Ahold Delhaize

Q3 2020
Ahold Delhaize Results

November 4, 2020

Cautionary notice

This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words such as constant, outlook, to start, 2021(+), solidifying position, 2021 and beyond, increase, 2023, will, by, test, plans to, goal, promising start, 2022, toward, committed, 2030, aim, 2025, target(s), strive for, developing, roadmaps, commitments, guidance, expect, continued, expected to, remain, growth, achieve, is increasing, maintained, should, monitor, continue 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 corporate responsibility 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.

Ahold Delhaize

Highlights

Frans Muller, President & CEO

Ahold Delhaize

Strong results in Q3, largely driven by COVID-19

- Net sales were €17.8 billion, up 6.8%; up 10.1% at constant exchange rates
- U.S. and Europe comp sales growth excluding gas in Q3 was up 12.4% and 7.5%, respectively
- Net consumer online sales grew 62.6% in Q3 at constant exchange rates
- COVID-19 related costs were approximately €470 million YTD and €140 million in Q3, including safety measures and enhanced associate pay
- Underlying operating margin was 4.6% in Q3, up 0.2% points from the prior year at constant exchange rates
- Diluted underlying EPS of €0.50, up 12.3%; up 15.9% at constant exchange rates
- 2020 underlying EPS outlook raised to the high 20% range; free cash flow to be at least €1.7 billion, net of Q4 payment for U.S. pension withdrawal, and capital expenditures of around €2.5 billion
- Announcing a new €1 billion share buyback program to start at the beginning of 2021

Ahold Delhaize

Solidifying position as industry-leading local omnichannel retailer in 2021+

November 4, 2020

Ahold Delhaize

Initiatives to solidify our position as industry-leading local omnichannel retailer in 2021 and beyond

1

Step-up online capacity, supply chain and technological capabilities

2

Advance omnichannel offerings

3

ESG Action items

Ahold Delhaize

Significantly step-up online capacity, supply chain & technological capabilities

1

2020

U.S. market household coverage ~90%; same-day coverage ~70%

2020 & 2021

US online capacity increase of ~100%

2020 & 2021

EU online capacity increase of ~50% (incl. over 50% at bol.com)

2021

Doubling U.S. Click & Collect locations to ~1,400 vs. the start of ‘20

2021

Self-distribution model coming to the U.S. in early 2023. First integrated DC of the initiative will go live in 2021

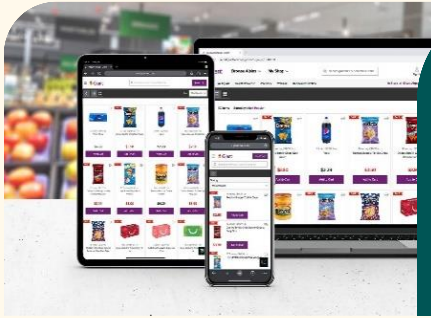
2020 & 2021

Doubling electronic shelf labels to > 50% of European grocery stores in ’21 vs. ‘20; in nearly all Albert Heijn & Delhaize owned stores by ‘20

Ahold Delhaize

2

Advancements in omnichannel offerings to consumers in the U.S.



Q1 2021

The GIANT Company to test a new subscription model with < $100 annual membership fee

H1 2021

U.S. will offer an 'endless aisle' with an additional 80,000 – 100,000 general merchandise and food items, utilizing the Mirakl platform

2021

U.S. introducing 1,500 – 2,000 more own-brand items to the existing base of 15,000 items

2021

~60 planned store remodels at Stop & Shop vs. 31 in 2020; remodeled stores are performing well

Ahold Delhaize

2

Advancements in omnichannel offerings to consumers in Europe

July 2020

Albert Heijn launched a home delivery service in the Antwerp region of Belgium, which is off to a promising start

August 2020

Bol.com expanded to French-speaking Belgium in Brussels & Wallonia; reaches new customers and already attracted thousands of Belgian third-party sellers

September 2020

Mega Image launched a 90 min. home delivery service in Bucharest, Romania

September 2020

Launched 'AH Compact,' a no-fee home delivery service for smaller households in its first market in The Netherlands, will expand to additional markets in 2021

2020 & 2021

Albert Heijn plans to remodel 170 stores to its new fresh and technology-focused format; over 200 stores remodeled to date, and performing well

ESG Action Items

3

Healthy sales

Goal to have

51%

of own-brand sales from "healthy" products by 2022

Food waste

% Food shrink

As a member of the 10x20x30 initiative, partnering with suppliers toward

-50%

food waste by 2030

Plastic Waste

% Plastic

Aim of

zero

plastic waste from own-brand packaging by 2025

including 25% of own-brand plastic packaging made from recycled materials

Climate

% Reduction in CO2

Committed to science-based targets for

-50%

carbon emissions by 2030 from our operations,

& reduce

-15%

emissions from our value chain

Diversity & Inclusion

Strive for

100%

gender balanced candidate & succession slates for all leadership positions

Aspiration of

100%

of associates rating the company as inclusive

Human Rights

Embraced clear standards on human rights; developing roadmaps on the

6

salient issues identified in our Human Rights Report and strengthening governance

