Group financial review

Group performance

These are the key indicators that help us to monitor our progress towards our goals and measure our success. We include them to help give readers a better understanding of our Company's overall performance.

Net sales

€66.3bn +5.5%[1]

2018: €62.8bn

Comparable sales growth (excluding gasoline sales)

1.9%

Underlying operating income

€2,777m +0.6%[2]

2018: €2,761m

Underlying operating margin

4.2%

Free cash flow

€1.8bn

1 +2.3% at constant rates.

2 -2.6% at constant rates.

Due to the implementation of IFRS 16 and the application of the full retrospective approach, the 2018 comparative figures have been restated. See *Note 36* of the consolidated financial statements for more details.

€ million	2019	2018 restated	Change	% change
Net sales	**66,260**	62,791	3,469	5.5%
Of which: online sales	**3,493**	2,817	676	24.0%
Cost of sales	**(48,200)**	(45,838)	(2,362)	(5.2)%
Gross profit	**18,060**	16,953	1,107	6.5%
Operating expenses	**(15,397)**	(14,330)	(1,067)	(7.4)%
Operating income	**2,662**	2,623	39	1.5%
Net financial expense	**(528)**	(487)	(41)	(8.5)%
Income before income taxes	**2,134**	2,136	(2)	(0.1)%
Income taxes	**(417)**	(373)	(44)	(11.9)%
Share in income of joint ventures	**50**	34	16	46.5%
Income from continuing operations	**1,767**	1,797	(30)	(1.7)%
Income (loss) from discontinued operations	**(1)**	(17)	16	(94.9)%
Net income	**1,766**	1,780	(14)	(0.8)%

Operating income	**2,662**	2,623	39	1.5%
Adjusted for:				
Impairment losses and reversals – net	**89**	53	36	
(Gains) losses on leases and the sale of assets – net	**(53)**	(23)	(30)	
Restructuring and related charges and other items	**78**	108	(30)	
Underlying operating income	**2,777**	2,761	16	0.6%

Underlying operating income margin	**4.2%**	4.4%	(0.2)% pt	
Underlying EBITDA[1]	**5,510**	5,363	147	2.7%
Underlying EBITDA margin[1]	**8.3%**	8.5%	(0.2)% pt	

1 Underlying operating income was adjusted for depreciation and amortization in the amount of €2,732 million for 2019 and €2,602 million for 2018. The €26 million difference between the total amount of depreciation and amortization for 2019 of €2,758 million and the €2,732 million mentioned above relates to two items which were excluded from underlying operating income. This difference amounted to €5 million in 2018.

Group financial review

Group performance *continued*

Shareholders

€	2019	2018 restated	% Change
Net income per share attributable to common shareholders (basic)	**1.60**	1.51	5.4%
Underlying income per share from continuing operations	**1.71**	1.57	8.4%
Dividend payout ratio	**44%**	42%	2.0% pt
Dividend per common share	**0.76**	0.70	8.6%

Other information

€ million	2019 € million	2018 restated € million	Change
Net debt	**11,581**	10,978	5.5%
Free cash flow	**1,843**	2,165	(14.9)%
Capital expenditures included in cash flow statement (excluding acquisitions)	**2,218**	1,780	24.6%
Number of employees	**380,000**	372,000	2.2%
Credit rating / outlook Standard & Poor's	**BBB / stable**	BBB / stable	–
Credit rating / outlook Moody's	**Baa1 / stable**	Baa1 / stable	–

Certain key performance indicators contain alternative performance measures. The definitions of these measures are described in the *Definitions: Performance measures* section of this Annual Report.

Net sales

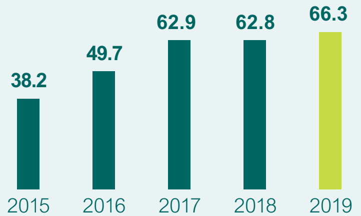
Net sales for the financial year ended December 29, 2019, were €66,260 million, an increase of €3,469 million, or 5.5%, compared to net sales of €62,791 million for the financial year ended December 30, 2018. At constant exchange rates, net sales were up by €1,480 million or 2.3%.

€ million	2019	2018 reinstated	Change versus prior year	% change	Change versus prior year at constant exchange rates	% change at constant exchange rates
Net sales	**66,260**	62,791	**3,469**	5.5%	1,480	**2.3%**
Of which gasoline sales	**952**	1,017	**(65)**	(6.5)%	(118)	**(11.0)%**
Net sales excluding gasoline	**65,308**	61,774	**3,534**	5.7%	1,598	**2.5%**
Of which online sales	**3,493**	2,817	**676**	24.0%	636	**22.3%**
Net consumer online sales	**4,547**	3,494	**1,053**	30.1%	1,012	**28.6%**

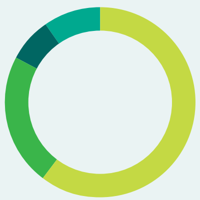
Gasoline sales decreased by 6.5% in 2019 to €952 million. At constant exchange rates, gasoline sales decreased by 11.0%, driven by both decreased gasoline prices and decreased volumes.

Net sales excluding gasoline increased in 2019 by €3,534 million, or 5.7%, compared to 2018. At constant exchanges rates, net sales excluding gasoline increased in 2019 by €1,598 million, or 2.5% compared to 2018. Sales growth was negatively impacted by the 11-day strike at Stop & Shop. The direct impact of the strike on net sales is estimated at $224 million, and, in addition, the subsequent sales loss during the recovery period following the strike is estimated to be $121 million. Sales growth was driven by the growth of our eCommerce businesses, new store openings, and positive comparable sales growth in most segments.

Net sales
€ billion



Net sales contribution
by segment



The United States	60.5%
The Netherlands	22.4%
Belgium	7.7%
Central and Southeastern Europe	9.5%

Group financial review

Group performance *continued*

Online sales

We continued to see strong sales growth in our online businesses. Ahold Delhaize's online businesses contributed €3,493 million to net sales in 2019 (2018: €2,817 million). Net consumer online sales amounted to €4,547 million and increased in 2019 by 28.6% at constant exchange rates.

Gross profit

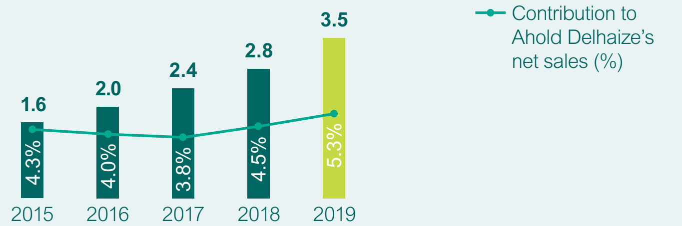
Gross profit was up by €1,107 million, or 6.5%, compared to 2018. At constant exchange rates, gross profit increased by €525 million, or 3.0%. Gross profit margin (gross profit as a percentage of net sales) for 2019 was 27.3%, an increase of 0.3 percentage points compared to 27.0% in 2018. Higher vendor allowances were partly offset by higher shrink and logistics and distribution costs.

Operating expenses

In 2019, operating expenses increased by €1,067 million, or 7.4%, to €15,397 million, compared to €14,330 million in 2018. At constant exchange rates, operating expenses increased by €572 million, or 3.9%. As a percentage of net sales, operating expenses increased by 0.4% to 23.2%, compared to 22.8% in 2018. Excluding gasoline sales and at constant exchange rates, operating expenses as a percentage of net sales increased by 0.3 percentage points.

Operating expenses include impairments, gains (losses) on leases and the sale of assets, restructuring and related charges, and other items that management believes can distort an understanding of the trend related to the development of our underlying business. Impairment losses and reversals – net, gains (losses) on leases and the sale of assets – net, and restructuring and related charges are summarized below.

Online sales
€ billion



Impairment losses and reversals – net

Ahold Delhaize recorded the following impairments and reversals of impairments of assets – net in 2019 and 2018:

€ million	2019	2018 restated
The United States	**(67)**	(26)
The Netherlands	**(2)**	(13)
Belgium	**(2)**	–
Central and Southeastern Europe	**(18)**	(14)
Total	**(89)**	(53)

Impairment charges in 2019 were €89 million, up by €36 million compared to 2018. The impairments in both years mainly related to underperforming stores and investment property.

Net consumer online sales
€ billion

Group financial review

Group performance *continued*

Gains (losses) on leases and the sale of assets – net

Ahold Delhaize recorded the following gains (losses) on leases and the sale of assets – net in 2019 and 2018:

€ million	2019	2018 restated
The United States	**39**	17
The Netherlands	**13**	1
Belgium	**(5)**	2
Central and Southeastern Europe	**2**	3
Global support office	**4**	–
Total	**53**	23

The gains (losses) in 2019 were €53 million, which was €30 million higher than 2018, mainly due to the €22 million increase in the United States, explained by the sale of non-strategic investment property, pharmacy scripts, stores and properties, and the €12 million increase in the Netherlands, mainly explained by a gain on leases and subleases at Albert Heijn.

Restructuring and related charges and other items

Restructuring and related charges and other items in 2019 and 2018 were as follows:

€ million	2019	2018 restated
The United States	**(16)**	(57)
The Netherlands	**(22)**	(5)
Belgium	**(13)**	(14)
Central and Southeastern Europe	**(18)**	(1)
Global Support Office	**(10)**	(31)
Total	**(78)**	(108)

Restructuring and related charges and other items in 2019 were €78 million, down by €30 million compared to 2018. This decrease is mainly explained by €55 million lower integration costs related to the merger between Ahold and Delhaize, as the merger was fully completed in Q2 2019, partially offset by higher one-time costs mainly in the Netherlands, due to restructuring, and CSE, mainly due to assets write-down.

Operating income

Operating income in 2019 was up by €39 million, or 1.5%, to €2,662 million compared to €2,623 million in 2018. The increase of €39 million is explained by the changes in gross profit and operating expenses, which are explained above. At constant rates, operating income was down (1.7)%.

Net financial expenses

Net financial expenses in 2019 increased by €41 million, or 8.5%, to €528 million compared to €487 million in 2018. The increase was primarily due to other gains (losses). This related to transaction results from the redemption of the cumulative preferred shares, which resulted in a one-off cost of €22 million, and a cancellation of mortgages payable in the Czech Republic, which resulted in a one-off cost of €13 million.

Income taxes

In 2019, income tax expense excluding the impact of statutory corporate income tax rate changes was €412 million, up by €20 million compared to €392 million in 2018 (excluding the impact of statutory corporate income tax rate changes).

The effective tax rate, calculated as a percentage of income before income tax, excluding the impact of statutory corporate income tax rate changes, was 19.3% in 2019 (2018: 18.4%). The increase in the effective tax rate from 18.4% to 19.3% and the increase in income tax expense are mainly the result of one-time items in 2018 and 2019.

The 2019 tax expense, including the one-time impact of statutory corporate income tax rate changes, was €417 million. The effective tax rate, calculated as a percentage of income before income tax, including the one-time impact of statutory corporate income tax rate changes, was 19.6% in 2019 (2018: 17.5%). The impact of the statutory corporate income tax rate changes was a tax expense of €5 million in 2019 and a tax benefit of €19 million in 2018.

Group financial review

Group performance *continued*

Share in income of joint ventures
Ahold Delhaize's share in income of joint ventures was €50 million in 2019, up by €16 million compared to last year. The €16 million increase is mainly explained by our 49% shareholding in JMR (€3 million) and 51% share in Super Indo (€5 million). For further information about joint ventures, see *Note 15* to the consolidated financial statements.

Underlying operating income and underlying operating income margin
Underlying operating income was €2,777 million in 2019, up €16 million, or 0.6%, versus €2,761 million in 2018. Underlying operating income margin in 2019 was 4.2%, compared to 4.4% in 2018. At constant exchange rates, underlying operating income was down by €74 million, or 2.6%, compared to 2018. 2019 result was negatively impacted by the strike at Stop & Shop, impacting underlying operating income by approximately $100 million.

With the integration of Ahold and Delhaize fully completed in Q2 2019, we achieved synergies of €512 million on an annual run-rate basis, slightly ahead of our €500 million target.

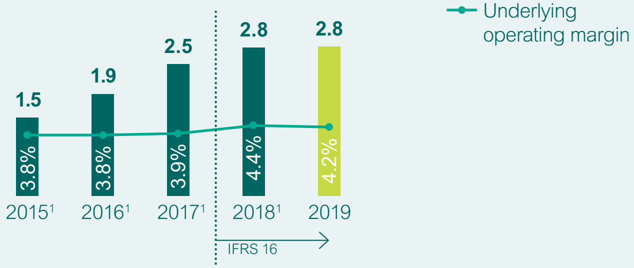
Tight cost management remains a core objective of our business model. Our Save for Our Customers program has delivered €709 million this year, well on our way to reach our updated target of €1.9 billion savings by 2021. This enables us to continue to invest in our customer proposition and, at the same time, provides our businesses with optimized store processes and improved sourcing conditions.

