higher net lease repayments of €74 million and higher income taxes paid of €44 million, offset by a higher operating cash flow of €204 million.

Free cash flow for the first three quarters of 2022 was €708 million, or €531 million lower than last year. The unfavorable development in working capital of €641 million, higher net lease repayments of €162 million, higher net investments of €60 million, and higher income taxes paid of €17 million were partially offset by the higher operating cash flow of €310 million and lower net interest paid of €20 million.

Net debt

€ million	October 2, 2022	July 3, 2022	January 2, 2022
Loans	4,692	4,554	4,678
Lease liabilities	11,300	10,866	10,061
Non-current portion of long-term debt	15,993	15,420	14,739
Short-term borrowings and current portion of long-term debt	4,332	3,452	2,350
Gross debt	20,325	18,872	17,089
Less: cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments[1, 2, 3, 4]	4,067	3,591	3,143
Net debt	**16,258**	**15,281**	**13,946**

1. *Short-term deposits and similar instruments include investments with a maturity of between three and 12 months. The balance of these instruments at October 2, 2022, was €17 million (July 3, 2022: €16 million, January 2, 2022: €15 million) and is presented within Other current financial assets in the consolidated balance sheet.*
2. *Included in the short-term portion of investments in debt instruments is a U.S. treasury investment fund in the amount of €136 million (July 3, 2022: €135 million, January 2, 2022: €135 million).*
3. *Book overdrafts, representing the excess of total issued checks over available cash balances within the Group cash concentration structure, are classified in accounts payable and do not form part of net debt. This balance at October 2, 2022, was €475 million (July 3, 2022: €743 million, January 2, 2022: €397 million).*
4. *Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €1,610 million (July 3, 2022: €728 million, January 2, 2022: €807 million). This cash amount is fully offset by an identical amount included under Short-term borrowings and current portion of long-term debt.*

Net debt increased in Q3 2022 by €976 million to €16,258 million, compared to Q2 2022. This was mainly attributable to the dividend payment of €457 million, the foreign exchange impact on net debt of €475 million, and the share buyback of €188 million. These impacts were partially offset by the free cash flow of €133 million and the decrease in lease liabilities of €6 million.

Underlying EBITDA

€ million	Q3 2022	Q3 2021	Q3 YTD 2022	Q3 YTD 2021
Underlying operating income	**993**	**812**	**2,702**	**2,493**
Depreciation and amortization[1]	892	756	2,548	2,207
Underlying EBITDA	**1,886**	**1,568**	**5,250**	**4,700**

1. *The difference between the total amount of depreciation and amortization for Q3 2022 of €893 million (Q3 2021: €760 million) and Q3 YTD 2022 of €2,548 million (Q3 YTD 2021: €2,211 million) and the amounts mentioned here relates to items that were excluded from underlying operating income.*

In Q3 2022, underlying operating income increased by €181 million to €993 million, and was adjusted for the following items, which impacted reported IFRS operating income: impairments of €194 million (Q3 2021: €12 million); (gains) and losses on leases and the sale of assets of €(6) million (Q3 2021: €(19) million); and restructuring and related charges and other items of €(82) million – income (Q3 2021: €40 million – expense). Including these items, IFRS operating income increased by €107 million to €887 million.

For the first three quarters of the year, underlying operating income increased by €209 million to €2,702 million, and was adjusted for the items below, in the amount of €101 million (Q3 YTD 2021: €67 million), which impacted reported IFRS operating income:

- Impairments of €213 million (Q3 YTD 2021: €33 million)
- (Gains) and losses on leases and the sale of assets of €(21) million (Q3 YTD 2021: €(39) million)
- Restructuring and related charges and other items of €(91) million – income (Q3 YTD 2021: €73 million – expense).

Including these items, IFRS operating income increased by €176 million to €2,601 million.

Underlying income from continuing operations

€ million, except per share data	Q3 2022	Q3 2021	Q3 YTD 2022	Q3 YTD 2021
Income from continuing operations	**589**	**522**	**1,738**	**1,612**
Adjustments to operating income	106	32	101	67
Tax effect on adjusted and unusual items	1	(8)	4	(16)
Underlying income from continuing operations	**696**	**547**	**1,843**	**1,664**
Underlying income from continuing operations for the purpose of diluted earnings per share	**696**	**547**	**1,843**	**1,664**
Basic income per share from continuing operations[1]	0.59	0.51	1.74	1.56
Diluted income per share from continuing operations[2]	0.59	0.51	1.73	1.56
Underlying income per share from continuing operations – basic[1]	0.70	0.53	1.84	1.61
Underlying income per share from continuing operations – diluted[2]	0.70	0.53	1.84	1.61

1. *Basic and underlying earnings per share from continuing operations are calculated by dividing the (underlying) income from continuing operations attributable to equity holders by the average numbers of shares outstanding. The weighted average number of shares used for calculating the basic and underlying earnings per share for Q3 2022 is 992 million (Q3 2021: 1,026 million).*
2. *The diluted earnings per share from continuing operations and diluted underlying EPS are calculated by dividing the diluted (underlying) income from continuing operations by the diluted weighted average number of shares outstanding. The diluted weighted average number of shares used for calculating the diluted underlying EPS for Q3 2022 is 995 million (Q3 2021: 1,028 million).*

In Q3 2022, income from continuing operations was €589 million, representing an increase of €67 million compared to last year. This is mainly caused by a €107 million increase in operating income, partially offset by higher net financial expenses of €17 million and higher income taxes of €25 million.