Ahold Delhaize

ESG Action Items
Recent Initiatives

PARTNERSHIP FOR A HEALTHIER AMERICA

ADUSA commitments:

- By June 2025, at least 54% of own-brand food sales will achieve 1 to 3 stars through the Guiding Stars nutrition guidance
- Starting this year, will disclose annually the percentage of food sales generated from all products that achieve 1 to 3 stars

Albert Heijn doubled its own-brand assortment of vegetarian, vegan and vegetable products in the fall

Delhaize continued to focus on healthier products with more permanent price reductions for Nutriscore A/B products; led to the launch of the SuperPlus loyalty program in October

Ahold Delhaize

Highlights: United States

- ~115% online sales growth in Q3; raising full year target to over 90%+ US sales growth in 2020 (from 75%+ previously).
- 883 click & collect points at the end of Q3 (up from 765 in Q2); target of 1,100+ in 2020
- Completed 11 Stop & Shop remodels in Q3 and expect a total of 31 in 2020; stores continued to outperform in Q3
- Food Lion remains our fastest growing brand and achieved its 32nd consecutive quarter of positive comparable sales
- Giant Food and Stop & Shop e-commerce platforms were integrated & revamped to provide a better consumer digital experience

Ahold Delhaize

Highlights: Europe

- Continued strength in the Benelux ecosystem, with Q3 market share gains in both The Netherlands and Belgium; CSE maintained share
- 48.6% net consumer online sales growth in Q3
- Bol.com net consumer online sales growth of ~46% in Q3 and added roughly 3,000 Bol.com merchant partners to the platform, bringing the total to nearly 37,000 merchants; sales from third-party sellers grew by 73% in Q3
- Bol.com launched a French language version to expand its market opportunity in Belgium in Q3
- Albert Heijn remodeled 31 stores to its new fresh and technology focused format in Q3, and will complete 110 stores by 2020; stores are performing well
- Increased online delivery capacity with 2 new home delivery fulfillment centers at Albert Heijn and 1 in Greece in Q3

Ahold Delhaize

Financial Performance

Natalie Knight, CFO

Ahold Delhaize

Strong growth continued in Q3, largely driven by COVID-19

Net sales	€ 17.826 in million	vs LY constant rates 10.1%
Comparable Sales Growth excl. gas	10.5%	U.S. 12.4% E.U. 7.5%
Net Consumer Online Sales	€ 1.780 in million	vs LY constant rates 62.6%
Operating income	€ 207 in million	vs LY constant rates (68.5)%
Underlying operating income	€ 813 in million	vs LY constant rates 15.9%
Underlying operating margin	4.6%	vs LY constant rates 0.2 pts
Underlying Income from continuing operations	€ 530 in million	vs LY constant rates 12.0%
Diluted Underlying EPS	€ 0.50	vs LY constant rates 15.9%

Ahold Delhaize

High sales growth in both regions, though Europe margins hurt by pension expense and lap of 1x benefits in The Netherlands

€ million, except per share data	Ahold Delhaize Group		The United States		Europe	
	Q3 2020	% change constant rates	Q3 2020	% change constant rates	Q3 2020	% change constant rates
Net Sales	**17.826**	**10.1%**	**10.875**	**11.3%**	**6.951**	**8.3%**
Comparable sales growth excl. gas	**10.5%**		**12.4%**		**7.5%**	
Online sales	1.334	59.1%	499	114.7%	834	37.8%
Net consumer online sales	**1.780**	**62.6%**	**499**	**114.7%**	**1.281**	**48.6%**
Operating income (loss)	207	(68.5)%	(36)	NM	277	(0.6)%
Operating margin	1.2%	(2.9) pts	(0.3)%	NM	4.0%	(0.4)pts
Underlying operating income	813	15.9%	547	27.7%	300	(3.2) %
Underlying operating margin	**4.6%**	**0.2 pts**	**5.0%**	**0.6 pts**	**4.3%**	**(0.5)pts**
Diluted EPS	0.06	(83.9)%				
Diluted underlying EPS	**0.50**	**15.9%**				
Free Cash Flow	**176**	**(62.7)%**				

