

## **Ahold Delhaize CEO Dick Boer addresses Annual General Meeting 2018**

*Zaandam, the Netherlands, April 11, 2018* – Ahold Delhaize's Annual General Meeting of Shareholders on April 11, 2018, included a speech by Ahold Delhaize Chief Executive Officer Dick Boer. Following is the full text of the speech.

Thank you, Mr. Chairman. And thank you, ladies and gentlemen, for your interest and for being here today in Amsterdam. I would like to talk to you about 2017, nearly two years after the merger of Ahold and Delhaize Group. This is also a special time for me personally. As you know, this is my last shareholders' meeting as CEO of this amazing company. After 20 years with Ahold and Ahold Delhaize, seven of them as CEO, there could be no better time to step down.

We are in great shape: The integration of the company is largely complete. Our Better Together strategy is bearing fruit. We are posting outstanding financial results.

I am also proud of our more than 370,000 associates who, with their great passion, are making such a success of Ahold Delhaize. Proud that our new economies of scale allow us to make our excellent local brands even better and more relevant. And proud of the important role of our stores in the communities we serve. Indeed, we are working hard for the customers, for the associates, for the shareholders and for the neighborhoods in which we are active. For all stakeholders. I would like to show you how we do this and who we are in a short video.

This video not only shows you what we do and who we are. It also underscores our ambition to be the most local and personal supermarket. Because our strength lies in this combination of global and local, of large and small. That is what retailing is all about and will always be about. It is our heritage and has been part and parcel of our wonderful brands for over 150 years. That is how we want to continue leading the way in the 21st century.

Because, ladies and gentlemen, there are many changes happening in the world. Of course, this is not exactly surprising news. Change is a recurring theme at these meetings: At my first Annual General Meeting as CEO, I talked about the rapidly changing behavior of our customers. And over the years we have talked about demographic and technological shifts. Including digitalization and new forms of shopping and working.

The difference compared to seven years ago is that the pace of change has accelerated yet again. It has also become more difficult to predict where the changes will come from. This gives a further indication that the role of retailers is changing. Just think about it.

Ten years ago, you needed to visit several stores to find the lowest price for a bottle of coke. Now, you can find the lowest price across five different stores within a few seconds. Ten years ago, only pizzerias offered home delivery. Now, it is perfectly normal to have groceries and restaurant meals delivered right to your kitchen.

But at the same time, there are some things that never change. One hundred years ago, fine local products and good personal service were important. That is still the case a century later. A hundred years ago, customers wanted the best quality at the best price. And that will still be the case 100 years from now. Our great brands continue to provide this, both now and in the future.

So why is Ahold Delhaize so well positioned for a successful future? By being and remaining the most local, reliable and personal retailer in a world that is forever accelerating. We need to be a local hero and a world player at the same time – that is the nice thing about retailing. That is what it is all about, and where it all started. With our excellent local brands on both sides of the Atlantic, and with more than 50 million customers per week. At Food Lion and Giant in the United States, for example. Alfa Beta in Greece. Delhaize in Belgium. And of course Albert Heijn and bol.com in the Netherlands. And so many others.

Our brands cherish their close relationships with customers and the local community. And they remain relevant by continuously reinventing themselves without losing sight of the customer. This helps our brands to be part of a large company like Ahold Delhaize. Because, thanks to our strength as a global player, our scale, our innovative power and our strong financial position, we can continue to invest in stores, new products, associates and technology.

Let me explain how we take our goal of being the most local and personal retailer and translate this into practice. I can give you four important distinguishing factors: First, an inspiring shopping experience with fantastic associates. Second, our expertise in fresh products and providing healthy choices. Third, our personalization know-how by means of online and digitalization. And fourth, our leadership in terms of technology and innovation.

Let me go through each of these four points in detail with you.

First of all, the shopping experience. Some people say that they do not see a future for physical stores. I totally disagree with this. Because stores still matter – and that will be the case in the future, too.

The more virtual the world becomes, the more need there is for the real world.

Because people are social animals. They like to meet other people. They like to be surprised and inspired. They like to touch, feel and smell new and fresh products. Of course, stores will need to change. We are therefore continuing to innovate and invest so they remain attractive and relevant to customers. To give a good example, I would like to take you to Belgium. Delhaize recently opened a vegetable garden there on the roof of a supermarket. Let's take a look.