For the first three quarters of the year, income from continuing operations was €1,738 million, which was €126 million higher than last year. This mainly reflects the increase in operating income of €176 million and the higher income from joint ventures of €16 million, partially offset by higher net financial expenses of €37 million and higher income taxes of €29 million.

Segment reporting

Q3 2022

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	14,659	7,747	—	**22,407**
Of which: online sales	1,071	1,015	—	**2,086**
Operating income (expense)	566	319	2	**887**
Impairment losses and reversals – net	189	5	—	**194**
(Gains) losses on leases and the sale of assets – net	(2)	(4)	—	**(6)**
Restructuring and related charges and other items	(27)	(56)	1	**(82)**
Adjustments to operating income	*160*	*(55)*	*1*	***106***
Underlying operating income (expense)	726	264	3	**993**

Q3 2021

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	11,502	7,043	—	**18,545**
Of which: online sales	757	979	—	**1,735**
Operating income (expense)	534	287	(41)	**780**
Impairment losses and reversals – net	7	5	—	**12**
(Gains) losses on leases and the sale of assets – net	(4)	(15)	—	**(19)**
Restructuring and related charges and other items	13	26	—	**40**
Adjustments to operating income	*17*	*16*	—	***32***
Underlying operating income (expense)	551	303	(41)	**812**

First three quarters 2022

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	40,435	23,190	—	**63,626**
Of which: online sales	3,025	3,147	—	**6,173**
Operating income	1,749	847	6	**2,601**
Impairment losses and reversals – net	199	14	—	**213**
(Gains) losses on leases and the sale of assets – net	(18)	(3)	—	**(21)**
Restructuring and related charges and other items	(27)	(67)	3	**(91)**
Adjustments to operating income	*154*	*(56)*	*3*	***101***
Underlying operating income	1,902	791	9	**2,702**

First three quarters 2021

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	33,356	22,098	—	**55,454**
Of which: online sales	2,365	3,163	—	**5,528**
Operating income (expense)	1,569	958	(101)	**2,426**
Impairment losses and reversals – net	25	8	—	**33**
(Gains) losses on leases and the sale of assets – net	(13)	(26)	—	**(39)**
Restructuring and related charges and other items	41	32	—	**73**
Adjustments to operating income	*53*	*14*	—	***67***
Underlying operating income (expense)	1,622	972	(101)	**2,493**

Additional information

Results in local currency for the United States are as follows:

$ million	Q3 2022	Q3 2021	Q3 YTD 2022	Q3 YTD 2021
Net sales	14,745	13,550	42,859	39,874
Of which: online sales	1,077	892	3,211	2,829
Operating income	571	629	1,859	1,877
Underlying operating income	729	649	2,010	1,940

Store portfolio

Store portfolio (including franchise and affiliate stores):

	End of Q3 2021	Opened / acquired	Closed / sold	End of Q3 2022
The United States	2,044	11	(5)	2,050
Europe[1]	5,299	347	(71)	5,575
Total	**7,343**	**358**	**(76)**	**7,625**

1. The number of stores at the end of Q3 2022 includes 1,123 specialty stores (Etos and Gall & Gall); (end of Q3 2021: 1,119).

	End of Q4 2021	Opened / acquired	Closed / sold	End of Q3 2022
The United States	2,048	6	(4)	2,050
Europe[1]	5,404	230	(59)	5,575
Total	**7,452**	**236**	**(63)**	**7,625**

1. The number of stores at the end of Q3 2022 includes 1,123 specialty stores (Etos and Gall & Gall); (end of Q4 2021: 1,136).

Financial calendar

Ahold Delhaize's financial year consists of 52 or 53 weeks and ends on the Sunday nearest to December 31. Ahold Delhaize's 2022 financial year consists of 52 weeks and ends on January 1, 2023.

