



Ahold
Delhaize

Third Quarter 2018 Results

November 7, 2018



Ahold
Delhaize

Q3 Highlights

Frans Muller

President and CEO

Nature's Promise
Organic
Granny Smith
Apples
U.S. EXTRA FANCY

KEEP REFRIGERATED
NET WT 48 OZ

Highlights – Third quarter 2018

Strong sales and earnings growth, increased free cash flow guidance for 2018

- Net sales of €15.8 billion, up 3.6%*
- US comparable sales up 3.0% (excluding hurricane up 2.5%) with positive volume growth
- Net consumer online sales up 27.6%*
- Underlying operating margin of 4.1%, up 0.2% points, supported by synergies
- Net income of €459 million, up 26.0%*
- Strong free cash flow of €538 million, up €112 million
- Free cash flow full year guidance raised to at least €2.0 billion

* At constant exchange rates

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€0,00

GRATIS
VOORBEREIDINGKOSTEN

bij aankoop van
2 pakjes
Douwe Egberts 32 pads



Financial Results

Jeff Carr

CFO

Group performance

€ in million

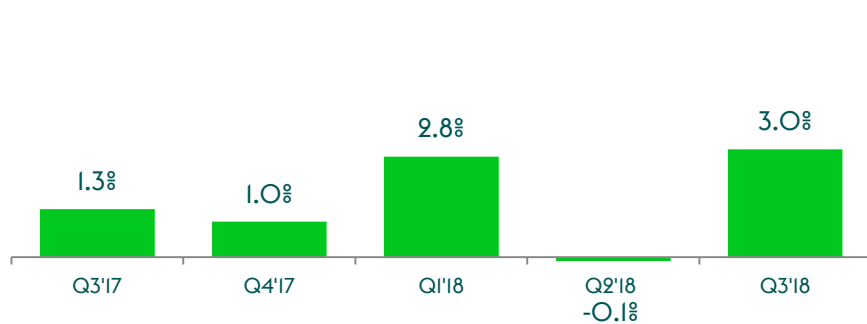
Quarter 3

| | 2018 | 2017 | Change actual rates | Change constant rates |
|--|--------|--------|------------------------|--------------------------|
| Net sales | 15,780 | 15,136 | 4.3% | 3.6% |
| Underlying EBITDA | 1,080 | 1,026 | 5.4% | 4.6% |
| Underlying EBITDA margin | 6.9% | 6.8% | | |
| Underlying operating income | 647 | 591 | 9.6% | 8.8% |
| Underlying operating margin | 4.1% | 3.9% | | |
| Operating Income | 612 | 545 | 12.1% | 11.4% |
| Income from continuing operations | 475 | 362 | 31.3% | 30.6% |

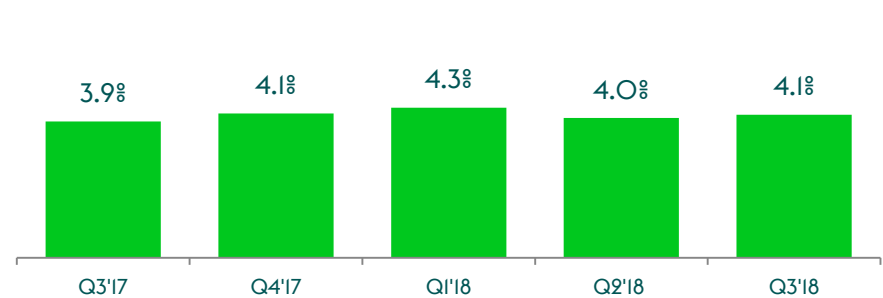
United States

Strong sales performance with volume growth

Comparable sales growth ¹



Underlying operating margin



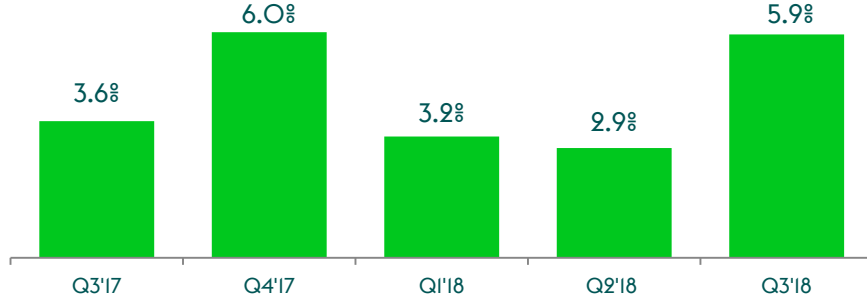
¹ Comparable sales growth excl. gas

- Net sales up 3.2% at constant rates to €9,612 million compared to the same quarter last year
- Comparable sales ex gas up 3.0%, up 2.5% adjusted for weather impact
- Online sales increased by 12% at constant exchange rates, supported by improved sales trends at Peapod
- Underlying operating margin in the U.S. 4.1%, up 0.2% points from the same quarter last year

