



Ahold
Delhaize

Third Quarter 2016 Results

November 17, 2016

Highlights - third quarter 2016

- Pro forma net sales increased by 2.6% to €14.5 billion (up 2.9% at constant exchange rates)
- Continued strong online sales growth, with net consumer sales up 25.1% at constant exchange rates
- Price pressure from ongoing deflation in the U.S. offset by volume growth
- Pro forma underlying EBITDA margin of 6.4% (Q3 2015: 6.3%)
- Pro forma underlying operating margin of 3.5% (Q3 2015: 3.5%)
- Integration is on track, detailed updates at Capital Markets Day in London on December 7, 2016

Group performance – pro forma

(€ in Millions)

	Quarter 3			
	2016	2015	Change actual rates	Change constant rates
Net sales	14,546	14,176	2.6%	2.9%
Net sales excl gas				3.3%
Underlying EBITDA	932	897	3.9%	4.3%
Underlying EBITDA margin	6.4%	6.3%		
Underlying operating income	513	492	4.3%	4.7%
Underlying operating margin	3.5%	3.5%		
Operating income	425	421	1.0%	1.4%
Income from continuing operations	264	296	(10.8%)	(10.5%)

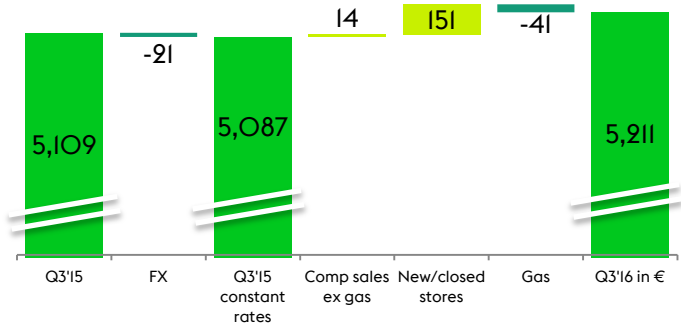
Performance by segment – pro forma

(€ in Millions)

	Quarter 3									
	Ahold USA		Delhaize America		The Netherlands		Belgium		CSE	
	2016	Change constant rates	2016	Change constant rates	2016	Change	2016	Change	2016	Change constant rates
Net sales	5,210	2.4%	3,888	1.1%	2,900	4.3%	1,213	1.7%	1,335	8.9%
Net sales excl gas		3.4%		1.1%		4.3%		1.7%		9.0%
Underlying EBITDA	355	0.3%	256	(1.4%)	196	3.7%	61	22.0%	92	16.5%
Underlying EBITDA margin	6.8%	(0.2)	6.6%	(0.2)	6.8%	0	5.0%	0.8	6.9%	0.5
Underlying operating income	203	(1.7%)	135	(6.3%)	128	0.8%	24	84.6%	56	27.3%
Underlying operating margin	3.9%	(0.2)	3.5%	(0.3)	4.4%	(0.2)	2.0%	0.9	4.2%	0.6
Comparable sales growth excl gas	0.3%	(0.3)	1.3%	(0.3)	3.3%	(1.2)	1.3%	(0.6)	6.0%	2.6

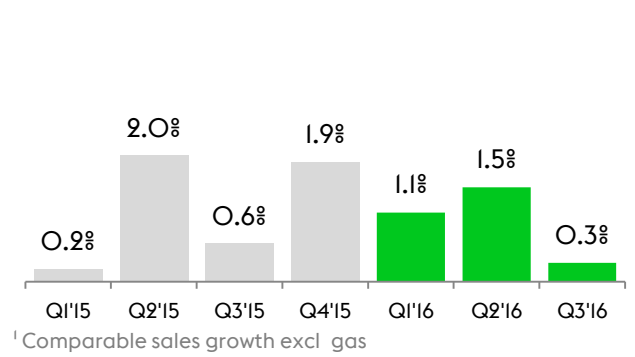
Ahold USA – pro forma results Q3 2016

Net sales

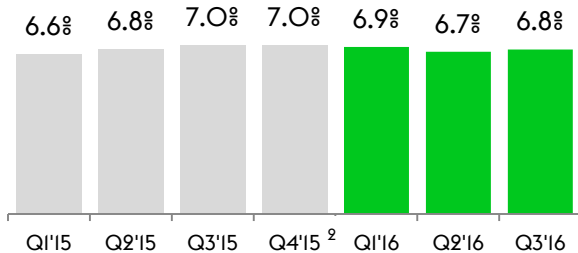


- Net sales grew 3.4% excl gas at constant rates
- Comparable sales affected by deflation of -0.8%
- Market share improvement driven by NYM market

