



Ahold
Delhaize

First Quarter 2018 Results

May 9, 2018



Q1 Highlights

Dick Boer

President and CEO

Highlights Q1 2018

Another strong quarter with operating income up 10.5%*

- Net sales of €14.9 billion, up 2.5% at constant exchange rates
- Net consumer online sales up 23.2% at constant exchange rates
- Underlying operating margin up 20 bps to 4.0%, underlying operating income at €600 million
- Net income increased by 14.5% to €407 million, up 25.7% at constant exchange rates
- Improved comparable sales growth in the U.S., with synergies driving further margin expansion
- Encouraging sales trends in Belgium as a result of improved commercial and operational performance
- Strong free cash flow of €441 million, up €244 million, mainly due to improvements in net working capital

* At constant exchange rates



Ahold
Delhaize

Financial Results

Jeff Carr

CFO

Group performance

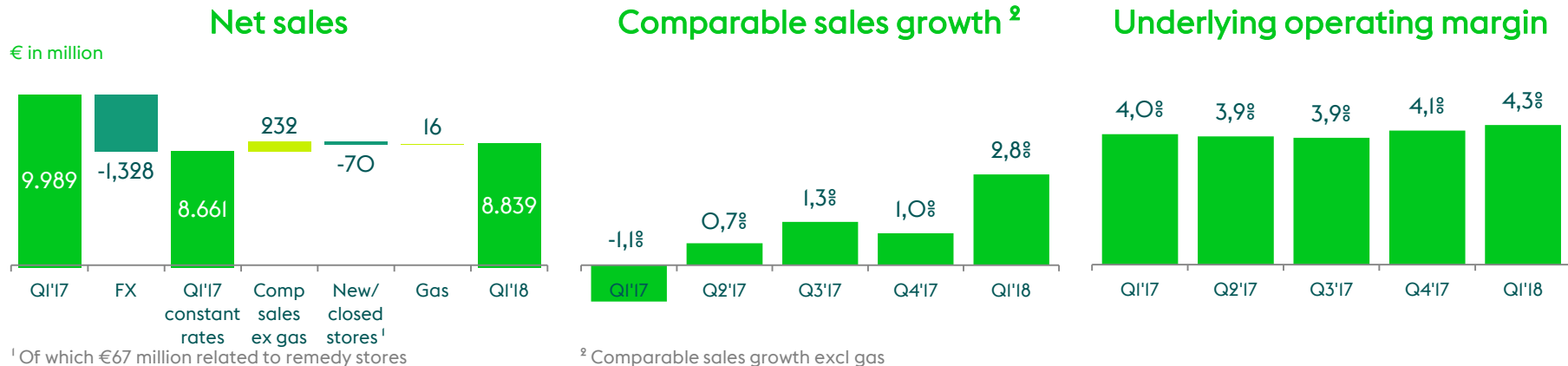
€ in million

Quarter I

	2018	2017	Change actual rates	Change constant rates
Net sales	14,933	15,870	(5.9)%	2.5%
Net sales excl remedy stores				3.1%
Underlying EBITDA	1,037	1,061	(2.3)%	7.1%
Underlying EBITDA margin	6.9%	6.7%		
Underlying operating income	600	606	(1.0)%	8.5%
Underlying operating margin	4.0%	3.8%		
Operating Income	574	569	0.8%	10.5%
Income from continuing operations	407	356	14.4%	25.6%