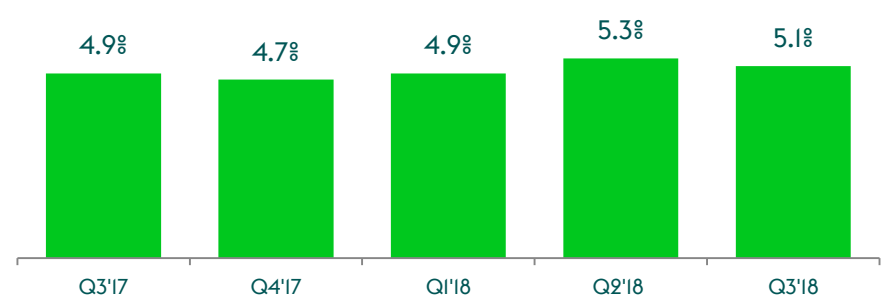
The Netherlands

Strong sales growth, both in stores and online

Comparable sales growth

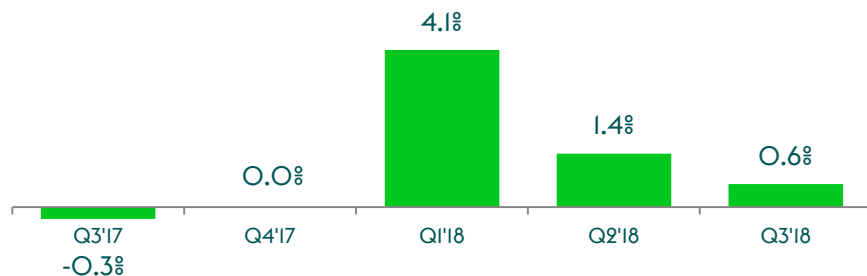


Underlying operating margin

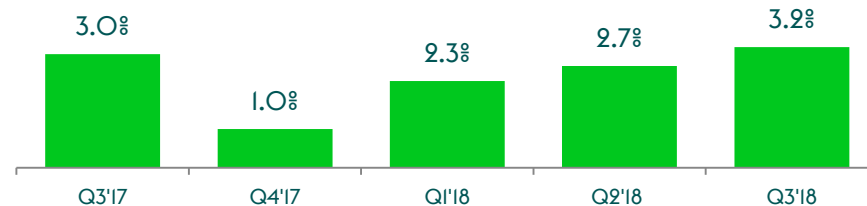


- Net sales up 5.8% to €3,469 million compared to the same quarter last year
- Comparable sales growth of 5.9%, comparable sales growth ex bol.com 4.2%
- Net consumer online sales increased by 33% compared to last year
- Underlying operating margin 5.1%, up 0.2% points compared to the same quarter last year
- Underlying operating margin excluding bol.com of 5.7%, up 0.2% points compared to the same quarter last year

Comparable sales growth



Underlying operating margin

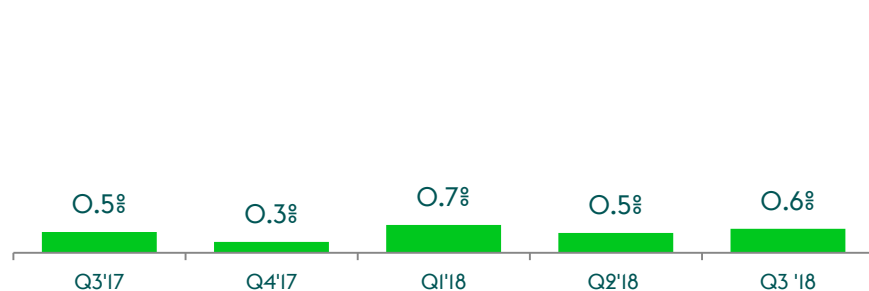


- Net sales were €1,226 million, up 1.0% versus the same quarter last year
- Comparable sales increased by 0.6%, impacted by fewer trading days in the quarter
- Underlying operating margin 3.2%, up 0.2% points compared to last year, mainly driven by an improved gross profit margin, supported by synergies