Comparable sales growth ¹

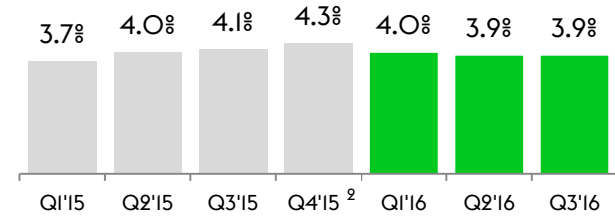


Underlying EBITDA margin



- Underlying operating margin decrease vs. LY due to last year's timing of Simplicity savings and higher gas margins compared to this year

Underlying operating margin

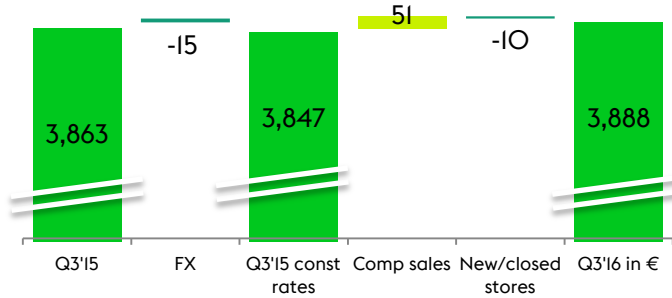


² Including the 53rd week in 2015

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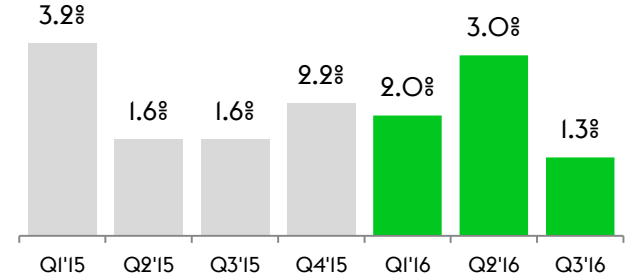
Delhaize America – pro forma results Q3 2016

Net sales

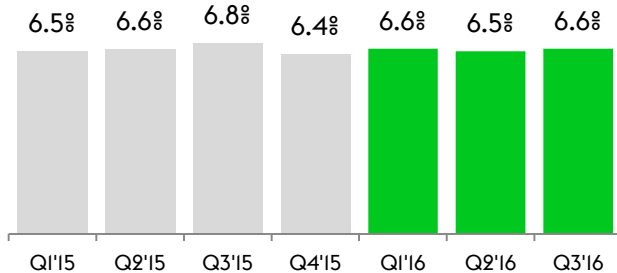


- Net sales grew 1.1% at constant rates
- Comparable sales affected by deflation of -1.6%
- Continued positive volume growth at both Food Lion and Hannaford
- 4th of July calendar impact of -20 bps on comparable sales

Comparable sales growth

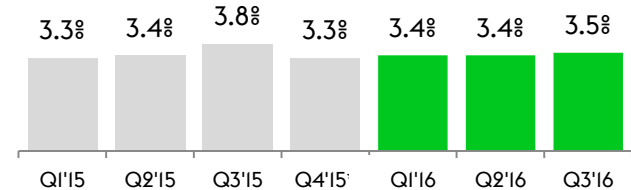


Underlying EBITDA margin



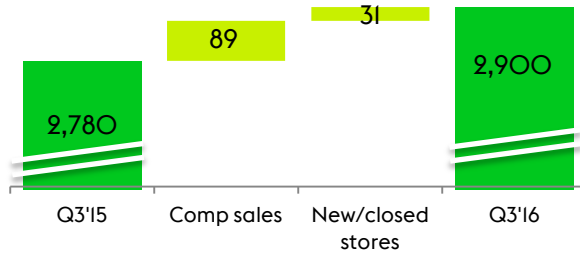
- Underlying operating margin decreased vs. LY, caused by higher labor expenses and higher pro forma adjustments
- Gross margin and shrink improved compared to LY