As a result of the implementation of IFRS 16, the comparative figures for the 2018 financial year for underlying operating income and underlying EBITDA have been restated as follows:

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Operating income	**2,395**	**228**	**2,623**
Impairment losses and reversals – net	58	(5)	53
(Gains) losses on leases and the sale of assets – net	(7)	(16)	(23)
Restructuring and related charges and other	108	–	108
Adjustments to operating income	159	(21)	138
Underlying operating income	**2,554**	**207**	**2,761**
Depreciation and amortization[1]	1,751	851	2,602
Underlying EBITDA	**4,305**	**1,058**	**5,363**

1 Underlying operating income was adjusted for depreciation and amortization in the amount of €1,751 million for 2018 as reported and €2,602 million for 2018 restated. The €7 million difference between the total amount of depreciation and amortization for 2018 as reported of €1,758 million and the €1,751 million mentioned above relates to an item that was excluded from underlying operating income. For the 2018 restated, the difference is €5 million.

Underlying operating income
€ billion



1 2018 figures have been restated to reflect the impact of the implementation of IFRS 16 Leases. Financial information prior to 2018 has not been restated to reflect the impact of the implementation of IFRS 16 Leases.

Underlying operating income contribution by segment[1]

1 Before Global Support Office costs.

Group financial review

Financial position

Ahold Delhaize's consolidated balance sheets as of December 29, 2019, and December 30, 2018, are summarized as follows:

€ million	December 29, 2019	% of total	December 30, 2018 restated	% of total
Property, plant and equipment	**10,519**	**25.4%**	10,046	25.2%
Right-of-use asset	**7,308**	**17.6%**	7,027	17.6%
Intangible assets	**12,060**	**29.1%**	11,813	29.7%
Pension assets	**43**	**0.1%**	24	0.1%
Other non-current assets	**1,990**	**4.8%**	2,002	5.0%
Cash, cash equivalents and short-term deposits and similar instruments, and current portion investment in debt instruments[1]	**3,863**	**9.3%**	3,507	8.8%
Inventories	**3,347**	**8.1%**	3,196	8.0%
Other current assets	**2,360**	**5.6%**	2,215	5.6%
Total assets	**41,490**	**100.0%**	39,830	100.0%
Group equity	**14,083**	**33.9%**	14,205	35.7%
Non-current portion of long-term debt	**12,325**	**29.7%**	12,408	31.2%
Pensions and other post-employment benefits	**677**	**1.6%**	532	1.3%
Other non-current liabilities	**1,816**	**4.4%**	1,742	4.4%
Short-term borrowings and current portion of long-term debt and lease liabilities[1]	**3,119**	**7.5%**	2,077	5.2%
Payables	**6,311**	**15.2%**	5,815	14.6%
Other current liabilities	**3,159**	**7.7%**	3,051	7.6%
Total equity and liabilities	**41,490**	**100.0%**	39,830	100.0%

1 See footnotes to next table (page 40) for a reconciliation of amounts to the figures included in the consolidated financial statements.

Total assets increased by €1,660 million. Property, plant and equipment increased by €473 million, primarily due to the capital expenditure levels, which were higher than depreciation. In addition, the balance was also impacted by the strengthening of the U.S. dollar against the euro. For more information, see *Note 11* to the consolidated financial statements. Right-of-use assets increased by €281 million. Investments and reassessments and modifications to leases were higher than depreciation, and the balance was impacted by the strengthening of the U.S. dollar against the euro. For more information, see *Note 12* to the consolidated financial statements.

Intangible assets increased by €247 million and investments are nearly offset by amortization. The balance is primarily impacted by exchange rate differences of the U.S. dollar against the euro. For more information, see *Note 14* to the consolidated financial statements.

Our defined benefit plans showed a net deficit of €633 million at year-end 2019 compared to a net deficit of €508 million at year-end 2018. This increase was the result of €76 million of actuarial remeasurements, €39 million of excess annual expenses over contributions and a strengthening of the U.S. dollar (€10 million).

A significant number of union employees in the United States are covered by multi-employer plans. With the help of external actuaries, we have updated the most recently available information that these plans have provided (generally as of January 1, 2018) for market trends and conditions through the end of 2019. We estimate our proportionate share of the total net deficit to be $962 million (€861 million) at year-end 2019 (2018: $1,228 million or €1,073 million). These amounts are not recognized on our balance sheet. While this is our best estimate based on the information available to us, it is imprecise and a reliable estimate of the amount of the obligation cannot be made. For more information, see *Note 24* to the consolidated financial statements.

Group financial review

Financial position *continued*

€ million	December 29, 2019	December 30, 2018 restated
Loans	**3,841**	3,683
Lease liabilities	**8,484**	8,270
Cumulative preferred financing shares	**–**	455
Non-current portion of long-term debt	**12,325**	12,408
Short-term borrowings, current portion of long-term debt and lease liabilities[1]	**3,119**	2,077
Gross debt	**15,445**	**14,485**
Less: Cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments[2, 3, 4, 5]	**3,863**	3,507
Net debt	**11,581**	**10,978**

1 Short-term borrowings, current portion of long-term debt and lease liabilities comprises €1,211 million lease liabilities, €60 million short-term borrowings, €1,395 million bank overdrafts and €453 million current portion loans (for more information see *Note 27* to the consolidated financial statements).

2 Short-term deposits and similar instruments include investments with a maturity of between three and 12 months. The balance of these instruments at December 29, 2019, was €15 million (December 30, 2018: €266 million) and is presented within Other current financial assets in the consolidated balance sheet.

3 Included in the short-term portion of investments in debt instruments is a U.S. treasury investment fund in the amount of €130 million (December 30, 2018: €119 million).

4 Book overdrafts, representing the excess of total issued checks over available cash balances within the Group cash concentration structure, are classified in accounts payable and do not form part of net debt. This balance at December 29, 2019, was €277 million (December 30, 2018: €292 million).

5 Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €1,391 million (December 30, 2018: €695 million). This cash amount is fully offset by an identical amount included under Short-term borrowings and current portion of long-term debt.

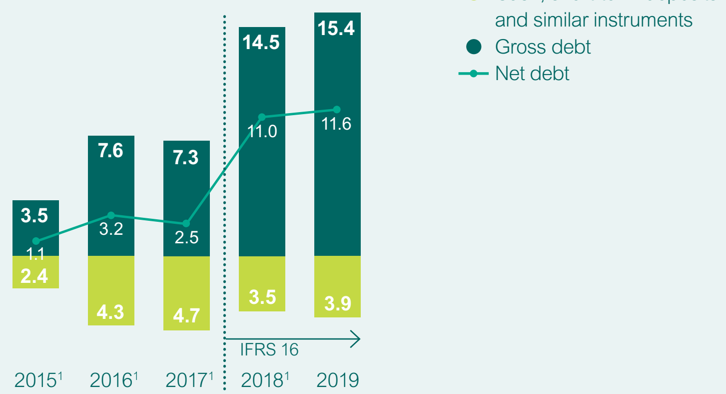
In 2019, gross debt increased by €960 million to €15,445 million, primarily due to an increase of the overdraft position of a notional cash pooling arrangement and the increase of the lease liability. Other gross debt changes, while material, broadly offset each other. The latter included the issuance of €600 million bonds in June, the redemption of $130 million outstanding bonds due in April 2019 and the repurchase and cancellation of €455 million cumulative preferred financing shares.

Ahold Delhaize's net debt was €11,581 million as of December 29, 2019 – an increase of €603 million from December 30, 2018. The increase in net debt was mainly the result of the payment of the common stock dividend (€1,114 million) and the completion of the €1 billion share buyback program, which more than offset the free cash flow generation (€1,843 million).

As a result of the implementation of IFRS 16, the 2018 gross and net debt figures have been restated as follows:

€ million	December 30, 2018 as reported	Effect of IFRS 16 adoption	December 30, 2018 restated
Loans	3,683	–	3,683
Lease liabilities	1,379	6,891	8,270
Cumulative preferred financing shares	455	–	455
Non-current portion of long-term debt	5,517	6,891	12,408
Short-term borrowings and current portion of long-term debt	1,095	982	2,077
Gross debt	**6,612**	**7,873**	**14,485**
Less: Cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments	3,507	–	3,507
Net debt	**3,105**	**7,873**	**10,978**

Gross and net debt
€ billion



1 2018 figures have been restated to reflect the impact of the implementation of IFRS 16 Leases. Financial information prior to 2018 has not been restated to reflect the impact of the implementation of IFRS 16 Leases.

Group financial review

Liquidity

	December 29, 2019	December 30, 2018 restated
Total cash and cash equivalents (*Note 20*)	**3,717**	3,122
Short-term deposits and similar instruments (*Note 19*)	**15**	266
Investments in debt instruments (FVPL) – current portion (*Note 19*)	**130**	119
Cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments	**3,863**	3,507
Less: Notional cash pooling arrangement	**1,391**	695
Liquidity position	**2,472**	2,812

Ahold Delhaize views available cash balances and funds from operating activities as its primary sources of liquidity, complemented by external sources of funds when deemed to be required. Ahold Delhaize manages short-term liquidity based on projected cash flows. As of December 29, 2019, the Company's liquidity position primarily consisted of €2,472 million of cash (including short-term deposits and similar instruments and current portion of investments in debt instruments, adjusted for cash held under a notional cash pooling arrangement), and the undrawn portion of the €1 billion revolving credit facility.

Based on the current operating performance and liquidity position, the Company believes that cash provided by operating activities and available cash balances will be sufficient to fund working capital needs, capital expenditures, interest payments, dividends, the announced €1 billion share buyback program, and scheduled debt repayments for the next 12 months. In addition, the Company has access to the amount available on its revolving credit facility and to the debt capital markets based on its current credit ratings.

Group credit facility

Ahold Delhaize has access to a €1.0 billion committed, unsecured, multi-currency and syndicated credit facility. In February 2015, the facility was amended and extended to 2020 with two 1-year extension options. In 2017, the Company exercised its option to extend until 2022.

The credit facility contains customary covenants and a financial covenant that requires Ahold Delhaize, in the event that its corporate rating from Standard & Poor's and Moody's is lower than BBB / Baa2 respectively, not to exceed a specified maximum leverage ratio. On May 3, 2019, the lenders agreed to amend the maximum leverage ratio from 4.0:1 to 5.5:1 as a result of the implementation of IFRS 16.

During 2019 and 2018, the Company was in compliance with these covenants. However, it was not required to test the financial covenant due its credit rating. As of December 29, 2019, there were no outstanding borrowings under the facility other than letters of credit to an aggregate amount of $165 million (€148 million).

Credit ratings

Maintaining investment grade credit ratings is a cornerstone of Ahold Delhaize's financial strategy because such ratings lower the cost of funds and facilitate access to a variety of lenders and markets. Ahold Delhaize's current credit ratings from the solicited rating agencies are as follows:

- Standard & Poor's: corporate credit rating BBB, with a stable outlook since June 2009 (previous rating BBB- assigned in 2007).
- Moody's: issuer credit rating Baa1, with a stable outlook since February 2018 (previous rating Baa2 assigned in August 2015).

Group financial review

Cash flows

Ahold Delhaize's consolidated cash flows for 2019 and 2018 are as follows:

€ million	2019	2018 restated
Operating cash flows from continuing operations	**5,449**	5,360
Purchase of non-current assets (cash capital expenditure)	**(2,218)**	(1,780)
Divestment of assets / disposal groups held for sale	**144**	27
Dividends received from joint ventures	**36**	17
Interest received	**56**	74
Lease payments received on lease receivables	**94**	86
Interest paid	**(189)**	(227)
Repayments of lease liabilities	**(1,530)**	(1,392)
Free cash flow	**1,843**	2,165
Proceeds from long-term debt	**596**	798
Repayments of loans	**(656)**	(783)
Changes in short-term loans	**689**	(733)
Changes in short-term deposits and similar instruments	**253**	(242)
Dividends paid on common shares	**(1,114)**	(757)
Share buyback	**(1,002)**	(2,003)
Acquisition / divestments of businesses, net of cash	**(54)**	(33)
Other cash flows from derivatives	**(5)**	(29)
Other	**(15)**	30
Net cash from operating, investing and financing activities	**535**	(1,587)

Operating cash flows from continuing operations were higher by €89 million. At constant exchange rates, operating cash flows from continuing operations were lower by €71 million, or (1.3)%. The purchase of non-current assets was higher by €438 million, or €392 million higher at constant exchange rates.

Free cash flow

Free cash flow, at €1,843 million, decreased by €322 million compared to 2018, driven by higher net capital expenditures and higher repayment of lease obligations. In 2019, the main uses of free cash flow included:

- Share buyback program, for a total amount of €1,002 million.
- Common stock dividend of €0.70 per share for 2018 and common stock dividend of €0.30 per share for 2019 resulting in a total cash outflow of €1,114 million.
- Repayment of bonds due in 2019 for $130 million and the repurchase and cancellation of the €455 million cumulative preferred financing shares.

As a result of the implementation of IFRS 16, the free cash flow definition has been updated as explained in *Definitions: Performance measures*. The comparative figures for the 2018 financial year have been restated as follows:

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Operating cash flows from continuing operations before changes in working capital and income taxes paid	4,124	1,065	5,189
Changes in working capital	484	(33)	451
Income taxes paid – net	(280)	–	(280)
Purchase of non-current assets	(1,780)	–	(1,780)
Divestments of assets / disposal groups held for sale	27	–	27
Dividends received from joint ventures	17	–	17
Interest received	74	–	74
Interest paid	(324)	97	(227)
Free cash flow – old definition	**2,342**	**1,129**	**3,471**
Lease payments received on lease receivables	–	86	86
Repayment of lease liabilities	(177)	(1,215)	(1,392)
Free cash flow – new definition	**2,165**	**–**	**2,165**

Group financial review

Capital investments and property overview

Capital expenditure, including acquisitions and additions to right-of-use assets, amounted to €3,604 million in 2019 and €2,838 million in 2018. Total cash capex for the year amounted to €2,218 million in 2019, an increase of €438 million compared to the previous year.

