

Ahold Delhaize

Second Quarter 2018 Results

August 8, 2018



Q2 Highlights

Frans Muller

President and CEO

Highlights – Second quarter 2018

A solid quarter with sales growth and higher margins, impacted by Easter

- Strong growth of earnings and free cash flow
- Net sales of €15.5 billion, up 0.9% at constant exchange rates, impacted by the timing of Easter
- Net consumer online sales up 23.3% at constant exchange rates
- Underlying operating margin up 0.1%- point to 4.0%, supported by synergies
- Net income up 15.3% to €410 million; 20.0% at constant exchange rates
- Strong free cash flow of €693 million, up €293 million, mainly due to improved net working capital

* At constant exchange rates


Ahold
Delhaize
Financial Results
Jeff Carr
CFO

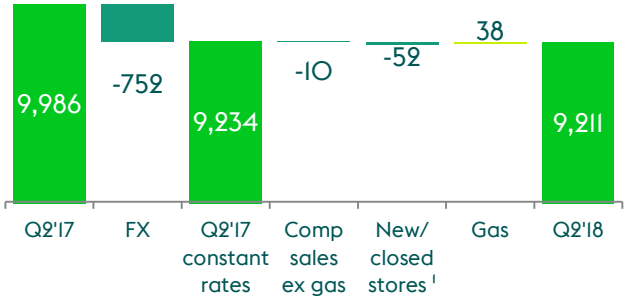
Group performance

€ in million	Quarter 2			
	2018	2017	Change actual rates	Change constant rates
Net sales	15,531	16,121	(3.7)%	0.9%
Net sales excl Easter and remedy stores				2.4%
Underlying EBITDA	1,059	1,081	(2.1)%	2.5%
Underlying EBITDA margin	6.8%	6.7%		
Underlying operating income	616	628	(2.0)%	2.3%
Underlying operating margin	4.0%	3.9%		
Operating Income	582	547	6.5%	11.1%
Income from continuing operations	410	355	15.3%	20.0%

United States
Significant impact of the timing of Easter

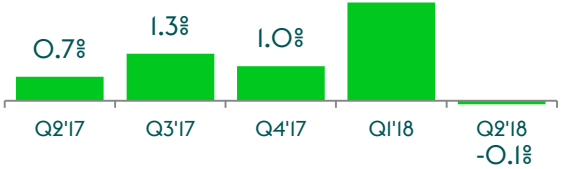
Net sales

€ in million



[1] Of which €58 million related to remedy stores

Comparable sales growth [2]



[2] Comparable sales growth excl gas

Underlying operating margin



- Net sales down 0.3% and up 0.3% excluding remedy stores, at constant rates
- Comparable sales ex gas down 0.1%, up 1.0% adjusted for the timing of Easter
- Price inflation of 1.6%, reflecting lower promotional activity compared to last year
- Volumes at Hannaford and Food Lion remained positive
- We expect to further improve commercial performance, resulting in improving sales trends in the third quarter
- Underlying operating margin up 10 bps, driven by synergies and other cost savings, partly offset by inflation on wages and transport

United States
Comparable sales, inflation and volumes

As reported	Q1'18	Q2'18	H1'18
Shelf inflation	2.3%	1.6%	1.9%
Volumes *	0.5%	-1.7%	-0.6%
Total comparable sales **	2.8%	-0.1%	1.3%

Adjusted for Easter ***	Q1'18	Q2'18	H1'18
Shelf inflation	2.3%	1.6%	1.9%
Volumes *	-0.5%	-0.6%	-0.6%
Total comparable sales **	1.8%	1.0%	1.3%

* Volumes are inclusive of mix effects
** Comparable sales growth excl gas
*** Inflation / volume breakdown of Easter impact is an estimate

The Netherlands

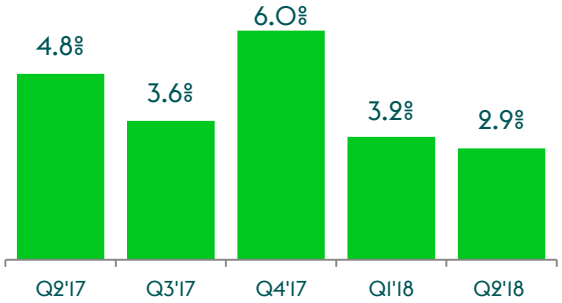
Strong consumer online growth bol.com and ah.nl at 28.9% combined