Underlying operating margin



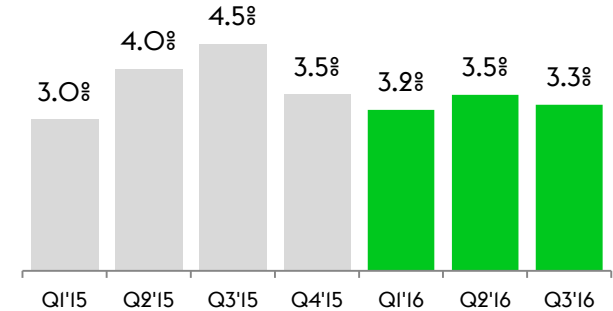
Netherlands – pro forma results Q3 2016

Net sales

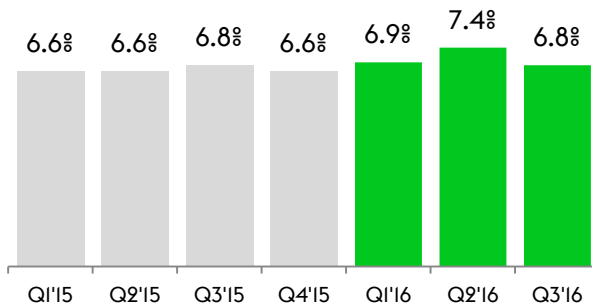


- Net sales grew 4.3%
- Online net consumer sales growth over 30%
- Inflation of +1.0%

Comparable sales growth

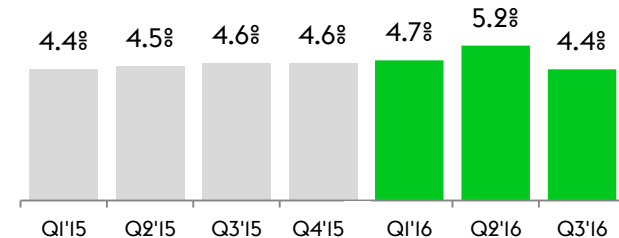


Underlying EBITDA margin



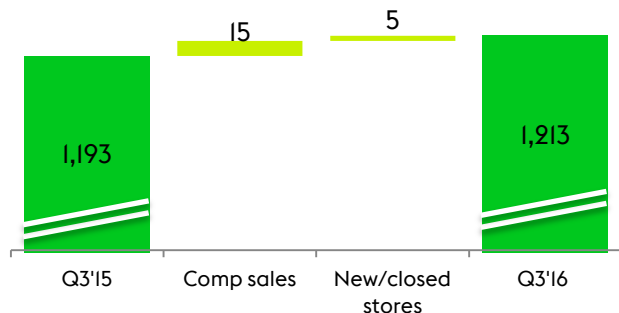
- Underlying operating margin decreased vs. LY, fully caused by dilutive impact bol.com in line with plans to accelerate growth
- Margin excl bol.com remained flat at 5.1%