United States

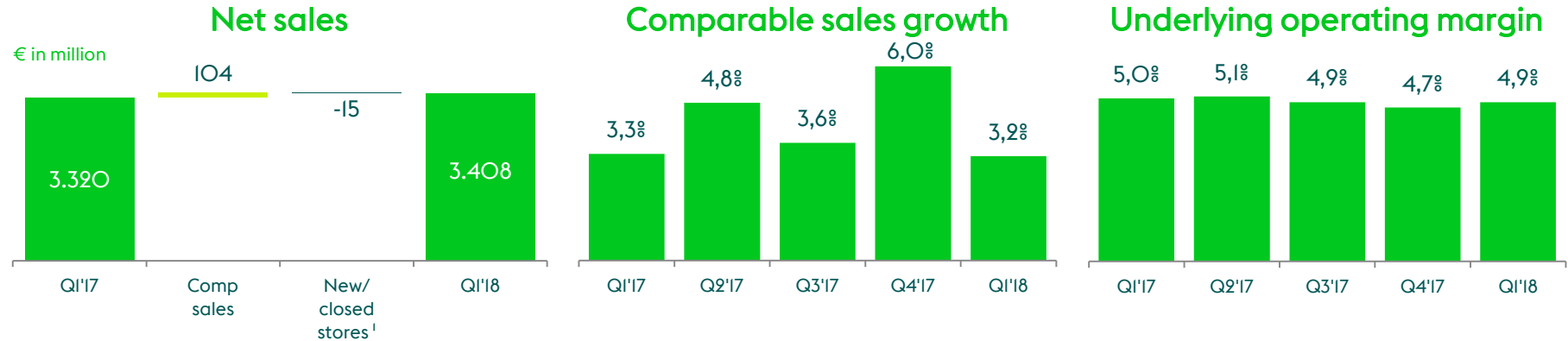
Improved comparable sales; margins boosted by synergies



- Net sales up 2.1% and up 2.9% excl remedy stores, at constant rates
- Comparable sales ex gas up 2.8%, including NY's Eve and Easter timing benefit and some positive weather impact
- Positive comparable sales growth in all brands, especially strong at Hannaford and Giant/Martin's
- Food Lion reported its 23rd consecutive quarter of positive comparable volume growth in a tough competitive market
- Price inflation of 2.3%, cycling a deflationary first quarter 2017 and lower promo activity this quarter
- Underlying operating margin up 30 bps, driven by synergies

The Netherlands

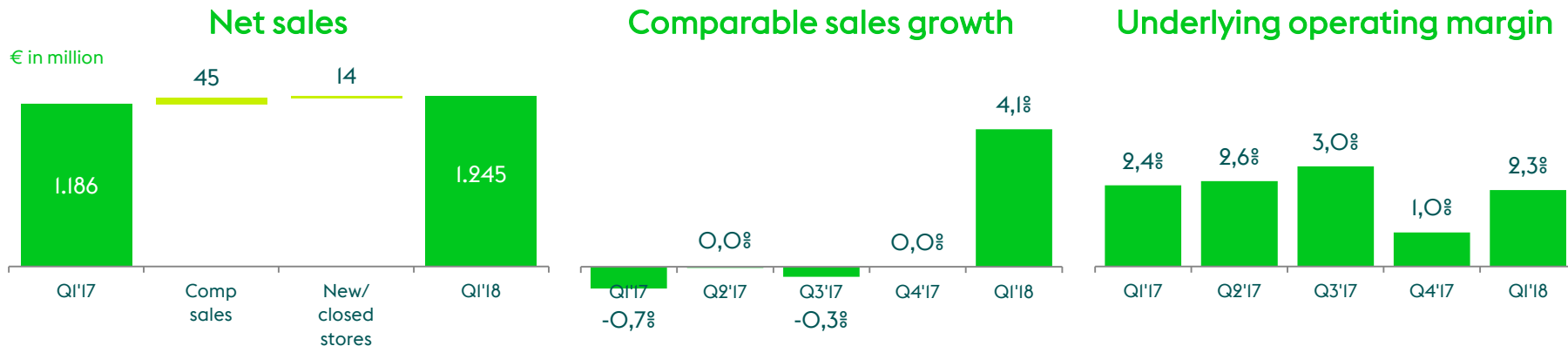
Strong consumer online growth continues at 28.3%