€ million	2019	2018 restated	Change versus prior year	% of sales
The United States	**2,021**	1,603	418	5.0%
The Netherlands	**882**	583	299	6.0%
Belgium	**176**	167	9	3.4%
Central and Southeastern Europe	**398**	368	30	6.3%
Global Support Office	**36**	51	(15)	
Total regular capital expenditures	**3,512**	2,772	740	5.3%
Acquisition capital expenditures[1]	**92**	66	26	0.1%
Total capital expenditures	**3,604**	2,838	766	5.4%
Total regular capital expenditures	**3,512**	2,772	740	5.3%
Right-of-use assets[2]	**(1,296)**	(823)	(473)	(2.0)%
Change in PP&E Payables (and other non-cash adjustments)	**1**	(169)	170	–%
Total cash capex	**2,218**	1,780	438	3.3%

1 Including conversion expenditure of acquired stores.

2 Right-of-use assets comprises additions (€499 million), reassessments and modifications to leases (€769 million) (for more information see *Note 12* to the consolidated financial statements) as well as additions (€15 million) and reassessments and modifications to leases (€12 million) relating to right-of-use assets included within investment properties (for more information see *Note 13* to the consolidated financial statements).

Capital investments were primarily related to the construction, remodeling and expansion of our stores and supply chain (including online), as well as IT infrastructure improvements. Excluding acquisitions, capital expenditures in 2019 totaled €3,512 million. The increase, compared to 2018, mainly relates to investments in new distribution centers and a larger number of new store openings in 2019.

As of December 29, 2019, Ahold Delhaize operated 6,967 stores. The Company's total sales area amounted to 9.5 million square meters in 2019, an increase of 1.0% from the prior year.

The total number of stores (including stores operated by franchisees) is as follows:

	Opening balance	Opened / acquired	Closed / sold	Closing balance
The United States	1,961	19	(7)	**1,973**
The Netherlands[1]	2,151	28	(23)	**2,156**
Belgium	777	25	(6)	**796**
Central and Southeastern Europe	1,880	170	(8)	**2,042**
Total number of stores	6,769	242	(44)	**6,967**

1 The number of stores as of December 29, 2019, includes 1,127 specialty stores (Etos and Gall & Gall) (December 30, 2018: 1,139 specialty stores).

The total number of retail locations owned or leased by Ahold Delhaize was 5,776 in 2019. This total includes 523 stores sub-leased to franchisees and 21 pick-up points in stand-alone locations. Ahold Delhaize also operates 244 gas stations in the premises of some of the group's stores. The total number of retail locations owned or leased increased by 148 compared to 2018.

	2019	2018	Change versus prior year
Number of stores operated by Ahold Delhaize	**5,232**	5,093	139
Number of stores operated by franchisees	**1,735**	1,676	59
Number of stores operated	**6,967**	6,769	198

Franchisees operated 1,735 stores in the Netherlands, Belgium, Luxembourg and Greece.

	2019	2018	Change versus prior year
Number of stand-alone pick-up points	**21**	22	(1)
Number of in-store pick-up points	**966**	540	426
Total	**987**	562	425

At the end of 2019, Ahold Delhaize operated 987 pick-up points, which was 425 more than in 2018. These were either stand-alone, in-store or office-based.

Ahold Delhaize also operated the following other properties as of December 29, 2019:

Warehouse / distribution centers / production facilities / offices	136
Properties under construction / development	53
Investment properties	877
Total	**1,066**

The investment properties consist of buildings and land. The vast majority of these properties were subleased to third parties. Of these, most were shopping centers containing one or more Ahold Delhaize stores and third-party retail units generating rental income.

Group financial review

Earnings and dividend per share

Income from continuing operations per common share (basic) was €1.60, an increase of €0.07 or 4.5% compared to 2018. The main driver is the decrease in the number of outstanding shares as a result of a €1 billion share buyback program carried out in 2019 (see *Note 21* to the consolidated financial statements for more information on the share movements). Lower income from continuing operations and an increase on charges from non-recurring items provided a partial offset. Underlying income from continuing operations per common share (basic) was €1.71, an increase of €0.14 or 8.4% compared to 2018, driven by the share buyback program and higher underlying operating profits after tax. The implementation of the IFRS 16 standards impacted the income from continuing operations per common share (basic) and underlying income from continuing operations per common share (basic) in 2018 by €(0.01) and €(0.03), respectively.

Ahold Delhaize's policy is to target a dividend payout of 40-50% of its underlying income from continuing operations. As part of our dividend policy, we adjust income from continuing operations for Impairment losses and reversals – net, gains (losses) on leases and the sale of assets – net, restructuring and related charges, and other unusual items. Underlying income from continuing operations amounted to €1,888 million in 2019 and €1,852 million in 2018, respectively, and was determined as follows:

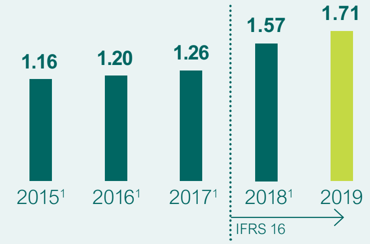
€ million	2019	2018 restated
Income from continuing operations	**1,767**	1,797
Adjusted for:		
Impairment losses and reversals – net	**89**	53
(Gains) losses on leases and the sale of assets – net	**(53)**	(23)
Restructuring and related charges and other items	**78**	108
Unusual items in net financial expense	**37**	(7)
Tax effect on adjusted and unusual items	**(30)**	(59)
Tax rate changes due to local tax reforms[1]	**–**	(17)
Underlying income from continuing operations	**1,888**	1,852
Income from continuing operations per share attributable to common shareholders	**1.60**	1.53
Underlying income from continuing operations per share attributable to common shareholders	**1.71**	1.57

1 The statutory corporate income tax rate changes as a result of local tax reforms show the impact of recalculating Ahold Delhaize Netherlands' deferred tax positions and applying the reduced statutory Dutch corporate income tax rates; see *Note 10* to the consolidated financial statements for more information.

We propose a cash dividend of €0.76 per share for the financial year 2019, an increase of 8.6% compared to 2018, reflecting our ambition of sustainable growth of the dividend per share. This represents a payout ratio of 44% of underlying net income from continuing operations.

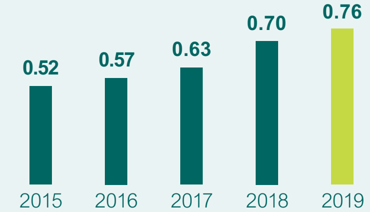
If approved by the General Meeting of Shareholders, a final dividend of €0.46 per share will be paid on April 23, 2020. This is in addition to the interim dividend of €0.30 per share, which was paid on August 29, 2019. The total dividend payment for the full year 2019 would therefore total €826 million.

Underlying income from continuing operations per common share (basic)



1 2018 figures have been restated to reflect the impact of the implementation of IFRS 16 Leases. Financial information prior to 2018 has not been restated to reflect the impact of the implementation of IFRS 16 Leases.

Dividend per common share



As a result of the implementation of IFRS 16, the comparative figures for the 2018 financial year have been restated as follows:

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Income from continuing operations	**1,809**	**(12)**	**1,797**
Adjustments to operating income	159	(21)	138
Unusual items in net financial expenses	(7)	–	(7)
Tax effect on adjusted and unusual items	(59)	–	(59)
Tax rate changes due to local tax reforms	(22)	5	(17)
Underlying income from continuing operations	**1,880**	**(28)**	**1,852**
Basic income from continuing operations per share[1]	1.54	(0.01)	1.53
Underlying income from continuing operations per share[1]	1.60	(0.03)	1.57

1 Basic and underlying earnings per share from continuing operations are calculated by dividing the (underlying) income from continuing operations attributable to equity holders by the average numbers of shares outstanding. The weighted average number of shares used for calculating the basic and underlying earnings per share for 2018 is 1,176 million.

Group non-financial review

Our 2020 Sustainable Retailing ambition

For the past four years we have been working towards a set of ambitions for 2020, outlined in our Sustainable Retailing strategy, which supports the achievement of our Leading Together strategy.

Our Sustainable Retailing 2020 strategy was shaped by our most material topics, the UN Sustainable Development Goals (SDGs) and market knowledge from our great local brands. We also considered trends in our markets and around the world, integrated stakeholder feedback, and referenced other global frameworks (such as the OECD Guidelines for Multinational Enterprises).

To reach these ambitions by the end of 2020, we have taken steps that make it easier for our customers to eat more nutritious food, which helps to reduce the prevalence of diseases and increase overall vitality.

We have reduced food waste, in line with our aim to responsibly manage the earth's resources, and worked with food banks to feed the undernourished in our communities.

We have celebrated a diverse and inclusive workforce and helped associates to reach their potential so they can thrive. And we have further reduced our climate impact by continuing to lower our carbon emissions.

In addition to the focus areas outlined above, we have continued our journey to improve performance in: associate development, climate impact, product safety and sustainability, safety at work and local community connection. The following section shows how we performed in 2019 on the targets we set in our Sustainable Retailing 2020 strategy.

Now that 2020 is upon us, we have developed our healthy and sustainable ambition for 2025, which describes how and where we aim to accelerate toward food systems that are healthier for people and the planet. For more information, see *Our growth drivers: Healthy and sustainable.*

How we manage sustainable retailing

The Executive Committee, supervised and advised by the Supervisory Board (and its Sustainability and Innovation Committee) has accountability for setting strategy and driving performance. Brand leadership is responsible for establishing implementation plans, resourcing their plans and monitoring performance. The Sustainable Retailing function reports directly to the President and CEO at the global level. The Vice President Sustainable Retailing and the Group Support Office Sustainable Retailing team are responsible for advising on Ahold Delhaize's Sustainable Retailing strategy, reporting global performance internally and externally, engaging external stakeholders, supporting the brands in implementation, monitoring trends, and tracking related issues and risks. A global Sustainable Retailing Steering Committee, made up of Executive Sponsors from the local brands and relevant global functional leaders, reviews and recommends the strategic direction and public targets, and tracks overall performance.

This year's annual report on fiscal year 2019 contains sustainable retailing data from all Ahold Delhaize brands except bol.com, Etos, Gall & Gall and Peapod, unless otherwise noted.

From an operational scope perspective, the data includes the following parts of the business, unless specifically noted otherwise:

- All stores (company-owned and franchise / affiliated stores)
- Offices
- Company-owned distribution centers, including all transportation from distribution centers to stores, regardless of whether the transportation companies are owned by Ahold Delhaize.

When we did not achieve full alignment in reporting on an indicator for 2019, we have explained it in the footnotes.

Global Reporting Initiative

We use the GRI Standards: Core option to report on our progress. An overview of how we followed the GRI standards can be found at **www.aholddelhaize.com**. For more information on the definitions used see *Definitions: Performance measures.*

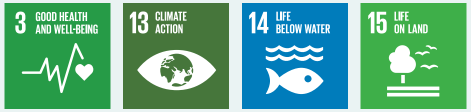
Group non-financial review

Product

Our local brands are well-positioned to help customers understand the impact of their buying decisions and enable them to make choices that fit their needs, their tastes and their values.

Healthier food leads to healthier communities; nutritious food reduces the risk of chronic diseases and contributes to a community's overall resilience and vitality. Eating healthier is a priority for our customers. They look to us for fresh, healthy inspiration as they strive to serve delicious, nutritious family meals, every day.

Our programs and targets are supportive of the Sustainable Development Goals



Promote healthier eating	2019[1]	2018	2020 target
% of healthy own-brand food sales as a proportion of total own-brand food sales[1]	**48%**	47%	50%
% of own-brand products with front-of-pack nutritional labeling	**95%**	88%	100%

1 2019 data includes Peapod.

During 2019, we further increased the sale of healthy own-brand products as a portion of total own-brand food sales to 48%. The percentage of our own-brand products with front-of-pack nutritional labeling increased by seven percentage points to 95%.

The increase in healthy own-brand sales was mainly driven by the reformulation of products, marketing campaigns and increased communication to customers. Many of our brands now have healthy navigation systems in place, such as Guiding Stars and Nutri-Score. Reformulation of products at Stop & Shop, Giant Food and Giant/Martin's had a positive impact on their own-brand healthy sales.

After the launch of Nutri-Score last year, Delhaize Belgium took another step towards integrating Nutri-Score into associates' lives by giving them extra purchasing power to buy healthy foods. The "Healthy UCoins" project was piloted in 2019, offering associates a 20% discount on products with a Nutri-Score A or B, including fruits and vegetables, chicken and water. Due to the pilot's success, Delhaize Belgium extended the program to also offer discounts to customers buying the same Nutri-Score A and B products, on top of any other discounts offered at the time. The combined customer and associate program lasted four months and was called NutriPlus.

Giant Food launched its first-ever podcast, "Nutrition Made Easy!" The informative series of discussions, led by Giant's registered dietitians and nutritionists, answers customers' most frequently asked questions and gives healthcare providers a tool to help educate patients.

Product sustainability

We take responsibility for maintaining the highest levels of safety in regards to our products, while also improving their environmental and social footprints. Diving deep into our supply chain helps us ensure that our products are more sustainable from production to plate.