Underlying operating margin



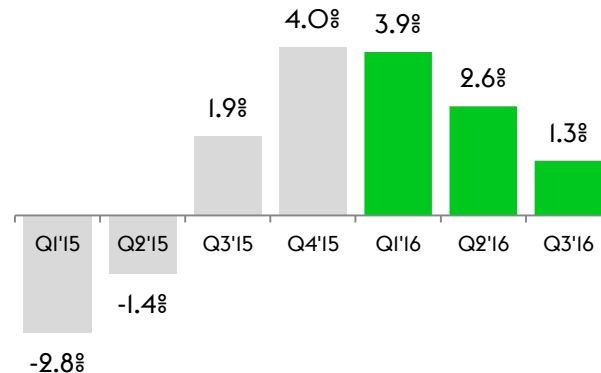
Belgium – pro forma results Q3 2016

Net sales

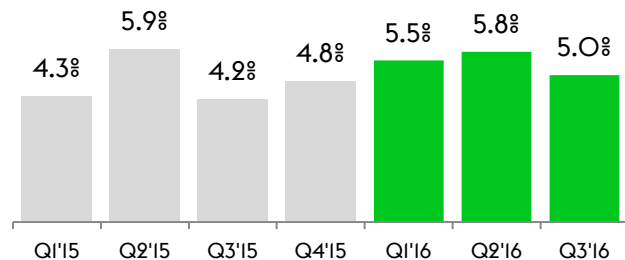


- Net sales grew 1.7%
- Comparable sales driven by inflation of +2.2%
- Continued good affiliate performance

Comparable sales growth

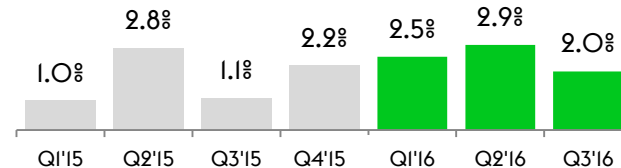


Underlying EBITDA margin



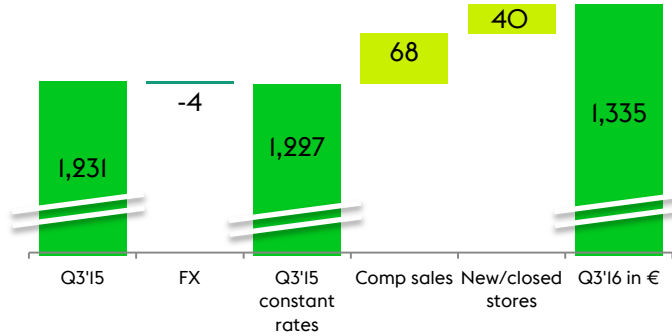
- Underlying operating margin increased vs. LY resulting mainly from lower labor costs from the Transformation Plan and lower commercial expenses
- Logistics expenses were slightly higher than LY

Underlying operating margin



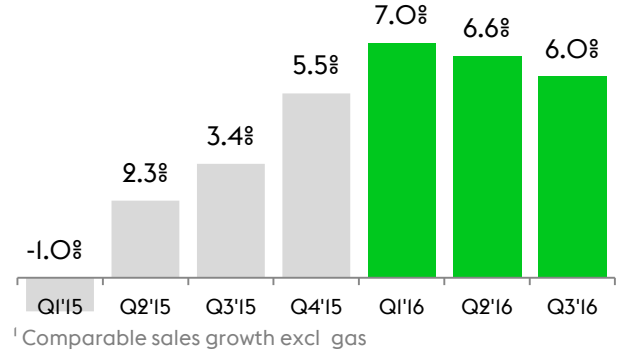
CSE – pro forma results Q3 2016

Net sales



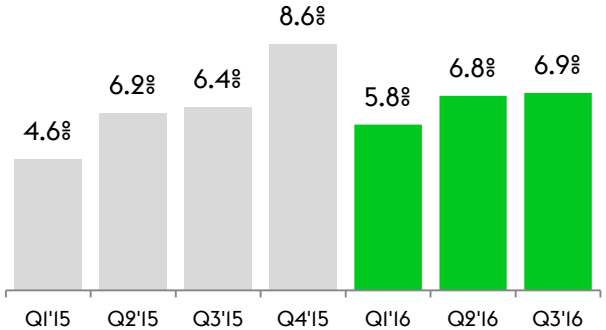
- Net sales grew 8.9% at constant rates
- Comparable sales growth excl gas driven by Greece and Romania, flat performance in Czech and Serbia
- Deflation in Greece resulted from promotional environment