The key publication dates for 2023 are as follows:

February 15	Results Q4/FY 2022
March 1	Annual Report 2022
May 10	Results Q1 2023
August 9	Results Q2 2023
November 8	Results Q3 2023

Risks and uncertainties

Our enterprise risk management program provides the Company with a periodic and comprehensive understanding of Ahold Delhaize’s key business risks and the management practices, policies and procedures in place to mitigate these risks. Ahold Delhaize recognizes strategic, operational, financial and compliance/regulatory risk categories. Our principal risks have not changed significantly compared to those disclosed within the Annual Report 2021. While the Group does not have any operations in Ukraine or Russia, and is not directly affected by trading restrictions or sanctions, it is impacted by the wider macro-economic consequences of the war. These consequences include significant energy cost increases, disruption of supply chains, rising labor costs, rising inflation and interest rates, and restrictions on pricing and margins in some of our markets. A sustained continuance of the war could lead to prolonged and significant recessionary pressures which, in turn, could impact the Company's balance sheet valuations, results and cash flow. We are closely monitoring and assessing any potential impacts of the war in Ukraine on our people, macro-economic conditions, and operational and supply chain aspects in the markets where our brands operate. In addition, we have experienced an overall shortage of available and skilled labor across our markets, in particular within our supply chain and logistics operations. The HR functions within our brands monitor developments and, if needed, additional part-time labor or service providers are contracted to support the business. The integrated comprehensive analysis of the principal risks faced by Ahold Delhaize is included in the *Risks and opportunities* section of Ahold Delhaize's Annual Report 2021, which was published on March 2, 2022.

Cautionary notice

This communication contains information that qualifies as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words and expressions such as proposition, continue(s)/(d), resonate, resilient, manage, increasingly, believe, expectations, outlook, remains, adapting, challenging, focus, increasing, strategy, well positioned, plans, will, reiterate, risks, uncertainties, long-term, commitments, contingencies or other similar words or expressions are typically used to identify forward-looking statements.

Forward-looking statements are subject to risks, uncertainties and other factors that are difficult to predict and that may cause the actual results of Koninklijke Ahold Delhaize N.V. (the "Company") to differ materially from future results expressed or implied by such forward-looking statements. Such factors include, but are not limited to, risks relating to the Company's inability to successfully implement its strategy, manage the growth of its business or realize the anticipated benefits of acquisitions; risks relating to competition and pressure on profit margins in the food retail industry; the impact of economic conditions on consumer spending; turbulence in the global capital markets; political developments, natural disasters and pandemics; climate change; raw material scarcity and human rights developments in the supply chain; disruption of operations and other factors negatively affecting the Company's suppliers; the unsuccessful operation of the Company's franchised and affiliated stores; changes in supplier terms and the inability to pass on cost increases to prices; risks related to environmental, social and governance matters (including performance) and sustainable retailing; food safety issues resulting in product liability claims and adverse publicity; environmental liabilities associated with the properties that the Company owns or leases; competitive labor markets, changes in labor conditions and labor disruptions; increases in costs associated with the Company's defined benefit pension plans; the failure or breach of security of IT systems; the Company's inability to successfully complete divestitures and the effect of contingent liabilities arising from completed divestitures; antitrust and similar legislation; unexpected outcomes in the Company's legal proceedings; additional expenses or capital expenditures associated with compliance with federal, regional, state and local laws and regulations; unexpected outcomes with respect to tax audits; the impact of the Company's outstanding financial debt; the Company's ability to generate positive cash flows; fluctuation in interest rates; the change in reference interest rate; the impact of downgrades of the Company's credit ratings and the associated increase in the Company's cost of borrowing; exchange rate fluctuations; inherent limitations in the Company's control systems; changes in accounting standards; adverse results arising from the Company's claims against its self-insurance program; the Company's inability to locate appropriate real estate or enter into real estate leases on commercially acceptable terms; and other factors discussed in the Company's public filings and other disclosures.

Forward-looking statements reflect the current views of the Company's management and assumptions based on information currently available to the Company's management. Forward-looking statements speak only as of the date they are made, and the Company does not assume any obligation to update such statements, except as required by law.

For more information:

Press office: +31 88 659 5134 Investor relations: +31 88 659 5213 Social media: Instagram @Ahold-Delhaize
LinkedIn: @Ahold-Delhaize

About Ahold Delhaize

Ahold Delhaize is one of the world's largest food retail groups and a leader in both supermarkets and e-commerce. Its family of great local brands serves 55 million customers each week, both in stores and online, in the United States, Europe and Indonesia. Together, these brands employ more than 413,000 associates in 7,452 grocery and specialty stores and include the top online retailer in the Benelux and the leading online grocers in the Benelux and the United States. Ahold Delhaize brands are at the forefront of sustainable retailing, sourcing responsibly, supporting local communities and helping customers make healthier choices. The company's focus on four growth drivers – drive omnichannel growth, elevate healthy and sustainable, cultivate best talent and strengthen operational excellence – is helping to fulfil its purpose, achieve its vision and prepare its brands and businesses for tomorrow. Headquartered in Zaandam, the Netherlands, Ahold Delhaize is listed on the Euronext Amsterdam and Brussels stock exchanges (ticker: AD) and its American Depositary Receipts are traded on the over-the-counter market in the U.S. and quoted on the OTCQX International marketplace (ticker: ADRNY). For more information, please visit: www.aholddelhaize.com.

Proud companies of Ahold Delhaize