Central and Southeastern Europe

Continued strong sales growth in Romania and Czech Republic

Comparable sales growth ¹



Underlying operating margin



¹ Comparable sales growth excl. gas

- Net sales were €1,473 million, up 3.0% at constant rates.
- Net sales growth resulted from comparable sales growth of 0.6%, and the net addition of 123 stores, of which most were convenience stores
- In Greece, sales trends improved compared to previous quarter
- Underlying operating margin 3.7%, down 0.6% points compared to last year mainly due to the impact of lower sales in Greece and higher labor costs in the rest of the region

Free Cash Flow

| € in million | 2018 | | 2017 | |
|-------------------------------|-------|---------|-------|---------|
| | Q3 | YTD | Q3 | YTD |
| Operating cash flow | 995 | 3,020 | 951 | 3,006 |
| Change in working capital | 27 | (14) | (52) | (391) |
| Income tax paid – net | (38) | (132) | (111) | (328) |
| Cash from cont. operations | 984 | 2874 | 788 | 2,287 |
| Net investments | (412) | (1,062) | (332) | (1,085) |
| Net interest paid | (35) | (157) | (32) | (195) |
| Dividends from joint ventures | 1 | 17 | 2 | 16 |
| Free cash flow (post-tax) | 538 | 1,672 | 426 | 1,023 |

Synergies and One-time costs

| € in million | Quarter 3 | | |
|--------------------------------|-----------|------|-------------|
| | 2018 | 2017 | Incremental |
| United States | 77 | 36 | 41 |
| Europe | 24 | 22 | 2 |
| Global Support Office | 12 | 10 | 2 |
| Ahold Delhaize Group synergies | 113 | 68 | 45 |

| € in million | Q3 | Costs to date | Expected full costs |
|-----------------------------------|----|---------------|---------------------|
| Integration costs | 26 | 336 | 380 |
| Brand centric restructuring costs | - | 41 | 70 |

- Q3 2018 net synergies: €45 million incremental to Q3 2017
- Net synergy target for 2018: €420 million; €152 million incremental to 2017



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Business Highlights

Frans Muller

President and CEO

Inspiring customers with new store formats

- Delhaize opened the first five remodeled stores based on a new format. A highlight of the new concept store in Nivelles is the ‘Fresh Atelier’, offering freshly prepared ready-to-eat meals, using recipes that contribute to a balanced diet
- Albert has created a new urban supermarket concept featuring fresh, healthy foods and a fast, easy shopping experience. The wide assortment of fresh and healthy products includes many items from local suppliers
- Stop & Shop unveiled a fresh new look starting with 21 stores in the Hartford area in Connecticut. The new look comes with a \$70 million capital investment to improve the in-store experience with a focus on delivering more fresh, fast, local and healthy options
- Food Lion has now rolled-out the Easy, Fresh and Affordable format to 712 of its 1,029 stores, including 168 stores in Virginia’s Norfolk and greater Roanoke markets this year



Developing and expanding our e-Commerce and digital programs

- Albert Heijn launched its first check-out free stores, offering customers super fast shopping without waiting in line. The ‘tap to go’ technology will be rolled out to all convenience stores
- Albert Heijn has taken the next step in offering transparency to customers by using blockchain technology to make the production chain of its own-brand products more transparent
- Food Lion expanded its ‘Food Lion To-Go’ grocery pick up service in North Carolina and Virginia. This convenient service will allow customers to order and pick up their groceries in as little as an hour
- Extra-fast delivery pilot of bol.com products allows customers to receive items at home within 2-hours of ordering. Using electric bicycles, this customer need is fulfilled with an environmental friendly solution



Wrap up & Outlook 2018

- Net sales of €15.8 billion, up 3.6%*
- US comparable sales up 3.0%, excluding hurricane up 2.5%
- Net consumer online sales up 27.6%*
- Underlying operating margin of 4.1%, up 0.2% points, supported by synergies
- Net income of €459 million; up 26.0%*
- Strong free cash flow of €538 million
- Free cash flow 2018 expected to exceed previous guidance of €1.9 billion and to be at least €2.0 billion
- Capital expenditure expected at €1.8 billion in 2018, compared to previous guidance of €1.9 billion
- Update on our strategy at the Capital Markets Day on November 13, New York City

* At constant exchange rates

Cautionary notice

This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words such as target, will, will be, outlook, be, expected, 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 sustainable 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

 Hannaford

GIANT

MARTIN'S

 Giant

Peapod

 Albert Heijn

 DELHAIZE

 Etos

Gall & Gall
SINCE 1884

bol.com

 albert

 MAXI

 Tempo

 Βασιλόπουλος
...και του πουλιού το γάλα!

 ENA FOOD
CASH & CARRY

 MEGA IMAGE

 pingo doce

 SUPER INDO

Thank you