This is a great example of how a store can be innovative. It fits in nicely with my prediction of the future role for supermarkets. Because today supermarkets do a lot more than sell coffee and peas. While many stores are closing down, supermarkets are being transformed into social meeting places. Into neighborhood centers, bringing people of all ages together. Encouraging local initiatives in the community in the areas of sports and education.

For example, did you know that Albert Heijn contributes to a healthy lunch for schoolchildren in the Netherlands? More than 200,000 children took part nationwide last month. And last year, Albert Heijn organized 500 neighborhood lunches for local residents. And did you know that Delhaize Serbia supports a national campaign for blood donors and provides facilities in its supermarkets? In the U.S., Food Lion makes a significant contribution to fighting hunger through cooperative ventures with food banks. Through its Feeding America hunger-relief platform, Food Lion and its partners want to donate 500 million meals in the coming years to families in urgent need.

None of this can be achieved, of course, without the involvement and enthusiasm of our associates. That is why I am so pleased that our associates are proud to devote themselves every day to the customers of their local brand.

A second distinguishing factor is our expertise in fresh food and providing healthy choices. Today's customers are increasingly looking for healthy products that are produced sustainably. As a retailer, we can help our customers out. Through our own-brand products, we are able to help our customers meet the growing demand for healthy options.

Customers who are seeking a healthy lifestyle will find more information and a wider choice. Not just with our own-brand lines, such as Nature's Promise in the U.S., but also with advice that makes it easy for customers to make healthy choices. These initiatives make an important contribution to our ambitious goals in the area of health.

By 2020, we intend to have 50% of our own-brand sales coming from healthier products – we are the only retailer that dares to set a hard target of this kind. We are also making

our existing own brands healthier. For example, Stop & Shop, Giant/Martin's and Peapod reduced the sugar content in their own-brand products by almost 1 million pounds last year.

A third factor is personalization. Everything in retail depends on this. Customers need to be able to decide for themselves when and where they go shopping. Whether we are talking about pick-up points, home delivery or shopping in the store. Discounts and special offers need to be relevant, and preferably as personal as possible. Our popular online platforms are still growing fast – in 2017 sales increased by over 20% to €2.8 billion, of which €1.2 billion came from online food sales. In 2020 we expect to generate almost €5 billion in online sales.

We also have great loyalty programs, like the Albert Heijn Bonus Card, which brings us even closer to our customers. Our loyalty programs have been further expanded and enhanced on both sides of the Atlantic. Take, for example, Food Lion's Shop & Earn program, where customers can earn money back – approximately \$20 a month. Watch this short video to see how this works.

Last year, our brands sent out no less than 2.5 billion personal offers worldwide. Meanwhile, we continue to invest in personalizing the shopping experience even further. In extra capacity for online platforms like Peapod, bol.com and ah.nl. In the click and collect service of Stop & Shop supported by Peapod, and the new pick-up points for Hannaford To Go.

Finally, technology enables us to achieve all this. Using technology, we can make the customer experience even better and more personal, improve our stores and upgrade digital channels. With technology, we can also make our supply chains more sustainable and more transparent. This not only gives us a better and more up-to-date view of the production process for our products, it also increases reliability and visibility for customers. Using blockchain or other innovative technologies.

The goal is to make shopping simpler, faster and easier for customers. You can see a good example of this with Albert Heijn to go, where we are testing "tap to go" technology in one store here in the Netherlands. This summer, Albert Heijn to go will open its first location with "tap to go" here in Amsterdam, followed by 80 more across the Netherlands. And did you know that Stop & Shop in the U.S. also plans to experiment with checkout-free shopping?

As I said, the technology is a means to an end for us, not a goal in itself. It enables us to make our service even more personal and relevant for the customers. I recently heard from our Peapod team about a customer who was incredibly happy with "Ask Peapod."

This is a new Peapod service where customers can place their orders by only using their voice. This customer is blind, but thanks to Peapod's voice-based service she was able to do her own shopping. This is a great example of how we can continue to reach more customers by using technology.

Ladies and gentlemen, just on the basis of these four distinguishing factors alone, you may expect that we are doing well financially. Which, indeed, we are. Of course many other factors also play a part in that success, such as the right strategy and competent execution of it.