We work to ensure products are safe, produced in clean, efficient facilities with good working conditions, made from responsibly sourced ingredients and components, and clearly and accurately labeled.

Product safety

Performance indicator description	2019	2018	2020 target
% of production sites of own-brand food products that are Global Food Safety Initiative (GFSI)-certified or comply with an acceptable level of assurance standard	**94%**	93%	100%
% of production sites for own-brand food products that are certified according to a GFSI-recognized standard	**90%**	89%	93%
% of production sites for own-brand food products that comply with an acceptable level of assurance standard (other than GFSI)	**4%**	4%	7%
% of production sites of high-risk non-food own-brand products audited by an independent third party against acceptable standards for the relevant product category	**71%**	64%	–

We increased the percentage of audits performed at own-brand production sites for both food safety and social compliance.

The percentage of own-brand production locations that are GFSI-certified or comply with an acceptable level of assurance increased slightly to 94.4%. The remaining group that is needed to get to 100% certification is made up mainly of smaller local suppliers. The certification process has become more complex due to an increased consumption of locally produced products, which fragments the supply base.

The percentage of production sites of high-risk, non-food, own-brand products that were audited for safety increased by seven percentage points to 71%. We expect to increase this further in 2020.

Group non-financial review

Product *continued*

Social compliance

Performance indicator description	2019	2018	2020 target
% of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no non-compliances on deal-breakers	**71%**	66%	80%

The percentage of own-brand production sites in high-risk countries that were audited by a third party against social compliance increased by five percentage points to 71%. We expect this percentage to continue to increase in the coming year. Most of the remaining portion of unaudited suppliers consists of local suppliers covered by audits that address deal breakers like child labor, forced labor and life-threatening situations, but are not fully compliant with the acceptable standards.

Organics

Performance indicator description	2019	2018
% total food sales from certified organic products	**3%**	3%
Total sales from free-from or organic own-brand lines (€ millions)	**1,727**	1,554

Our brands continue to add organic products to their assortment. For example, during 2019, Albert boosted its organic assortment by adding more products in cooperation with local farmers and suppliers. As a result, more than 100 hectares of conventional agricultural fields were converted to organic.

Even with additions to the organic product assortment, however, the percentage of total food sales from certified organic products in 2019 did not increase from 2018. Our total sales from free-from or organic own-brand lines increased by 11.1% to a total of €1,727 million.

Commodities

Ahold Delhaize drives sustainable sourcing practices through targets on seven critical commodities (tea, coffee, cocoa, palm oil, seafood, soy and wood fiber). To reach these targets we partner with farmers, suppliers and industry groups to achieve more sustainable production.

We made progress in all areas. We were able to use more certified ingredients for our own-brand products, but we also removed products for which we could not find a sustainable option.

The largest improvements were in sustainable cocoa – we reached 84% certified cocoa as an ingredient in our own-brand products – and own-brand wood fiber products.

During 2019, Alfa Beta started selling the Delicata line of chocolates from Albert Heijn in its stores, which significantly increased the total number of certified cocoa products. In the U.S., the decision was made to remove several cocoa products that were not certified from the local brands' assortments.

The percentage of own-brand certified wood-fiber products increased to 84% from 52% in 2018. The increase was mainly driven by activities in the U.S. and Greece. Greece can now report more accurate data sets and both the U.S. and Greece worked closely with their suppliers to increase the number of certified products.

Performance indicator description	2019	2018	2020 target
% of own-brand products containing tea certified against an acceptable standard	**97%**	84%	100%
% of own-brand coffee products certified against an acceptable standard	**96%**	87%	100%
% of own-brand products containing cocoa certified against an acceptable standard	**84%**	49%	100%
% of own-brand products containing over 25% cocoa certified against an acceptable standard	**82%**	69%	100%
% of own-brand products containing under 25% cocoa certified against an acceptable standard	**69%**	34%	75%
% of palm oil volume in own-brand products certified to an acceptable standard or to RSPO Book & Claim	**100%**	100%	100%
% of palm oil volume in own-brand products certified against an acceptable standard (Mass Balance or Segregated supply chain option)	**87%**	86%	75%
% of palm oil volume in own-brand products offset by purchase of RSPO Book & Claim	**13%**	14%	25%
% of own-brand wood fiber products certified sustainable against an acceptable standard, low risk, or recycled	**84%**	52%	100%
% of own-brand paper and wood packaging (as defined, and per SKU) certified sustainable against an acceptable standard, low risk, or recycled[1]	**46%**	37%	–
% of high priority (South American) direct and embedded soy volumes in the supply chain of own-brand products certified against an acceptable standard[2]	**95%**	91%	100%
% of own-brand seafood product sales certified against an acceptable standard, from sustainable sources assessed by a credible third party, or from credible FIPs / AIPs	**98%**	94%	100%
% of own-brand seafood product sales with an identified farm / fishery of origin	**100%**	100%	100%

1 2018 data excludes Albert Heijn.

2 Soy credits are purchased through the Roundtable on Responsible Soy.

Group non-financial review

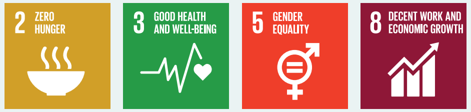
People

A safe work environment is fundamental, but the workplace should also offer opportunities for development and for a healthy life, as well as a true spirit of inclusiveness and diversity.

We strive to create workplaces that reflect the diversity of our communities, and contribute to the health and well-being of all associates. Everywhere we operate, we want to provide an environment where each person feels valued and inspired to develop to their full potential. It is an ambition that matches our values and helps our brands to remain innovative and competitive.

Associate engagement

Our programs and targets are supportive of the Sustainable Development Goals



Performance indicator description	2019[1]	2018[1]	Change	2020 target
Associate engagement score (%)	**80%**	79%	1% pt	–
Healthy workplace score	**76%**	74%	2% pt	75%
Inclusive workplace score	**78%**	78%	– %	79%
Associate development score	**72%**	72%	– %	73%

1 2019 and 2018 figures include Peapod, Gall & Gall and Etos.

Associates from across all our businesses participated in Ahold Delhaize's annual associate engagement survey this year, with good results. We showed an overall engagement score of 80% – a one-percentage-point increase over last year. We also scored a 76% rating for being a healthy workplace, an increase of two points over 2018.

Striving to create an environment that supports the overall well-being of our associates was a focus area for us in 2019 after feedback from last year's survey. To this end, we expanded our healthy living programs for associates, which aim to make healthier choices easy. Free fruit in a number of offices, additional educational programs on nutrition and weight loss and smoke-free campuses were some of the initiatives we rolled out further during 2019.

The other two key index scores on the survey were 78% for being an inclusive workplace and 72% for development. These were consistent with last year's results. Associates also said they have clear objectives and feel they work in a safe environment. For more information see *Our growth drivers: Best talent.*

The survey had a high participation rate, with 80% of associates taking the time to express their views and ensure their voices were heard.

Safety at work

Performance indicator description	2019[1,3]	2018[1,2]
Rate of lost days due to accidents	**2.1**	2.4
Occupational illness frequency rate[4]	**0.17**	0.11

1 Safety at work data excludes offices.

2 2018 data includes bol.com, Etos and Gall & Gall.

3 2019 data includes bol.com, Etos, Gall & Gall and Peapod.

4 2018 data excludes Delhaize Belgium, Alfa Beta, Delhaize Serbia, Mega Image and Albert. 2018 data includes Etos and Gall & Gall. 2019 data excludes Alfa Beta, Delhaize Belgium. 2019 data includes Etos and Gall & Gall.

The rate of lost days due to accidents fell by 0.3 points to 2.1. The brands have increased the awareness and prioritization of safety in company communication, at management meetings and through events such as World Day for Safety that support the commitment to be a safe place to work and shop.

Occupational illness frequency rate increased by 0.06 percentage points to 0.17 illnesses per one million hours worked.

The increase in the occupational illness rate is primarily due to an increased understanding of the Occupational Illness definition across all the brands, which has led to more accurate reporting.

In 2019, our Mega Image brand experienced a tragic road accident involving a bus transporting 15 store associates to work in Bucharest, Romania. Eight associates died and seven others were seriously injured in the collision.

Group non-financial review

People *continued*

Diversity

Performance indicator description	2019[1]	2018[1]
Number of associates (thousands)	**380**	372
% of female associates	**54%**	53%
% of female Executive Committee members	**13%**	14%
% of female Supervisory Board members	**33%**	22%
% of male associates	**46%**	47%
% of full-time associates	**33%**	33%
% of female full-time associates	**47%**	47%
% of male full-time associates	**53%**	53%
% of part-time associates	**67%**	67%
% of female part-time associates	**57%**	56%
% of male part-time associates	**43%**	44%
% Greatest Generation (1900-1945)	**1%**	1%
% Baby Boomers (1946-1964)	**15%**	16%
% Generation X (1965-1979)	**22%**	22%
% Generation Y (millenials) (1980-1995)	**26%**	27%
% Generation Z (1996+)	**36%**	34%
% associates covered by collective bargaining	**55%**	56%

1 2019 and 2018 data includes Peapod, Gall & Gall, Etos and bol.com.

Our diversity results in 2019 were stable compared to 2018 except for the percentage of female Supervisory Board members. In 2019, Katie Doyle and Peter Agnefjäll joined the Supervisory Board while Rob van den Bergh and Mark McGrath stepped down.

In October 2019, we announced the appointment of Natalie Knight as Executive Vice President Finance for Ahold Delhaize and member of the Executive Committee, effective March 1, 2020.

For more information on our commitment to diversity and inclusion please see *Our growth drivers: Best talent.*

Local community connection

Performance indicator description	2019	2018[1]
Total monetary value of our Company's corporate citizenship / philanthropic contributions (€ millions)	**196.4**	182.6
Cash contributions (€ millions)	**17.5**	14.1
In kind and volunteer hours cash-equivalent contributions (€ millions)	**178.9**	168.5
% total Ahold Delhaize contributions as charitable donations	**91%**	91%
% total Ahold Delhaize contributions as community investments	**3%**	3%
% total Ahold Delhaize contributions as commercial initiatives	**6%**	6%
Total monetary value of donations by customers, suppliers and associates to charities, facilitated by Ahold Delhaize brands (€ millions)	**20**	8
% of cash and cash-equivalent donations to charities by the Company on pre-tax profit	**9%**	8%
Tonnes of food donated	**56,681**	55,509

1 2018 figures are restated, due to more accurate and complete reporting.

Our contributions and charitable donations are mainly driven by the U.S. brands. In 2019, the total monetary value of Ahold Delhaize's contributions was €196.4 million, compared to €182.6 million in 2018. This increase is mainly due to an increase of in-kind donations. We contributed €17.5 million in direct cash contributions to community projects and the equivalent of €178.9 million through in-kind donations and volunteer hours.

During 2019, several of the U.S. brands launched the Bags 4 My Cause program. Each time customers purchase a Bags 4 My Cause reusable shopping bag with a giving tag, they'll have the power to direct a $1 donation to a local organization of their choice. If the customer does not direct the donation within seven days, it will automatically be donated to a local nonprofit chosen by the store where it was sold.

Each of our brands has a community engagement program in place to support local needs all year round. In 2019, we donated 56,681 tonnes of food to food banks and €17.5 million to community projects. For example, customers at Giant/Martin's donated a record-breaking $794 thousand to support local hunger-relief efforts during the biannual Bag Hunger campaign.

Another big driver of our food bank donations is the Food Lion Feeds program. Over the past five years, Food Lion worked with its national hunger relief partner, Feeding America, and the 30 Feeding America-affiliated food banks across the brand's service territory to identify opportunities to help and feed their neighbors. After committing to donate 500 million meals by the end of 2020, Food Lion reached its goal more than 18 months early. In 2019, they set a new goal to donate one billion meals by the end of 2025.

Group non-financial review

Planet

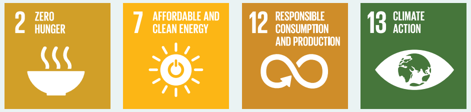
Climate impact

Climate change is a significant global issue impacting our society, our quality of life and our business. The increasing instability of temperature and rainfall is already impacting the ability to farm, fish and raise livestock, while the frequency and intensity of storms is impacting our facilities and transportation.

Climate change is also of concern to an increasing number of our customers, associates, suppliers and partners.

Ahold Delhaize is taking action to reduce emissions from the operations of its brands and businesses as well as in producing own-brand products. We are lowering direct emissions by investing in more efficient energy, refrigeration and transportation systems. We are reducing food waste – one of the major global drivers of climate emissions – from our stores and distribution centers and we are helping our customers to reduce their food waste.

Our programs and targets are supportive of the Sustainable Development Goals



In addition, we are exploring the climate impact of the consumption of meat and other products, and how we can provide support to address these concerns, such as by offering alternative protein products.