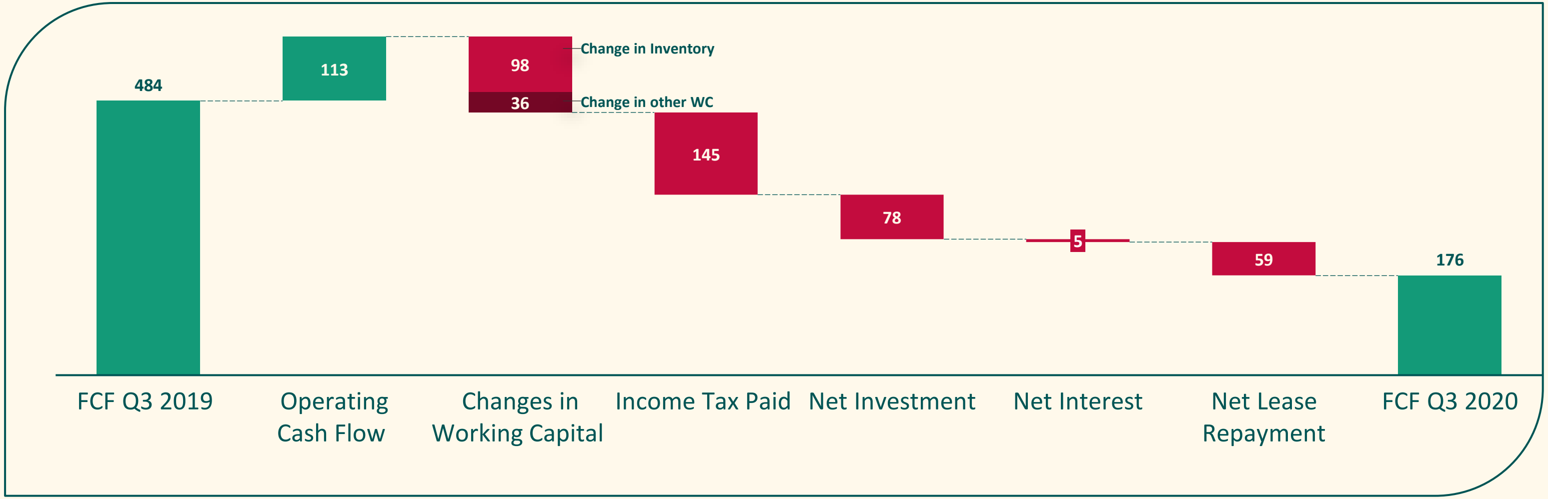
Net consumer online sales grew nearly 115% in the U.S. and 50% in Europe

Europe underlying operating margin impacted by Netherlands pension expense & lap of 1x benefits in the prior year

U.S. IFRS operating margin unfavorably impacted by provision for the previously announced pension plan withdrawal

Q3 Free Cash Flow Bridge

FCF Q3 2020 vs Last Year (in €m)



Ahold Delhaize

Raising underlying EPS 2020 again due to strong YTD performance

- We are increasing underlying EPS guidance to high 20% (previously low-to-mid-20%) due to our strong YTD performance
- Free Cash Flow outlook unchanged at over €1.7 billion, net of Q4 payment for U.S. pension withdrawal
- The underlying operating margin in 2020 is still expected to be higher than last year
- Capital expenditure guidance is maintained at ~€2.5 billion and reflects our accelerated investments in digital and omnichannel capabilities
- Remain committed to our dividend policy and share buyback program in 2020; announcing a new €1 billion share buyback for 2021

	Full-year outlook	Underlying operating margin[1]	Underlying EPS	Save for Our Customers	Capital expenditures	Free cash flow[2]	Dividend payout ratio[3]	Share buyback[4]
Updated Outlook	**2020**	**Higher than 2019**	**High-20% growth**	**€600 million**	**~ €2.5 billion**	**> €1.7 billion**	**40-50%**	**€1 billion**
Previous Outlook	2020	Higher than 2019	Low-to-mid-20% growth	€600 million	~ €2.5 billion	> €1.7 billion	40-50%	€1 billion

1. No significant impact to underlying operating margin from the 53rd week, though the 53rd week should benefit net sales for the full year by 1.5-2.0%. Comparable sales growth will be presented on a comparable 53-week basis. As previously communicated, the margin includes a dilution of €45 million in transition expenses from the U.S. supply chain initiative, and an increased non-cash service charge of €45 million for the Netherlands employee pension plan, resulting from lower discount rates in the Netherlands.
2. Excludes M&A
3. Calculated as a percentage of underlying income from continuing operations
4. Management remains committed to the share buyback program, but given the uncertainty caused by COVID-19, they will continue to monitor macroeconomic developments. The program is also subject to changes in corporate activities, such as material M&A activity

Ahold Delhaize

Wrap-up

- **A strong Q3 performance** despite significant costs incurred related to COVID-19
- **High growth in net consumer online sales**, driven by ~115% growth in the U.S. and ~50% in Europe
- **Raising underlying EPS growth to high 20%** due to strong YTD performance
- **Reiterating free cash flow guidance of at least €1.7bn,** despite a significant payment for a U.S. pension plan withdrawal and ~€2.5 billion in capital expenditures
- **Announcing initiatives to solidify our position as an industry-leading local omnichannel retailer in 2021 and beyond;** involves a significant step-up in online capacity / supply chain capabilities, increased use of technology to enhance productivity, advancements in omnichannel offerings to consumers, and addressing the call to action in ESG
- **Authorizing a new €1b share buyback program in 2021,** which is a testament to the strength we expect to continue to see in our business model

Thank you

Proud companies of Ahold Delhaize