Net sales



[1] Of which €10 million related to remedy stores

Comparable sales growth



Underlying operating margin



- Net sales up 3.0% and up 3.3% excluding remedy stores
- Comparable sales up 2.9%, up 3.8% adjusted for the timing of Easter
- Net consumer online sales increased by 28.9%
- Price inflation of 1.9%, excluding bol.com
- Underlying operating margin up 20 bps, as a result of improved margins at bol.com
- Underlying operating margin excluding bol.com flat at 5.8%; synergy savings and good cost control mainly offset by growth and lower margin at ah.nl

Belgium

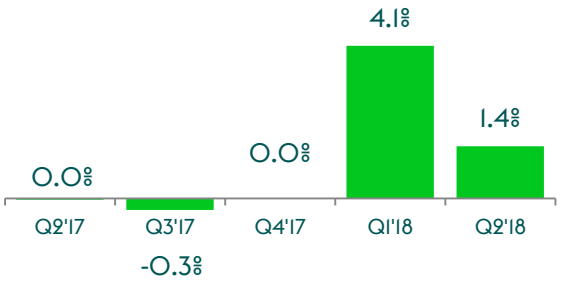
Strengthening our market position by ongoing business improvements

Net sales

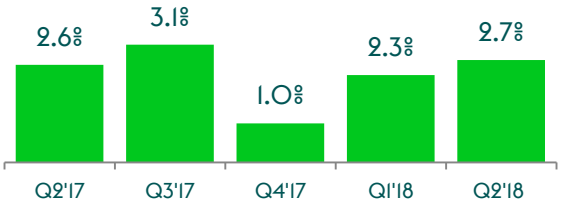
€ in million



Comparable sales growth



Underlying operating margin

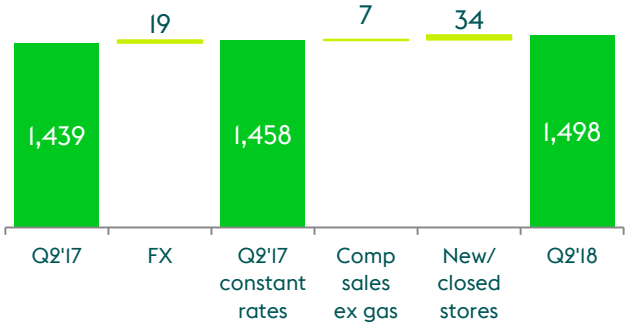


- Net sales up 1.9%, reflecting commercial and operational improvements
- Comparable sales up 1.4%, up 2.3% adjusted for the timing of Easter
- Price inflation of 0.2%
- Underlying operating margin up 10 bps; buying synergies partially offset by higher labor costs

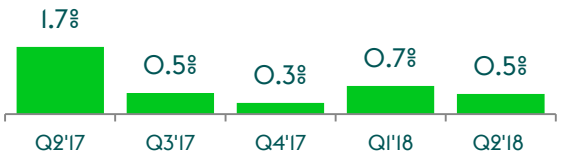
Central and Southeastern Europe
Continued strong sales growth in Romania and Czech Republic

Net sales

€ in million



Comparable sales growth [1]



Underlying operating margin



[1] Comparable sales growth excl gas

- Net sales up 2.7% at constant rates, partly driven by the net addition of 120 stores compared to last year
- Comparable sales ex gas up 0.5%; 11.0% in Romania, strong single digits Czech Republic
- Negative growth in Greece following further recovery of the competition, starting to cycle competitive re-openings
- Underlying operating margin down 20 bps compared to last year
- Gross margin improvements in all countries more than offset by higher underlying operating expenses, mainly due to higher labor costs