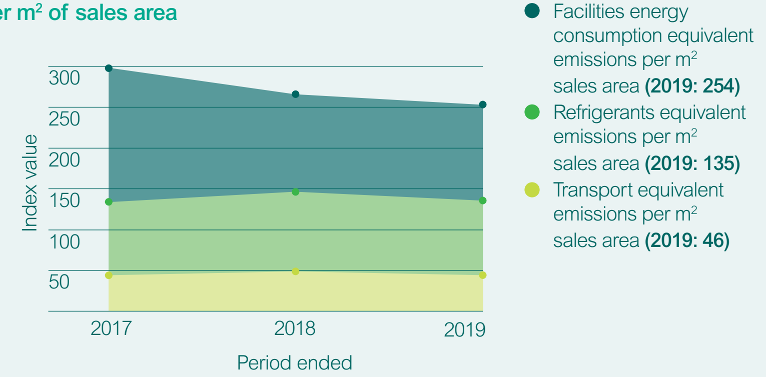
Carbon emissions

CO_2-equivalent emissions per sales area were 435 kg/m^2, a 4.6% decrease from 2018 and a 32% reduction from Ahold Delhaize's 2008 baseline.

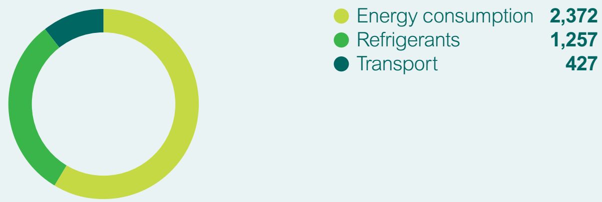
CO_2-equivalent emissions are mainly driven by energy consumption, refrigerant leakage and transport. In all areas, we reduced our absolute consumption as well as the consumption per square meter of sales area.

An example of an action by the brands on climate is Albert Heijn's remodeling of stores to maximize energy efficiency, eliminate natural gas and only use natural refrigerants. In 2019, Albert Heijn remodelled 123 stores, achieving a further reduction in carbon emissions.

Carbon emissions per m^2 of sales area



CO_2 emissions



Group non-financial review

Planet *continued*

Performance indicator description	2019[1]	2018[1]	2020 target
% change in CO_2 equivalent emissions per m^2 of sales area (from 2008 baseline)	**(32)%**	(28)%	(30)%
Total CO_2-equivalent emissions per m^2 sales area – location-based approach (kg CO_2-eq/m^2)	**435**	456	445
Total CO_2-equivalent emissions (thousand tonnes) – location-based approach	**4,056**	4,215	–
Scope 1 (thousand tonnes)	**1,699**	1,816	–
Scope 2 (thousand tonnes)	**1,926**	1,950	–
Scope 3 (thousand tonnes)	**431**	449	–
Total CO_2-equivalent emissions per m^2 sales area – market-based approach (kg CO_2-eq/m^2)	**418**	430	–
Total CO_2-equivalent emissions (thousand tonnes) – market-based approach	**3,902**	3,973	–
Scope 2 (thousand tonnes)	**1,772**	1,707	–

1 2018 and 2019 figures include Etos and Gall & Gall.

Performance indicator description	2019[1]	2018[1]	2020 target
Facilities energy consumption (million kWh)	**6,649**	6,833	–
Facilities energy consumption per m^2 sales area (kWh/m^2)	**797**	826	–
Total renewable electricity produced on site (million kWh)	**51**	20	–
% renewable electricity on total electricity consumed	**9%**	13%	–
Avoided grid electricity CO_2 emissions (thousand tonnes)	**173**	248	–
% ozone-friendly refrigerants[1]	**78%**	77%	85%
Average refrigerant Global Warming Potential (GWP)	**2,242**	2,320	2,230
Refrigerant leakage rate	**13%**	14%	–
Fuel consumption by trucks (million liters)	**149**	155	–
Total water consumption (thousand m^3)[2]	**6,824**	8,016	–
Total water consumption (m^3) per m^2 of sales area[2]	**0.87**	1.03	–

1 2018 and 2019 figures include Etos and Gall & Gall.
2 2018 and 2019 figures exclude Albert Heijn.

When building or remodeling our stores and offices, we include renewable energy where possible. For example, the completely renovated AD Delhaize store in Lochristi, Belgium, has 1,180 rooftop solar panels to ensure electricity consumption is 100% sustainable. The Giant/Martin's support office in Carlisle, Pennsylvania, installed more than 1,800 solar panels – the first phase of covering 100% of the office's energy consumption.

From 2018 to 2019, we significantly increased the renewable energy produced on site.

Fuel consumption from truck transportation decreased to a total of 149 million liters in 2019. Our brands continue to look at ways to supply their stores with products efficiently and improve the climate impact of their trucks. Albert Heijn and four transportation partners are testing the use of electric trucks for supermarket deliveries in cities, starting with Amsterdam. The test involves fully electric tractor-trailers as well as plug-in hybrids – a first in Europe – with the goal of determining the functional and operational requirements to make emissions-free deliveries in the near future.

We further decreased the average Global Warming Potential (GWP) of our refrigerants to 2,242, nearly achieving our 2020 target. Leakage rate decreased by one percentage point to 13%.

Delhaize Serbia replaced HFC refrigeration systems with their CO_2 counterparts in six retail stores in 2019. It is expected that the use of CO2 as a refrigerant will boost the refrigeration systems' energy efficiency by 35%. In addition, Delhaize Serbia focused on preventive maintenance of refrigeration system installations, resulting in a reduction of refrigerant leakage.

Food waste

In 2019, Ahold Delhaize brands reduced food waste per sales by 9% compared to our 2016 baseline, making limited progress toward our 2020 target of 20% reduction. As we continue to drive healthier eating, increase our fresh assortment and promote sales of fresh and convenient products, we run the risk of simultaneously increasing shrink. Therefore, our 2020 targets remain ambitious and will be difficult to reach.

The strike at Stop & Shop during the busy Easter period, had an impact on both food waste as well as the percentage of unsold food donated to feed people.

We have identified several projects to further reduce food waste in the future.

During 2019, Retail Business Services, the services company of the Ahold Delhaize USA brands, launched a forecasting and replenishment project. This is a three-year initiative that will provide U.S. associates with the data they need to make smarter forecasting and ordering decisions to supply fresher products for customers no matter how they choose to shop. The project will significantly improve inventory and analysis technology by offering one simplified solution that will give each brand end-to-end visibility from supplier to shelf.

Group non-financial review

Planet *continued*

Albert Heijn took a new step to reduce food waste by testing "dynamic discounting" of chicken and fish products at a store in Zandvoort, the Netherlands. Using electronic shelf labels, the products were automatically reduced in price based on their sell-by date, with a higher discount for items that need to be sold soonest. As a result, food shrink levels stayed under Albert Heijn's average in the Netherlands for the same products during the test period and improved in the final phase. Albert Heijn plans further pilot testing in 10 stores to better estimate the benefits and optimize processes and infrastructure in order to roll out the electronic shelf labels solution nationwide.

We are committed to continuing to improve our ability to redistribute unsold food and recycle waste. In 2019, we increased food waste recycling to 77% compared to 76% in 2018.

Food waste recycling is especially difficult in our Central and Southeastern European brands. The infrastructure in the countries where we operate does not always facilitate food waste recycling, which makes it difficult to further increase our performance in these countries.

Performance indicator description	2019	2018[2]	2020 target[1]
Tonnes of food waste per food sales (t/€ million)	**5.0 (-9%)**	5.2 (-5%)	4.38 (-20%)
Tonnes of food waste sent to disposal per food sales (t/€ million)	**1.1**	1.2	–
% of total food waste recycled	**77%**	76%	90%
% food waste recycled for animal feed	**26%**	24%	–
% food waste recycled for biogas generation	**34%**	33%	–
% food waste recycled for compost	**7%**	9%	–
% food waste recycled by rendering	**33%**	34%	–
% of unsold food donated to feed people	**18%**	18%	–

1 2020 target is to reduce food waste 20% from the 2016 baseline. 2016 baseline is restated due to a more accurate calculation, resulting in a 2020 target restatement from 4.25 to 4.38.

2 2018 figures are restated, due to more accurate and complete reporting.

Waste

Performance indicator description	2019	2018	2020 target
Total waste generated (thousand tonnes)	**1,039**	1,024	–
% of waste sent to landfill	**14%**	15%	–
% of waste incinerated and transformed into energy	**9%**	9%	–
% of waste recycled	**77%**	76%	80%
Number of non-reusable carrier bags distributed (million bags)[1]	**3,257**	3,915	–

1 2018 and 2019 figures include Peapod.

In 2019, we generated 1,039 thousand tonnes of waste, of which 77% was recycled, 9% was incinerated and transformed into energy and 14% was sent to landfill facilities.

We reduced the number of non-reusable bags by more than 600 million to a total of 3,257 million bags. In Europe, Alfa Beta and Mega Image stopped using non-reusable carrier bags.

ESG ratings

	2019	2018	change
DJSI score	**69**	72	(3)
MSCI ESG rating	**A**	A	–

The 2019 Dow Jones Sustainability World Index (DJSI World) ranked Ahold Delhaize among the industry leaders in the Food and Staples Retailing sector for the fourth consecutive year. Ahold Delhaize received a total score of 69 in this year's global sustainability benchmark, a decline of three points compared to last year and scored seven points below the average score of the sector leaders. While we maintained many areas of strength, the higher scoring sector leaders are advancing quickly, so the gap between our performance and theirs widened from 2018 to 2019. Our score and percentile ranking fluctuate each year, partially from our own performance and partially based on how quickly the rest of our industry advances.

In 2019, Ahold Delhaize continued to show a constant solid A performance from the MSCI ESG rating. With this performance, according to MSCI, we fall into the highest scoring range for all the companies assessed, relative to global peers, indicating that the Company's corporate governance practices are generally well-aligned with shareholder interests.

Financial review by segment

Key financial and non-financial information

The key financial and non-financial information per segment for 2019 and 2018 is presented below:

	The United States		The Netherlands		Belgium		Central and Southeastern Europe	
	2019	2018 restated	**2019**	2018 restated	**2019**	2018 restated	**2019**	2018 restated
Net sales (€ millions)	**40,066**	37,460	**14,810**	14,218	**5,096**	5,095	**6,288**	6,018
Net sales ($ millions)	**44,841**	44,174						
Of which: online sales (€ millions)[1]	**985**	751	**2,432**	1,999	**57**	51	**19**	16
Of which: online sales ($ millions)	**1,101**	886						
Net sales growth in local currency	**1.5%**	1.9%	**4.2%**	3.7%	**0.0%**	2.9%	**4.9%**	3.1%
Comparable sales growth	**1.1%**	2.3%	**3.5%**	3.8%	**(0.1)%**	2.2%	**3.0%**	0.9%
Comparable sales growth (excluding gasoline sales)	**1.4%**	2.1%	**3.5%**	3.8%	**(0.1)%**	2.2%	**3.1%**	0.9%
Operating income (€ millions)	**1,668**	1,633	**765**	731	**128**	130	**246**	262
Operating income ($ millions)	**1,867**	1,924						
Underlying operating income (€ millions)	**1,712**	1,699	**776**	748	**149**	142	**280**	274
Underlying operating income ($ millions)	**1,916**	2,002						
Underlying operating margin	**4.3%**	4.5%	**5.2%**	5.3%	**2.9%**	2.8%	**4.5%**	4.6%
Number of employees / headcount (at year-end in thousands)	**215**	207	**100**	102	**14**	13	**51**	50
Number of employees / FTEs (at year-end in thousands)	**143**	136	**31**	32	**12**	11	**45**	45
Contribution to Ahold Delhaize net sales	**60.5%**	59.7%	**22.4%**	22.6%	**7.7%**	8.1%	**9.5%**	9.6%
Contribution to Ahold Delhaize underlying operating income[2]	**58.7%**	59.3%	**26.6%**	26.1%	**5.1%**	5.0%	**9.6%**	9.6%

1 Net consumer online sales for the Netherlands in 2019 amounted to €3,486 million and to €2,677 million in 2018.

2 Before Global Support Office costs.

Financial review by segment

The United States

Net sales

€40.1bn +7.0%[1]

2018: €37.5bn

Comparable sales growth (excluding gasoline sales)

1.4%

Underlying operating income

€1,712m +0.7%[2]

2018: €1,699m

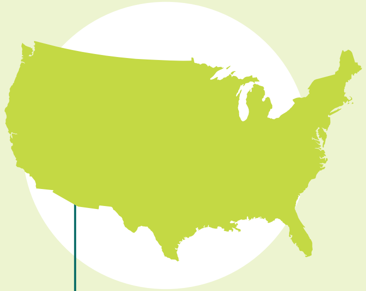
Underlying operating margin

4.3%

Online sales

€985m +31.2%[3]

2018: €751m



1 +1.5% at constant rates.

2 -4.3% at constant rates.

3 +24.3% at constant rates.

€ million	2019	2018 restated	Change versus prior year	% change	% change at constant rates
Net sales	**40,066**	37,460	**2,606**	7.0%	**1.5%**
Of which online sales	**985**	751	**234**	31.2%	**24.3%**
Comparable sales growth	**1.1%**	2.3%			
Comparable sales growth excluding gasoline	**1.4%**	2.1%			
Operating income	**1,668**	1,633	**35**	2.1%	**(3.0)%**
Adjusted for:					
Impairment losses and reversals – net	**67**	26	**41**		
(Gains) losses on leases and the sale of assets – net	**(39)**	(17)	**(22)**		
Restructuring and related charges and other items	**16**	57	**(41)**		
Underlying operating income	**1,712**	1,699	**13**	0.7%	**(4.3)%**
Underlying operating income margin	**4.3%**	4.5%			

In 2019, net sales were €40,066 million, up by €2,606 million or 7.0% compared to 2018. At constant exchange rates, net sales were up by 1.5%. Sales growth was negatively impacted by the 11-day strike at Stop & Shop. The direct impact of the strike on net sales is estimated at $224 million, and, in addition, the subsequent sales loss during the recovery period following the strike is estimated to be $121 million.