Comparable sales growth ¹



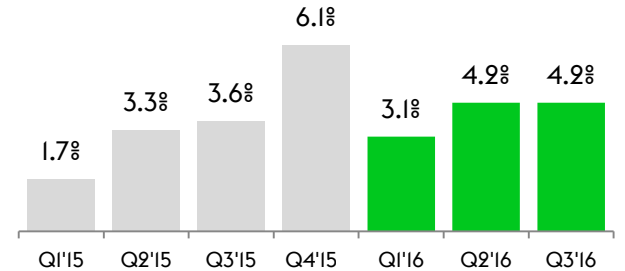
¹ Comparable sales growth excl gas

Underlying EBITDA margin



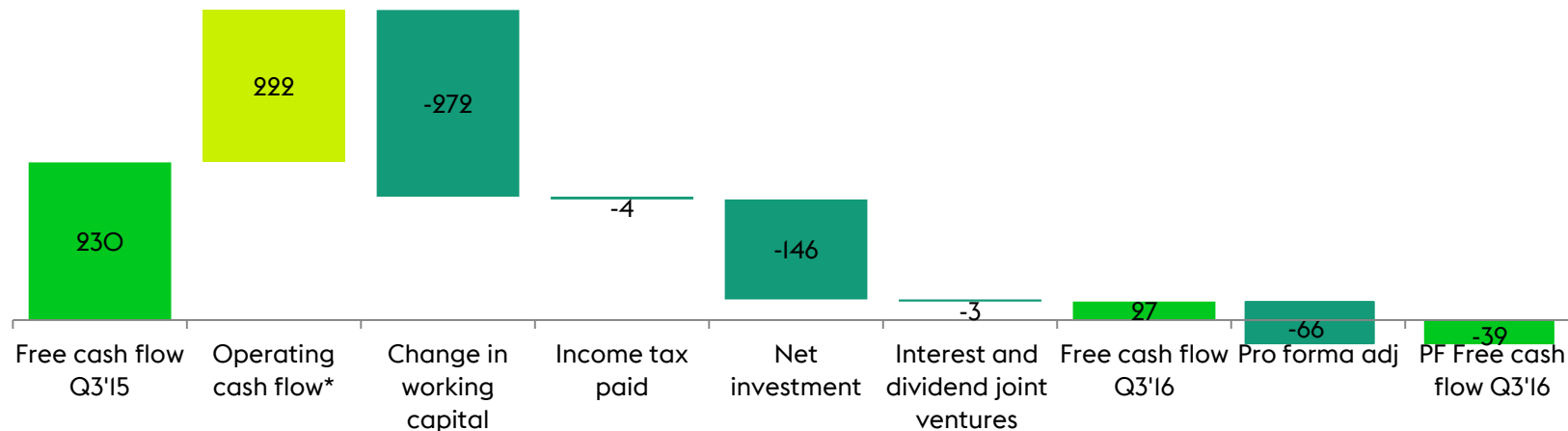
- Strong underlying operating margin development vs. LY
- Strong performance in Greece
- Further improvements shown in Czech Republic

Underlying operating margin



Free cash flow generation

(€ in Millions)