Jeff will be giving you more details in a moment, but let me run through the highlights of 2017. Sales grew in 2017 by 1.7% to €62.7 billion. Our profit margin rose from 3.7% to 3.9%, primarily due to merger-related synergies. Our cash flow rose sharply to €1.9 billion. We increased the dividend by a good 10% to 63 eurocents per share.

Of course, none of this would be possible without a strong management team. Last year, we again took some important steps in this direction. Kevin Holt was appointed CEO of Ahold Delhaize USA, our combined business in the U.S. Wouter Kolk was appointed Chief Operating Officer for the Netherlands and Belgium, with the intention of putting him in charge of all our activities across Europe and Indonesia at the beginning of next year. You will be able to vote later today on the appointment of Wouter to the Management Board. Finally, we appointed Ben Wishart to the Executive Committee, as Global Chief Information Officer. With this team, Ahold Delhaize is in an excellent position to further define our strategy and to ensure its implementation.

Ladies and gentlemen, in summary: A lot has happened during my 20 years at Ahold and later Ahold Delhaize. The crisis at Ahold in 2003 and how this led to emotional reactions from customers at Albert Heijn. The repositioning of both Albert Heijn and Ahold, also in the years that followed. The definition of clear strategies, especially the online strategy. The expansion with bol.com so that we could truly embrace the omni-channel approach. The development of ambitious sustainability targets, which have now become an integral part of our strategy. For example, the Albert Heijn Foundation recently celebrated its 10-year anniversary. Then, of course, there was the merger in 2016, when we created a global food retailer.

Seven years ago, in 2011, I first stood in front of you as CEO. That was here, in the Muziekgebouw concert hall. At that time I said that our industry always begins and ends with what our customers want. That was the spirit of the Heijn and Delhaize families in the 19th century when they opened their first stores. And that is what I also learned from my parents about running a grocery store. I have endeavored to carry on their work in this spirit.

Albert Heijn, the man, said it in his memoirs: “Being a grocer is a career for people who can leave themselves out of the equation.” You need to enjoy helping customers with everyday things. Your job is to help people do their shopping as smoothly as possible. And to perhaps get them to buy *just* a little bit more than they planned. Never a lot more: the point is that the customer must also be pleased with that little bit extra. In this respect, being a grocer is a job full of small wins. But for me as a grocer, helping customers is still the essence of the profession. Yes, I am going to miss it.

I am grateful for the wonderful years during which I have been able to head up this great company as its CEO. At the same time, I want to say a big thank you. Thank you to all the associates, the Central Works Council, franchisees, suppliers and customers. They are all the founding fathers of today’s success. Of course, I would also like to thank you, the shareholders, most sincerely. Many of you have been involved with our company for years, and I have known you for years. We have experienced so many fine and exciting moments. Thank you for your support and confidence.

I would also like to thank Mats Jansson, chairman of the Supervisory Board. Unfortunately Mats cannot be with us today. This would have been his last Ahold Delhaize annual general meeting. I have come to know Mats as a great retailer in heart and soul. He grew up in a store. And managed to combine courage with vision. He was convinced that the merger of Ahold and Delhaize Group was a good idea and that it would be a success from Day 1. So Mats, thank you once again, and I wish you all the best.

I would now like to welcome Jan Hommen as the new chairman. Jan has been chairman of the Supervisory Board of Ahold in the past. With his huge executive experience, I know that the board is in safe hands with him as chairman.

I would also like to thank Frans Muller. I have worked closely with Frans since the merger. And we achieved a lot! I am very confident that Frans, together with my colleagues in the Executive Committee, will help Ahold Delhaize to flourish in this next phase. Good luck, Frans!

And, last but not least, I would like to thank my family, in particular my spouse, Eveline, for her unconditional support.

Ladies and gentlemen, thank you very much.

For more information:

Press office: +31 88 659 5134   Investor relations: +31 88 659 5213   Social media: Twitter: @AholdDelhaize  
YouTube: @AholdDelhaize  
LinkedIn: @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 more than 50 million customers each week in Europe, the United States, and Indonesia. Together, these brands employ more than 370,000 associates in more than 6,500 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. 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](http://www.aholddelhaize.com).

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