Online sales were €985 million, up by 24.3% compared to last year at constant rates. The increase was driven by more click-and-collect points across all the brands, third-party delivery and same-day delivery.

Comparable sales excluding gasoline for the segment increased by 1.4%, with negative volume. Strong positive comparable sales growth across most of the U.S. brands was only partly offset by negative comparable growth at Stop & Shop and Peapod.

Operating income of €1,668 million increased by €35 million, or 2.1%, compared to 2018. Underlying operating income was €1,712 million and is adjusted for the following items, which impacted operating income:

- Impairment losses and reversals – net: In 2019, impairment charges amounted to €67 million, while in 2018, they amounted to €26 million. In 2019, the impairments related primarily to Stop & Shop's underperforming stores and investment locations. The impairments in 2018 related primarily to underperforming stores and investment properties across all the brands.

Financial review by segment

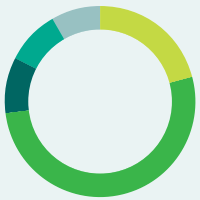
The United States *continued*

- (Gains) losses on leases and the sale of assets – net: In 2019, Stop & Shop sold a non-strategic investment property, Giant/Martin's sold stores and pharmacy scripts and Giant Food sold two properties. In 2018, no individually significant gains or losses were recorded.
- Restructuring and related charges and other items: The 2019 charges decreased by €41 million compared to 2018. In 2019, these charges mainly related to integration costs as a result of the merger, partially offset by insurance reimbursement for Hurricane Florence. In 2018, these charges mainly related to integration costs, the set-up of the U.S. brand-centric organization and other items, including Hurricane Florence.

In 2019, underlying operating income was €1,712 million, up by €13 million or 0.7% compared to last year. At constant rates, underlying operating income decreased by (4.3)%.

The United States' underlying operating income margin in 2019 was 4.3%, down 0.2 percentage points compared to 2018. The 2019 result was negatively impacted by the strike at Stop & Shop, impacting underlying operating income by approximately $100 million. In addition, the results were impacted by higher shrink and supply chain costs, partly offset by increased vendor allowances. Underlying expenses increased compared to last year, mainly driven by salary increases, cost inflation, exceeding sales growth (negatively impacted by the strike) and click-and-collect expansion, partly offset by our Save for Our Customers program.

Number of stores



Stop & Shop	413
Food Lion	1,029
Giant/Martin's	186
Hannaford	182
Giant Food	163

Growth drivers in action

Omnichannel growth

The U.S. brands exceeded their goal of having 600 click-and-collect points operational in 2019 – with 692 by the end of the year – supporting the 24.3% online growth in the United States.

Technology

Peapod Digital Labs built and launched PRISM, a digital eCommerce ecosystem that enables the brands to offer customers a robust omnichannel experience with hyper personalization, alternative payment types, an enhanced B2B offering and a reward program. Giant/Martin's, Giant Food and Stop & Shop will launch PRISM in 2020 and Hannaford and Food Lion will follow in 2021.

Portfolio and scale efficiencies

Ahold Delhaize USA is investing $480 million to transform and expand its supply chain operations, in support of a new three-year strategy to move to a fully integrated, self-distribution model. This will enable the U.S. businesses to reduce costs, improve speed to shelf, enhance relationships with vendors, and improve product availability and freshness.

For more information on how we are driving growth, see our reporting hub **www.aholddelhaize.com**

Financial review by segment
The Netherlands

Net sales

€14.8bn +4.2%
2018: €14.2bn

Comparable sales growth

3.5%

Underlying operating income

€776m +3.8%
2018: €748m

Underlying operating margin

5.2%

Net consumer online sales

€3.5bn +30.2%
2018: €2.7bn

bol.com

Etos

Gall&Gall SINDS 1884

€ million	2019	2018 restated	Change versus prior year	% change
Net sales	**14,810**	14,218	**592**	4.2%
Of which online sales	**2,432**	1,999	**433**	21.6%
Net consumer online sales	**3,486**	2,677	**809**	30.2%
Comparable sales growth	**3.5%**	3.8%		
Operating income	**765**	731	**34**	4.7%
Adjusted for:				
Impairment losses and reversals – net	**2**	13	**(11)**	
(Gains) losses on leases and the sale of assets – net	**(13)**	(1)	**(12)**	
Restructuring and related charges and other items	**22**	5	**17**	
Underlying operating income	**776**	748	**28**	3.8%
Underlying operating income margin	**5.2%**	5.3%		

Net sales in 2019 were €14,810 million, up by €592 million or 4.2% compared to 2018.

This increase was due to a 3.5% growth in comparable sales, driven by strong sales growth of 21.6% at our online brands, bol.com and ah.nl.

For the full year, market share at Albert Heijn in 2019 was 34.9%, flat compared to 2018 (Source: Nielsen).

Bol.com continued its strong net consumer online sales growth from 32.0% in 2018 to 33.2% in 2019. The brand's business in Belgium and its third-party platform – which currently offers a marketplace to more than 20,000 merchant partners in the Netherlands and Belgium – remain important growth drivers.

Operating income increased by €34 million, or 4.7%, to €765 million, affected by the following items that Ahold Delhaize adjusts for to arrive at underlying operating income:

- Impairment losses and reversals – net: There were no individually significant impairment charges recorded in 2019. In 2018, impairment charges were mainly related to underperforming stores.

Financial review by segment

The Netherlands *continued*

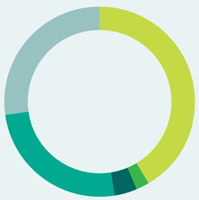
- (Gains) losses on leases and the sale of assets – net: Results were mainly related to a €10 million gain on leases and subleases at Albert Heijn in 2019. In 2018, The Netherlands sold assets with an aggregate gain of €1 million.
- Restructuring and related charges and other items: In 2019, the charges were mainly related to restructuring costs of €19 million at Albert Heijn, while in 2018, they related mainly to IT integration costs.

In 2019, underlying operating income in The Netherlands was €776 million, up by €28 million or 3.8% compared to 2018. Underlying operating margin in The Netherlands was 5.2% in 2019, down 0.1% compared to 2018. Margins were impacted by higher underlying operating expenses, which were partly offset by better growth margins.

Excluding bol.com, the underlying operating income margin was 5.8% in 2019. This was flat compared to 2018 as a result of saving programs, including synergy savings and Save for Our Customers initiatives, offset mainly by the growth of ah.nl.

Our net sales in The Netherlands consist of sales to consumers and to franchise stores. Franchise stores operate under the same format as Ahold Delhaize-operated stores. Franchisees purchase merchandise primarily from Ahold Delhaize, pay a franchise fee and receive support services.

Number of stores



Albert Heijn: the Netherlands	**894**
Albert Heijn: Belgium	**49**
Albert Heijn to go	**86**
Etos	**542**
Gall & Gall	**585**

Growth drivers in action

Omnichannel growth

To keep up with strong growth at ah.nl, Albert Heijn opened its fifth fulfillment center this year and is expanding the number of distribution hubs with smaller trucks to make city deliveries.

In 2019, bol.com celebrated its 20th anniversary. Over the past two decades, bol.com has developed from an online book store to an online retailer selling over 22 million products. In recent years, its growth has been strongly influenced by the more than 20,000 third-party resellers using bol.com as an online sales platform.

Technology

Albert Heijn piloted its first frictionless digital store, providing customers with a grab-and-go experience that does not require scanning or checking out items. It uses cutting-edge computer vision and sensing technologies to enable automated checkout.

Healthy and sustainable

Albert Heijn continues to rapidly convert stores to its new fresh- and technology-focused concept, with 123 stores converted in 2019 – exceeding its goal of 120 – and more scheduled for 2020.

Etos took over the largest online health platform in the Netherlands. By acquiring the Solvo Group, Etos can capitalize on an integrated drugstore model combining physical stores with the ability to provide around-the-clock health information.

For more information on how we are driving growth, see our reporting hub **www.aholddelhaize.com**

Financial review by segment
Belgium

Net sales

€5.1bn ▷ 0.0%

2018: €5.1bn

Comparable sales growth

-0.1%

Underlying operating income

€149m △ +4.4%

2018: €142m

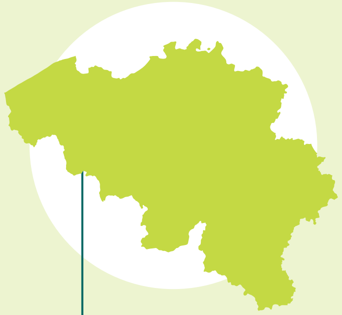
Underlying operating margin

2.9%

Online sales

€57m △ +14.4%

2018: €51m



€ million	2019	2018 restated	Change versus prior year	% change
Net sales	**5,096**	5,095	**1**	0.0%
Of which online sales	**57**	51	**6**	14.4%
Comparable sales growth	**(0.1)%**	2.2%		
Operating income	**128**	130	**(2)**	(1.5)%
Adjusted for:				
Impairment losses and reversals – net	**2**	–	**2**	
(Gains) losses on leases and the sale of assets – net	**5**	(2)	**7**	
Restructuring and related charges and other items	**13**	14	**(1)**	
Underlying operating income	**149**	142	**7**	4.4%
Underlying operating income margin	**2.9%**	2.8%		

Net sales in 2019 were €5,096 million, up €1 million or flat compared to 2018, and comparable sales decreased by 0.1%. The affiliated network continued to show strong growth, driven by accelerated growth in the convenience store format.

Delhaize.be, our online business in Belgium, grew by 14.4% in 2019, as more customers utilized the convenience of home delivery. For the full year, market share for Delhaize in 2019 was 24.1%, slightly up compared to 2018 (Source: Nielsen).

Operating income decreased by €2 million or (1.5)% to €128 million. Underlying operating income is adjusted for the following items, which impacted operating income:

- Impairment losses and reversals – net: There were no individually significant impairment charges recorded in 2019 and 2018.

Financial review by segment

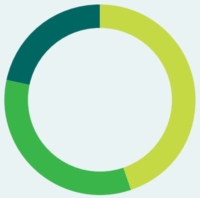
Belgium *continued*

- (Gains) losses on leases and the sale of assets – net: There were no individually significant gains or losses on leases and / or the sale of assets recorded in 2019 and 2018.
- Restructuring and related charges and other items: The charges in 2019 and 2018 mainly related to restructuring costs of €13 million in both years. In 2018, integration costs amounted to €2 million.

Underlying operating income in 2019 was €149 million, up by €7 million, or 4.4%, compared to last year. Underlying operating income margin in 2019 was 2.9%, up 0.1 percentage points compared to 2018. Underlying operating income benefited from good cost control of underlying expenses and shrink, partly offset by increased logistics costs.

Our net sales in Belgium consist of sales to consumers and to affiliate stores. Affiliates receive goods at a wholesale price that includes a mark-up on our purchase price. The Belgium segment also includes sales of 55 stores in Luxembourg.

Number of stores



Delhaize	358
Proxy	266
Shop & Go	172

Growth drivers in action

Portfolio and scale efficiencies

Bol.com is now operating pick-up points in all Delhaize stores throughout Flanders and the two brands have held their first joint marketing promotion.

Healthy and sustainable

Delhaize helps customers eat better and make healthier choices with promotions like Nutri-Plus, a four-month program providing discounts on thousands of healthy products.

Technology

Delhaize is enhancing speed and convenience for shoppers with the launch of a mobile payment application at its Fresh Atelier store in Brussels.

For more information on how we are driving growth, see our reporting hub **www.aholddelhaize.com**

Financial review by segment
Central and Southeastern Europe

Net sales

€6.3bn +4.5%[1]

2018: €6.0bn

Comparable sales growth (excluding gasoline sales)

3.1%

Underlying operating income

€280m +2.2%[2]

2018: €274m

Underlying operating margin

4.5%

Online sales

€19m +15.3%[3]

2018: €16m

albert

Βασιλόπουλος ...και του πουλιού το γάλα!

ENA FOOD CASH & CARRY

MEGA IMAGE

MAXI

Tempo

1 +4.9% at constant rates.
2 +2.6% at constant rates.
3 +15.9% at constant rates.

€ million	2019	2018 restated	Change versus prior year	% change	% change at constant rates
Net sales	**6,288**	6,018	**270**	4.5%	**4.9%**
Of which online sales	**19**	16	**3**	15.3%	**15.9%**
Comparable sales growth	**3.0%**	0.9%			
Comparable sales growth excluding gasoline	**3.1%**	0.9%			
Operating income	**246**	262	**(16)**	(5.9)%	**(5.4)%**
Adjusted for:					
Impairment losses and reversals – net	**18**	14	**4**		
(Gains) losses on leases and the sale of assets – net	**(2)**	(3)	**1**		
Restructuring and related charges and other items	**18**	1	**17**		
Underlying operating income	**280**	274	**6**	2.2%	**2.6%**
Underlying operating income margin	**4.5%**	4.6%			

In 2019, net sales in Central and Southeastern Europe (CSE) were €6,288 million, up by €270 million or 4.5% compared to 2018. At constant exchange rates, net sales were up by 4.9%.