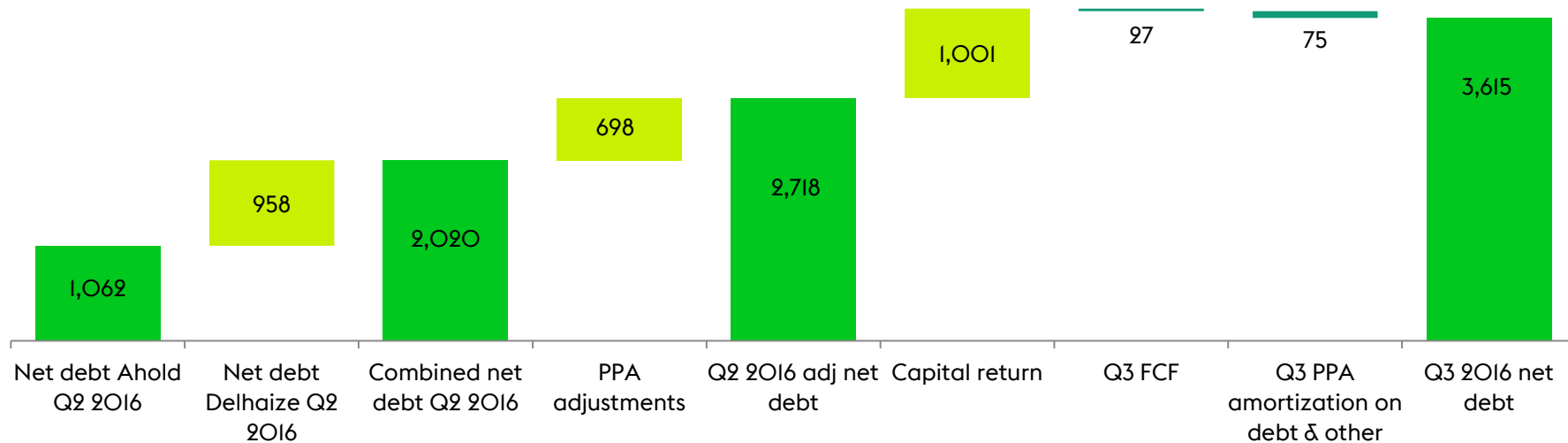


- Strong operating cash flow delivered
- Working capital primarily affected by timing of payables
- Net investment change in line with planned investments
- YTD IFRS free cash flow of €567 million, down €216 million versus YTD Q3 2015

* From continuing operations before changes in working capital and income tax paid

Net debt evolution

(€ in Millions)



- PPA adjustments related to the fair value adjustments of Delhaize debt and finance lease liabilities as a result of the merger
- Combined gross debt and cash increased by €993 million, resulting from the gross-up of cash pooling within former Delhaize

Buy-back Yen bonds

- Buy-back and cancellation of ¥33 billion floating rate notes due May 2031
- Unwinding of the associated currency swap
- ¥-notes and swap represent synthetic €299 million long-term liability @7.065% annual interest rate
- ¥-notes at purchase price of 108.1% for settlement on November 15, 2016
- Reflected in Q4'16 as one-off costs of €243 million before tax
- Funded by cash on hand, outlay of €543 million
- Transaction is value accretive, reduction in annual interest expense of app. €21 million
- No material impact on current leverage ratio's, ability to fund future growth opportunities or further optimize the capital structure

- Deflationary environment in the U.S. expected to continue at current levels through the fourth quarter
- Pro forma underlying operating margin for 2016 expected to be broadly in line with our year to date performance and slightly ahead of last year
- We continue to expect our free cash flow for 2016 to be €1.3 billion, including expected capital expenditure of €1.8 billion. FCF includes FY impact of Delhaize Group, transaction, integration and Delhaize Belgium's Transformation Plan costs, and estimated cash flows from divestments
- Anticipated effective tax rate in the mid twenties for the full year

Business highlights

Ahold USA

- Five store divestitures completed related to the merger, 10 stores planned for 2017 and the 10 additionally announced Richmond stores are being marketed
- Rollout of new Produce and Bakery completed
- Nature's Promise organic and free-from brand continued to show strong growth, up 18%
- Next wave of additional price drops on > 1,800 SKU's launched in October, supported in store, digital and mass media
- Giant Carlisle announced introducing 50 varieties of wine within the Beer Garden and Eatery in Pennsylvania for the first time



Delhaize America

- Delhaize America completed all store divestitures associated with merger
- Grand re-openings of 142 remodeled Food Lion stores in Charlotte-area under the “Easy, Fresh and Affordable” initiative
- Food Lion associates provided great support in wake of Hurricane Matthew to help communities in need. Hurricane Matthew resulted in one of the largest single storm impacts in Food Lion’s history at the start of Q4’16
- Hannaford recently opened their concept store in Bedford NH, performing well ahead of expectations



Business highlights

The Netherlands

- Albert Heijn launched “beverage guide” for sodas, with color coded information about the amount of sugar, calories and types of sweeteners in the beverages



- Albert Heijn introduced “Rockfrogs” on own brand healthy kids products to make a healthy choice more easy and fun for our young customers
- Albert Heijn opened the first 100% CO₂ neutral XL supermarket
- Albert Heijn-to-Go started with pilot at six gas stations in the Netherlands