¹ Of which €22 million related to remedy stores

- Net sales up 2.7% and up 3.4% excl remedy stores
- Comparable sales up 3.2%, Easter timing effect offset by NY's Eve timing effect
- Net consumer online sales increased by 28.3%
- Price inflation of 1.6%
- Underlying operating margin down 10 bps, resulting from investments in online growth
- UOM flat at 5.6% excluding bol.com; synergy savings and good cost control, offset by investments in growth at ah.nl

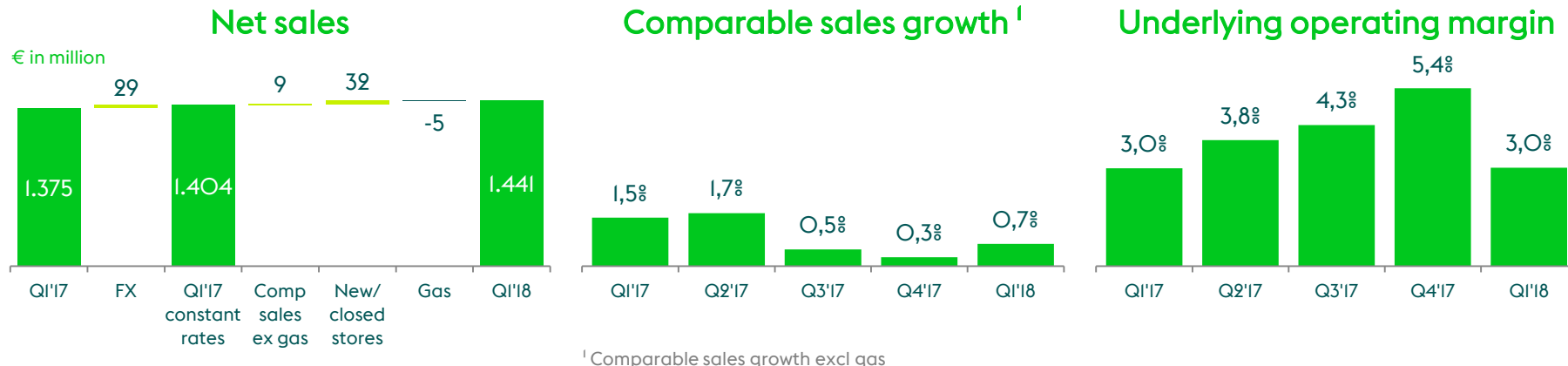
Encouraging signs following commercial improvements



- Net sales up 5.0%, resulting in strong market share increase
- Comparable sales up 4.1%, including positive timing effect of Easter
- All formats benefited from new commercial plan resulting in increased transactions and higher baskets
- Price inflation of 0.7%
- Underlying operating margin down 10 bps; higher synergies and lower logistical costs, offset by higher promotional expenses and operational labor costs

Central and Southeastern Europe

Continued strong sales growth in Romania, Serbia & Czech Republic



- Net sales up 2.6% at constant rates, partly driven by the net addition of 115 stores
- Comparable sales ex gas up 0.7%; 11.9% in Romania, strong single digits in Serbia and CZ, offset by negative growth in Greece following further recovery of the competition
- Underlying operating margin flat compared to last year
- Margin improvements in Romania, Serbia and Czech Republic following sales leverage and good cost control, offset by sales deleverage effects in Greece

Free Cash Flow

Further improvements in working capital

€ in million	Quarter I	
	2018	2017
Operating cash flow	1,007	1,001
Change in working capital	(203)	(346)
Income tax paid – net	(34)	(28)
Cash from cont. operations	770	627
Investments	(303)	(431)
Divestments	13	50
Net interest paid	(39)	(51)
Dividends from joint ventures	0	2
Free cash flow (post-tax)	441	197

Synergies and One-time costs

On track to meet targets and guidance for 2018

€ in million	Quarter I		
	2018	2017	<i>Incremental</i>
United States	66	35	31
Europe	25	15	10
Global Support Office	9	6	3
Ahold Delhaize Group Synergies	100	56	44

€ in million	Q1	Costs to date	Expected full costs
Integration costs	18	293	380
Brand centric restructuring costs	-	40	70