Sales growth was driven by comparable sales growth of 3.0% and by the net addition of 162 stores in 2019. Comparable sales growth was driven by our businesses in the Czech Republic, Romania and Serbia, while Greece's comparable sales growth remained negative as a consequence of the competitive market environment.

Operating income decreased by €16 million to €246 million, compared to €262 million in 2018. Underlying operating income is adjusted for the following items, which impacted operating income:

- Impairment losses and reversals – net: The 2019 impairment charges of €18 million in CSE were mostly related to underperforming stores in Greece. In 2018, an impairment of €14 million was recorded, which was also mainly related to Greece.

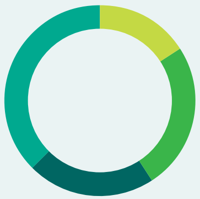
Financial review by segment

Central and Southeastern Europe *continued*

- (Gains) losses on leases and the sale of assets – net: No individually significant gains or losses were recorded in 2019 or 2018.
- Restructuring and related charges and other items: In 2019, a loss of €18 million was taken, mainly due to asset write-down in our business in the Czech Republic. No individually significant charges were recorded in 2018.

In 2019, underlying operating income in CSE was €280 million, up by €6 million or 2.2% from €274 million in 2018. Underlying operating income margin was 4.5%, which was 0.1 percentage points lower than in 2018.

Number of stores



Growth drivers in action

Omnichannel growth

Maxi was named the favorite supermarket in Serbia for the third time in a row.

In the Czech Republic, Albert made good progress on its remodeling project to refresh all its large format hypermarkets and also deployed a second generation of urban stores with a new supermarket format.

In Romania, Mega Image opened 92 new stores and successfully launched various ready meal concepts.

Healthy and sustainable

In Greece, Alfa Beta introduced a smart farming project, highlighting the power of partnerships for sustainable development, and became the first Greek retailer to carry ASC-certified sea bass and sea bream.

Portfolio and scale efficiencies

Mega Image acquired supermarket chain Zanfir to strengthen its position in eastern Romania.

For more information on how we are driving growth, see our reporting hub **www.aholddelhaize.com**

Financial review by segment

Global Support Office

€ million	2019	2018 restated	Changes versus prior year	% change
Global Support Office costs	**(146)**	(133)	**(13)**	(9.0)%
of which restructuring and related charges and other items	**(6)**	(31)	**25**	80.9%
Underlying Global Support Office costs	**(140)**	(102)	**(38)**	(35.9)%
of which related to self-insurance activities	**4**	50	**(46)**	(92.8)%
Underlying Global Support Office costs excluding self-insurance	**(143)**	(153)	**10**	6.2%

Global Support Office costs in 2019 were €146 million, up €13 million compared to last year. Global Support Office costs were adjusted for restructuring and related charges and other items that amounted to €6 million in 2019, or €25 million lower than last year. This is mainly caused by fewer integration costs in 2019, as the merger was fully completed in Q2 2019.

Underlying Global Support Office costs were €140 million, €38 million higher than 2018. The €46 million decrease in self-insurance activities was caused by movements in the discount rates offset in part by a favorable impact from the change in the composition of expected losses increasing the overall duration of the loss reserves versus last year. Underlying Global Support Office costs excluding self-insurance were €143 million, or €10 million lower than last year.

Growth drivers in action

Technology

In October, the AI for Retail (AIR) Lab in Delft, the Netherlands, held its official launch. The facility is an expansion of Ahold Delhaize's AIR Lab in Amsterdam, created in partnership with Delft University. The focus of the lab is to research the future of robotics and develop state-of-the-art innovations in the retail industry.

Portfolio and scale efficiencies

After successfully rolling out the Office 365 platform company-wide last year, in 2019, teams across Ahold Delhaize focused on using its tools to transform the way we work, improve productivity and collaborate better.

Best talent

Our senior leaders across the Company, at Vice President level and above, were invited to attend "The Digital Mindset," a course that builds awareness around data analytics, cybersecurity and digital innovation.

For more information on how we are driving growth, see our reporting hub **www.aholddelhaize.com**

Outlook

We anticipate that underlying operating margin for the group in 2020 will be broadly in line with 2019, and note that the 53rd week does not significantly impact underlying operating margin.

While group margin should benefit from lapping the effect of the U.S. strike in 2019, this is offset by the margin dilution related to transition expenses from the U.S. supply chain initiative announced in December, as well as an increased non-cash service charge for the Netherlands employee pension plan, resulting from lower discount rates in the Netherlands. Excluding the impact of the U.S. supply chain transition expenses and non-cash service charge for the Netherlands employee pension plan, underlying operating margin would be up from the prior year.

Additionally, we expect underlying earnings per share growth for the year to be in the mid-single-digit range.

We expect group free cash flow of around €1.5 billion for the full year 2020, affected by the cash impact of €270 million in capital expenditure related to the U.S. supply chain transformation. We expect to spend €2.5 billion in capital expenditures in 2020, impacted by the aforementioned investment in the U.S. supply chain transformation. The free cash flow and capital expenditure guidance expressly excludes M&A activity. Also, as announced in December 2019, a new €1 billion share buyback program is in place for 2020.

Information about Ahold Delhaize shares

Shares and listings

Koninklijke Ahold Delhaize N.V. is a public limited liability company registered in the Netherlands with a listing of shares on Euronext's Amsterdam Stock Exchange (AEX) and Euronext Brussels (Ticker: AD, Bloomberg code: AD NA, ISIN code: NL0011794037, CUSIP: N0074E105, Reuters code: AD.AS).

Ahold Delhaize's shares trade in the United States on the over-the-counter (OTC) market (www.otcmarkets.com) in the form of American Depositary Receipts (ADRs) (ticker: ADRNY, Bloomberg code: ADRNY US, ISIN code: US5004675014, CUSIP: 500467501).

The ratio between Ahold Delhaize ADRs and the ordinary Netherlands (euro denominated) shares is 1:1, i.e., one ADR represents one Ahold Delhaize ordinary share.

Structure: Sponsored Level I ADR

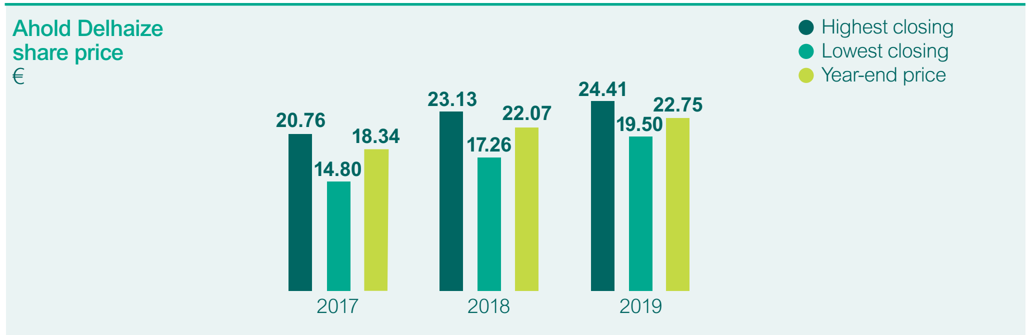
J.P. Morgan (the Depositary) acts as the depositary bank for Ahold Delhaize's ADR program. Please also see *Contact information* for details on how to contact J.P. Morgan regarding the ADR program.

Share performance in 2019

On December 27, 2019, the closing price of an Ahold Delhaize ordinary share on Euronext Amsterdam was €22.75, a 3.1% increase compared to €22.07 on December 28, 2018. During the same period, the Euro STOXX 50 index increased by 26.6% and the AEX index increased by 26.2%.

During 2019, Ahold Delhaize shares traded on Euronext Amsterdam at an average closing price of €22.05 and an average daily trading volume of 3.6 million shares. Ahold Delhaize's market capitalization was €24.8 billion at year-end 2019. The highest closing price for Ahold Delhaize's shares on Euronext Amsterdam was €24.41 on November 11, 2019, and the lowest was €19.50 on June 27, 2019.

On December 27, 2019, the closing price of Ahold Delhaize's ADR was $25.40, 0.7% higher than the closing price on December 28, 2018 ($25.23). In the same period, the Dow Jones index increased by 24.2% and the S&P 500 increased by 30.3%. In 2019, the average daily trading volume of Ahold Delhaize American Depositary Receipts (ADRs) was 103,697.



Performance of Ahold Delhaize's common shares on Euronext Amsterdam

	2019	2018
Closing common share price at calendar year-end (in €)	**22.75**	22.07
Average closing common share price (in €)	**22.05**	20.04
Highest closing common share price (in €)	**24.41**	23.13
Lowest closing common share price (in €)	**19.50**	17.26
Average daily trading volume	**3,591,720**	5,663,575
Market capitalization (€ million)	**24,751**	24,938

Source: FactSet

Share capital

During 2019, Ahold Delhaize's issued and outstanding share capital decreased by approximately 42 million common shares to 1,088 million common shares. This decrease resulted mainly from the share buyback of €1 billion as announced on November 13, 2018, marginally offset by the issuance of shares for the Company's share-based compensation program.

The common shares issued decreased by 83 million to 1,101 million at the end of 2019. The difference between the common shares outstanding and common shares issued are the treasury shares.

As of December 29, 2019, there were 13 million shares held in treasury, the majority held by Ahold Delhaize to cover the equity-based long-term incentive plan.

Ahold Delhaize's authorized share capital as of December 29, 2019, was comprised of the following:

- 1,923,515,827 common shares at €0.01 par value each
- 326,484,173 cumulative preferred financing shares at €0.01 par value each
- 2,250,000,000 cumulative preferred shares at €0.01 par value each

For additional information about Ahold Delhaize's share capital, see *Notes 21* and *23* to the consolidated financial statements.

Information about Ahold Delhaize shares

Distribution of shares

Shareholders by region[1]:

February 2020	2020	2019
U.K. / Ireland	**12.8**	16.1
North America	**29.2**	26.9
Rest of Europe	**9.1**	9.2
France	**8.5**	8.6
The Netherlands[2]	**5.4**	4.4
Rest of the world	**4.9**	4.5
Germany	**3.7**	3.5
Undisclosed[2]	**26.4**	26.8

1 Source: CMi2i.

2 The Netherlands excludes the percentage of shareholdings of all retail holdings and treasury shares, which are included in Undisclosed.

Significant ownership of voting shares

According to the Dutch Financial Markets Supervision Act, any person or legal entity who, directly or indirectly, acquires or disposes of an interest in Ahold Delhaize's capital or voting rights must immediately give written notice to the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten or AFM) if the acquisition or disposal causes the percentage of outstanding capital interest or voting rights held by that person or legal entity to reach, exceed or fall below any of the following thresholds:

3%	5%	10%	15%	20%
25%	30%	40%	50%	60%
75%	95%			

The obligation to notify the AFM also applies when the percentage of capital interest or voting rights referred to above changes as a result of a change in Ahold Delhaize's total outstanding capital or voting rights. In addition, local rules may apply to investors.

The following table lists the shareholders on record in the AFM register on February 24, 2020, that hold an interest of 3% or more in the share capital of the Company[1].

- BlackRock, Inc – 5.35% shareholding (6.4% voting rights) disclosed on November 5, 2019.
- State Street Corporation – 3.49% shareholding (2.7% voting rights) disclosed on July 18, 2019.

1 In accordance with the filing requirements, the percentages shown include both direct and indirect capital interests and voting rights and both real and potential capital interests and voting rights. Further details can be found at www.afm.nl.

For further details on the number of outstanding shares, and the percentages of the issued share capital they represent, see *Note 21* to the consolidated financial statements.

Shareholder returns

For the 2018 financial year, a cash dividend of €0.70 per common share was approved by the annual General Meeting of Shareholders on April 10, 2019, and paid on April 25, 2019.

We propose a cash dividend of €0.76 for the financial year 2019, an increase of 8.6% compared to 2018, reflecting our ambition of sustainable growth of the dividend per share. This represents a payout ratio of 44%, based on the expected dividend payment on underlying income from c ontinuing operations.

If approved by the General Meeting of Shareholders, a final dividend of €0.46 per share will be paid on April 23, 2020. This is in addition to the interim dividend of €0.30 per share, which was paid on August 29, 2019.

Shareholders key performance indicators 2015-2019:

	2019	2018	2017	2016	2015[2]
Dividend per common share[1]	**0.76**	0.70	0.63	0.57	0.52
Final dividend	**0.46**	0.70	0.63	0.57	0.52
Interim dividend	**0.30**	N/A	N/A	N/A	N/A
Dividend yield	**3.3%**	3.2%	3.4%	2.8%	2.7%
Payout ratio[3]	**44%**	42%	47%	48%	49%

1 2019 dividend subject to the approval of the annual General Meeting of Shareholders.

2 2015 numbers refer to Ahold only.

3 Dividend payout ratio for 2015 is based on adjusted income from continuing operations. For 2017 and 2016, the payout ratio is based on underlying income from continuing operations (on a pro forma basis).

Dividends on cumulative preferred financing shares

Ahold Delhaize paid a dividend on cumulative preferred financing shares in 2019. The cumulative preferred financing shares were cancelled on July 16, 2019.