Belgium

- 4th and last wave of New Store Organization implemented as part of the Transformation Plan; now implemented across all company-operated stores
- Delhaize Belgium innovates to further reduce sugar, with “Daylightful” ice-creams that have no added sugar, fewer calories and the same taste as regular ice cream



- Start with food recuperation program with Planckendael Zoo, to reduce food waste
- Red Market stores to be remodeled to AD and Proxy Delhaize formats

Business highlights

Central & Southern Europe

- Alfa Beta in Greece successfully re-opened the Thessaloniki flagship store after intense remodeling, showing overall continued growth
- Successful campaigns in Czech on storage boxes of Curver and reading books for children
- Mega Image in Romania opened its 500th store, continued double digit sales growth, supported by great customer offering and service



- Mega Image started operations in their new distribution center in the North of Bucharest in September
- Super Lunch program to make lunchtime in Serbia healthier continued successfully

Global Online

- Bol.com introduced a new delivery option “Delivered Today”, available for 300,000 articles across all product categories
- Bol.com introduced 7 day-delivery and extended opening hours from 23.00 to 24.00 for next-day delivery
- Capacity at our Peapod New Jersey facility continues to expand, meeting growing customer demand
- Ah.nl expanded Home Shopping Center De Meern to enable continued strong growth and deliver 25,000 additional orders per week
- Delhaize.be integrated eCommerce platform launched with home delivery, very successfully received by customers so far



Important dates 2016-2017

- Capital Markets Day in London December 7, 2016
- Ahold Delhaize Q4/FY 2016 trading statement January 19, 2017
- Ahold Delhaize Q4/FY 2016 results March 1, 2017
- Annual General Meeting April 12, 2017
- Ahold Delhaize Q1 2017 results May 10, 2017
- Ahold Delhaize Q2 2017 results August 9, 2017
- Ahold Delhaize Q3 2017 results November 8, 2017



Cautionary notice

This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words such as on track, updates, value accretive, reduction, future growth, optimize, pilot, to be 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 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 competition and pressure on profit margins in the food retail industry; the impact of the Company's outstanding financial debt; future changes in accounting standards; the Company's ability to generate positive cash flows; general economic conditions; the Company's international operations; the impact of economic conditions on consumer spending; turbulences in the global credit markets and the economy; the significance of the Company's U.S. operations and the concentration of its U.S. operations on the east coast of the U.S.; increases in interest rates and the impact of downgrades in the Company's credit ratings; competitive labor markets, changes in labor conditions and labor disruptions; environmental liabilities associated with the properties that the Company owns or leases; the Company's inability to locate appropriate real estate or enter into real estate leases on commercially acceptable terms; exchange rate fluctuations; additional expenses or capital expenditures associated with compliance with federal, regional, state and local laws and regulations in the U.S., the Netherlands, Belgium and other countries; product liability claims and adverse publicity; risks related to corporate responsibility and responsible retailing; the Company's inability to successfully implement its strategy, manage the growth of its business or realize the anticipated benefits of acquisitions; its inability to successfully complete divestitures and the effect of contingent liabilities arising from completed divestitures; unexpected outcomes with respect to tax audits; disruption of operations and other factors negatively affecting the Company's suppliers; the unsuccessful operation of the Company's franchised and affiliated stores; natural disasters and geopolitical events; inherent limitations in the Company's control systems; the failure or breach of security of IT systems; changes in supplier terms; antitrust and similar legislation; unexpected outcome in the Company's legal proceedings; adverse results arising from the Company's claims against its self-insurance programs; increase in costs associated with the Company's defined benefit pension plans; 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.

Q&A

FOOD LION

 Stop&Shop



GIANT

MARTIN'S

 Giant

Peapod

bfresh

 Albert Heijn



Etos

GolleGoll

bol.com

albert

 MAXI

 Tempo

 Βασιλόπουλος
...και του πουλιού το γάλα!

 BENA
...είναι το αμύγδαλό σας!



pingo doce



Thank you

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