Free Cash Flow

Further improvements in working capital and lower cash tax

€ in million	2018		2017	
	Q2	H1	Q2	H1
Operating cash flow	1,018	2,025	1,054	2,055
Change in working capital	162	(41)	7	(339)
Income tax paid – net	(60)	(94)	(189)	(217)
Cash from cont. operations	1,120	1,890	872	1,499
Investments	(364)	(667)	(385)	(816)
Divestments	4	17	13	63
Net interest paid	(83)	(122)	(112)	(163)
Dividends from joint ventures	16	16	12	14
Free cash flow (post-tax)	693	1,134	400	597

Synergies and One-time costs

On track to meet targets and guidance for 2018

€ in million	Quarter 2		
	2018	2017	*Incremental*
United States	67	37	*30*
Europe	24	16	*8*
Global Support Office	8	8	-
Ahold Delhaize Group Synergies	99	61	*38*

€ in million	Q2	Costs to date	Expected full costs
Integration costs	26	319	380
Brand centric restructuring costs	-	40	70

- Q2'18 net synergies: €38 million incremental to Q2 2017
- Net synergy target for 2018: €420 million; €152 million incremental to 2017



Business Highlights

Frans Muller

President and CEO

Inspiring customers and supporting a healthy lifestyle

- Albert Heijn's My Nutritional Value online tool tracking sugar, salt and calories for the basket, also helping to find healthier alternatives
- U.S. based natural brand Nature's Promise, expands own product range to Europe
- Delhaize ran a very successful marketing campaign, to encourage children to eat more vegetables, changing names and packaging to make them more attractive
- Alfa-Beta successfully completed its 'Free Fruits for Kids' pilot and will roll this out to all AB stores, educating over 30,000 children on healthy eating
- Significantly reducing sugar, fat and salt in our own brand product range and providing instore guidance to enable healthier choices across our brands







Developing and expanding our digital programs

- Peapod Digital Labs driving innovation, expertise and scale, creating a shared U.S. e-commerce infrastructure
- All U.S. brands are partnering with IRI on data analytics, using Point of Sale, Customer and Supply Chain data
- Delhaize Serbia launched a mobile app called ‘Future Maxi’ to support healthier diets and lifestyles
- Nearly one million Hannaford customers already enrolled in My Hannaford Rewards loyalty program
- Albert Heijn new store concept with well-embedded digital signage and applications, nominated by IGD ‘Store of the Year’ for excelling in fresh execution and digital integration





Offering Convenient shopping and easy Fresh meal solutions

- Meal kits and freshly made meals, with great quality and at affordable prices
- Instore kitchens at Hannaford, Albert Heijn and Mega Image, offering made-to-order food that customers can take out or enjoy in the store
- Piloting smart locks for home delivery by ah.nl
- Seamless check-out roll out in H2 2018 at Stop&Shop and Albert Heijn To Go
- Mega Image, in their fast growing Shop&Go format, introduced Mega Apetit, an exciting new range of fresh, convenient, chef-inspired meals and snacks for Romanians on the go







Investing in continued strong growth at bol.com

- Third party sales up close to 50% versus last year, 40% of total consumer sales
  - Pets Place selected bol.com as online platform, now in top Third party sellers
- Successful continuous saving program for customers on daily needs subscription
  - “The more you order, the more you save”
- More than double warehouse capacity by 2021
  - Capex 2019 and 2020 of around €200 million
  - Construction to start in the first half of 2019
  - Highly mechanized technology enabling increased productivity rate



Wrap up & Outlook 2018

- Strong growth of earnings and free cash flow
- Net income up 15.3% to €410 million; 20.0% at constant exchange rates
- Solid sales growth of 2.4%*, adjusted for the timing of Easter and remedy stores
- U.S. sales trend expected to improve in Q3
- Net consumer online sales up 23.3%*
- Underlying operating margin up 0.1%- point to 4.0%
- Strong free cash flow of €693 million, free cash flow in 2018 expected at around €1.9 billion
- Capital expenditure expected at €1.9 billion in 2018

* 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 on track, target, guidance, 2018, strengthen, driving, investing, improvements, expanding, ongoing, outlook, expected, resulting, starting to/to start, developing, to meet, by 2021, first half of 2019 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.

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Q&A

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Thank you









































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