- Q1'18 net synergies: €44 million incremental to Q1 2017
- Net synergy target for 2018: €420 million; €152 million incremental to 2017



Business Highlights

Dick Boer

President and CEO

United States

Improved local brands performance

Guiding stars offered at all US brands – industry-leading nutrition navigation program helping customers eat healthier and save time on grocery shopping

Stop&Shop – Successful testing improved store format elements



Food Lion – Easy, Fresh & Affordable continues to drive volume growth. For 2018, roll out of 160 more stores planned, 100 in Norfolk market. Acquiring stores in Virginia and South Carolina to further strengthen market position



Giant/Martin's¹ – Beer & Wine Eateries driving increased transactions

Hannaford – My Hannaford digital loyalty program rolled out chain wide, offering rewards on more than 5,000 own brand products and personalized offers



Peapod - Thousands of lower prices on products that matter most to Peapod customers, such as natural and organic items, meat, fresh produce and dairy

¹ Giant/Martin's was previously named Giant Carlisle

The Netherlands

Innovation and customer appreciation continues

Artificial Intelligence Retail Lab - First company to launch an industry research lab in Amsterdam, using AI to optimize supply chain and product availability

Albert Heijn

- Now has >800 Goedkoopje (“Best Buy”) SKUs in its assortment
- Soups to “mash” win Healthy Food Product of the year, AH also won last year
- Delicata (chocolate) product design won the award for best ‘Private Label’ design

Bol.com

- Bol.com third party Plaza sales grew by 47%, 20.000 merchants selling products on this platform
- Strong growth in Consumer Electronics, now its largest category
- Voted “Most Loved Store” and “Best Store of the Netherlands in 2018”



Belgium

Exciting new commercial plan launched

- Reinforced commercial positioning with focus on health, convenience and taste
- Successful commercial campaigns launched with focus on healthy eating, interesting deals and attracting new customers
- Investing in supply chain processes, improved product availability in owned stores
- Drastically reduced the percentage of sugar in its cereals - similar actions planned this year with focus on healthier eating



Successful growth in Central and Southeastern Europe

Greece - Personalized offers to AB Plus cardholders increasing redemption to 30% with biweekly 50k cardholders targeted

Czech Republic - Successfully upgraded 23 supermarkets and further improvements in performance of compact hypermarkets

Romania

- Mega Image expanding rapidly in Bucharest and other major cities
- New Concept Store opened in Bucharest while preserving the historical elements of valuable community space

Serbia - Ongoing strong comparable sales performance



Option agreement extended, adopting additional commitments

- Current option agreement expires December 2018
- Extension is at the discretion of the Management Board with the approval of the Supervisory Board
- Feedback from shareholders resulted in two commitments:
 - Within six months after the option has been exercised, the company will call a shareholders meeting to discuss the situation with shareholders
 - Within one year after the option is exercised, Ahold Delhaize will call a shareholders meeting to vote on cancellation of the shares issued to SCAD; SCAD will refrain from voting on that matter
- These commitments will provide increased transparency, predictability and interaction with shareholders in the event the option were to be exercised
- The Option Agreement will be extended for a period of 15 years, effective December 15, 2018

Wrap up & Outlook 2018

Another strong quarter with operating income up 10.5%*

- Solid sales growth of 3.1% adjusted for remedy stores
- Increased margins of 20 bps to € 600 million of underlying operating income
- Net synergy target of €420 million in 2018, including €268 million realized in 2017
- Free cash flow in 2018 expected at around €1.9 billion, including a cash tax benefit of around €200 million and working capital improvements of €175 million in 2018, versus 2016
- Capital expenditure expected at €1.9 billion in 2018
- CMD announcement: November 13, 2018 in the U.S.

* 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, continues to drive, planned, acquiring, strengthen, driving, to launch, focus, investing, constant, improvements, successful, attracting, expanding rapidly, preserving, ongoing, expires, will, outlook, expected, 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.

Thank you