Share buyback

On November 13, 2018, Ahold Delhaize announced it will return €1 billion to shareholders by means of a share buyback program, which was completed on December 11, 2019. An additional €1 billion share buyback program was announced on December 4, 2019, which is expected to be completed before the end of 2020. Maintaining a balanced approach between funding growth in key channels and returning excess liquidity to shareholders is part of Ahold Delhaize's financial framework to support our Leading Together strategy. The purpose of the program is to reduce Ahold Delhaize's capital, by cancelling all or part of the common shares acquired through the program.

Five-year overview

Results, cash flow and other information

€ million, except per share data, exchange rates and percentages	2019	2018 restated[1]	2017[1]	2016[1, 2]	2015[1]
Net sales	**66,260**	62,791	62,890	49,695	38,203
Net sales growth at constant exchange rates[3]	**2.3%**	2.5%	28.9%	32.3%	2.3%
Operating income	**2,662**	2,623	2,225	1,584	1,318
Underlying operating income margin	**4.2%**	4.4%	3.9%	3.8%	3.8%
Net financial expense	**(528)**	(487)	(297)	(541)	(265)
Income from continuing operations	**1,767**	1,797	1,817	830	849
Income (loss) from discontinued operations	**(1)**	(17)	–	–	2
Net income	**1,766**	1,780	1,817	830	851
Earnings and dividend per share					
Net income per common share (basic)	**1.60**	1.51	1.45	0.81	1.04
Net income per common share (diluted)	**1.59**	1.49	1.43	0.81	1.02
Income from continuing operations per common share (basic)	**1.60**	1.53	1.45	0.81	1.04
Income from continuing operations per common share (diluted)	**1.59**	1.51	1.43	0.81	1.02
Dividend per common share	**0.76**	0.70	0.63	0.57	0.52
Cash flows					
Free cash flow	**1,843**	2,165	1,926	1,441	1,184
Net cash from operating, investing and financing activities	**535**	(1,587)	827	2,114	73
Capital expenditures (including acquisitions)[4]	**3,604**	2,838	1,822	16,775	1,172
Capital expenditures as % of net sales	**5.4%**	4.5%	2.9%	33.8%	3.1%
Regular capital expenditures	**3,512**	2,772	1,723	1,377	811
Regular capital expenditures as % of net sales	**5.3%**	4.4%	2.7%	2.8%	2.1%
Average exchange rate (€ per $)	**0.8934**	0.8476	0.8868	0.9038	0.9001

1 2018 figures have been restated to reflect the impact of the implementation of IFRS 16 Leases. Financial information prior to 2018 has not been restated for the impact of the implementation of IFRS 16 Leases.
2 Included former Delhaize business as of July 24, 2016.
3 Net sales growth in 2016 and 2015 is adjusted for the impact of week 53 in 2015.
4 The amounts represent additions to property, plant and equipment; right-of-use assets; investment property; and intangible assets. The amounts exclude discontinued operations.

Five-year overview

Balance sheet and other information

€ million, except for number of stores and otherwise indicated	December 29, 2019	December 30, 2018 restated[1]	December 31, 2017[1]	January 1, 2017[1]	January 3, 2016[1,3]
Group equity[2]	**14,083**	14,205	15,170	16,276	5,621
Gross debt	**15,445**	14,485	7,250	7,561	3,502
Cash, cash equivalents, and short-term deposits and similar instruments and investments in debt instruments – current portion	**3,863**	3,507	4,747	4,317	2,354
Net debt	**11,581**	10,978	2,503	3,244	1,148
Total assets	**41,490**	39,830	33,871	36,275	15,880
Number of stores	**6,967**	6,769	6,637	6,556	3,253
Number of employees (in thousand FTEs)	**232**	225	224	225	129
Number of employees (in thousands headcount)	**380**	372	369	370	236
Common shares outstanding (in millions)[2]	**1,088**	1,130	1,228	1,272	818
Share price at Euronext (€)	**22.75**	22.07	18.34	20.03	19.48
Market capitalization[2]	**24,751**	24,938	22,508	25,484	15,944
Year-end exchange rate (€ per $)	**0.8947**	0.8738	0.8330	0.9506	0.9208

1 Financial information prior to 2018 has not been restated for the impact of the implementation of IFRS 16 Leases. Financial information prior to 2018 has not been restated for the impact of the implementation of IFRS 16 Leases.
2 In 2019, €1,002 million was returned to shareholders through a share buyback (2018: 1,997 million, 2017: €998 million, 2016: nil and 2015: €161 million). In 2016, €1,001 million were returned to shareholders through a capital repayment.
3 Excluded former Delhaize business, only incorporated as of July 24, 2016.

Definitions: Performance measures

Financial performance measures

The financial information included in this Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the European Union and as explained in *Note 2* and *Note 3* to the consolidated financial statements, unless otherwise indicated.

This Annual Report also includes alternative performance measures (also known as non-GAAP measures). The definitions of these financial and non-financial alternative performance measures can be found below.

Financial alternative performance measures

Management believes that financial alternative performance (non-GAAP) measures allow for a better understanding of Ahold Delhaize's operating and financial performance. These alternative performance measures should be considered in addition to, but not as substitutes for, the most directly comparable IFRS measures.

Comparable sales
Comparable sales are net sales, in local currency, from exactly the same stores – including stores that are replaced within the same market area – and online sales in existing market areas for the most recent comparable period. Ahold Delhaize measures a store for comparable sales after it is open for a full 56 weeks. Comparable stores are locations that were open for both the full time period being reported on and the full comparable time period in the preceding year.

For markets that sell gasoline, Ahold Delhaize also calculates the comparable sales excluding gasoline sales, to eliminate gasoline price volatility in the comparison.

Comparable sales and comparable sales excluding gasoline sales are not reflected in Ahold Delhaize's financial statements. However, the Company believes that disclosing comparable sales and comparable sales excluding gasoline sales provides additional useful analytical information to investors regarding the operating performance of Ahold Delhaize as it neutralizes the impact of, for example, newly acquired stores, in the calculation of sales growth.

Earnings before interest, taxes, depreciation and amortization, or EBITDA
Ahold Delhaize defines EBITDA as operating income / (loss) plus depreciation and amortization. EBITDA is considered to be a useful measure for investors to analyze profitability by eliminating the effects of financing (i.e., net financial expense), capital investments and the impact of the purchase price allocation (i.e., depreciation and amortization).

Free cash flow
Following the adoption of IFRS 16, Ahold Delhaize defines free cash flow as operating cash flows from continuing operations minus net capital expenditures, net repayment of lease liabilities and receivables (both interest and principal portions) and net interest paid plus dividends received.

Previously, Ahold Delhaize did not include the repayment of finance lease liabilities under IAS 17 in free cash flow. In addition, Ahold Delhaize did not previously have lease receivables and all rent income was included in operating cash flows from continuing operations. However, after the adoption of IFRS 16, some lessor contracts were classified as finance leases resulting in the recognition of lease receivables. Rent payments received on such lease receivables continue to be included in free cash flow.

Ahold Delhaize has included free cash flow as the Company believes it is a useful measure for investors, because it provides insight into the cash flows available to, among other things, reduce debt and pay dividends. Free cash flow is derived from the financial statements; however, this is not a measure calculated in accordance with IFRS and may not be comparable to similar measures presented by other companies. Accordingly, free cash flow should not be considered as an alternative to operating cash flow.

Global Support Office costs
Global Support Office (GSO) costs relate to the responsibilities of the Global Support Office, including Finance, Strategy, Mergers & Acquisitions, Internal Audit, Legal, Compliance, Human Resources, Information Technology, Insurance, Tax, Treasury, Communications, Investor Relations, Sustainable Retailing and the majority of the Executive Committee. Global Support Office costs also include results from other activities coordinated centrally but not allocated to any subsidiary. Underlying Global Support Office costs exclude impairments of non-current assets, gains (losses) on leases and the sale of assets, and restructuring and related charges and other items, including business acquisition transaction costs.

Net consumer online sales
Net consumer online sales is defined as online sales including sales of third parties via bol.com's Plaza. Net consumer online sales excludes Value Added Tax (VAT). Ahold Delhaize's management believes that this measure provides more insight into the growth of our online businesses. Online sales is net sales generated through electronic ordering by the final customer at the fair value of the consideration received or receivable.

Net debt
Net debt is the difference between (i) the sum of loans, lease liabilities, cumulative preferred financing shares and short-term debt (i.e., gross debt) and (ii) cash, cash equivalents, current portion of investment in debt instruments, and short-term deposits and similar instruments. In management's view, because cash, cash equivalents, current portion of investments in debt instruments, and short-term deposits and similar instruments can be used, among other things, to repay indebtedness, netting this against gross debt is a useful measure for investors to judge Ahold Delhaize's leverage. Net debt may include certain cash items that are not readily available for repaying debt. The definition remains unchanged following the adoption of IFRS 16.

Definitions: Performance measures

Net sales at constant exchange rates
Net sales at constant exchange rates excludes the impact of using different currency exchange rates to translate the financial information of Ahold Delhaize subsidiaries or joint ventures to euros. Ahold Delhaize's management believes this measure provides a better insight into the operating performance of Ahold Delhaize's foreign subsidiaries or joint ventures.

Net sales in local currency
In certain instances, net sales are presented in local currency. Ahold Delhaize's management believes this measure provides a better insight into the operating performance of Ahold Delhaize's foreign subsidiaries.

Operating income in local currency
In certain instances, operating income is presented in local currency. Ahold Delhaize's management believes this measure provides better insight into the operating performance of Ahold Delhaize's foreign subsidiaries.

Regular capex expenditure
The amounts represent additions to property, plant and equipment; right-of-use assets; investment property; and intangible assets. The amounts exclude discontinued operations.

Return on capital
Return on capital (RoC) is calculated as underlying operating income before depreciation, amortization divided by the annual rolling average of the sum of company-owned property, plant and equipment at purchase price, intangible assets (excluding goodwill) at purchase price, operating working capital components and repayment of lease liabilities, divided by 8%.

Underlying operating income and margin
Underlying operating income is defined as total operating income, adjusted for impairments of non-current assets, gains and losses on the sale of assets, gains and losses on leases and subleases, restructuring and related charges, and other items considered not to be directly related to the underlying operating performance.

Prior to the adoption of IFRS 16, gains and losses on lease and sublease were not adjusted for to determine underlying operating income but the amounts were not significant.

Ahold Delhaize's management believes this measure provides better insight into the underlying operating performance of the Company's operations. Underlying operating income margin is calculated as underlying operating income as a percentage of net sales.

Underlying income from continuing operations
Ahold Delhaize defines underlying income from continuing operations as income from continuing operations adjusted for impairments of non-current assets, gains and losses on the sale of assets, gains and losses on leases and subleases, restructuring and related charges, and other items considered not to be directly related to the underlying operating performance, as well as material non-recurring finance costs and income tax expense, and the potential effect of income tax on all these items.

Prior to the adoption of IFRS 16, gains and losses on lease and sublease were not adjusted for to determine underlying operating income but the amounts were not significant.

Underlying income per share from continuing operations
Underlying income per share from continuing operations is calculated as underlying income from continuing operations, divided by the weighted average number of shares outstanding, also referred to as "underlying earnings per share" or "underlying EPS."

Underlying earnings before interest, taxes, depreciation and amortization, or underlying EBITDA and margin
Ahold Delhaize defines underlying EBITDA as underlying operating income plus depreciation and amortization. Underlying EBITDA is considered to be a useful measure for investors to analyze profitability by eliminating the effects of financing (i.e., net financial expense), capital investments and the impact of the purchase price allocation (i.e., depreciation and amortization). Underlying EBITDA margin is calculated as underlying EBITDA as a percentage of net sales.

Non-financial performance measures

The specific definitions outlined below add context to our non-financial performance measures, as well as detail to some of the specific calculations.

Acceptable standards and certifications for commodities
Ahold Delhaize defines acceptable standards as multi-stakeholder initiatives or standards supported by multiple stakeholders. They include third-party verification and focus on mitigating the main environmental and / or social issues associated with a commodity's production. Acceptable standards are globally consistent and focus on continuously improving production and supply chain practices. Acceptable standards for tea, coffee and cocoa include UTZ Certification, Rainforest Alliance, Fairtrade USA / Fairtrade International or equivalent standards. Acceptable standards for palm oil include Roundtable on Sustainable Palm Oil (RSPO) Principles & Criteria, Rainforest Alliance SAN Standard or equivalent standards. Acceptable standards for wood fiber are the Forest Stewardship Council (FSC) Chain of Custody, Program for Endorsement of Forest Certification (PEFC) Grade A standards, Sustainable Forestry Initiative (SFI) or equivalent standards. Acceptable standards for soy are Roundtable on Responsible Soy (RTRS) standard for Responsible Soy Production, ProTerra, or equivalent standards. We purchase area-based RTRS credits from the Cerrado Region. Acceptable standards for seafood products include certification against a program that is recognized by the Global Sustainable Seafood Initiative (GSSI) or Aquaculture Stewardship Council (ASC) farm standards.

Definitions: Performance measures

Palm oil RSPO-certified
The Roundtable for Sustainable Palm Oil (RSPO) initiated a certification program to promote the use of sustainable palm oil, with different supply chain options: RSPO Segregated, RSPO Mass Balance and RSPO Book & Claim. RSPO Segregated certifies that palm oil only comes from RSPO-certified palm plantations. RSPO Mass Balance certifies that palm oil comes from a mix of RSPO-certified and RSPO-uncertified palm plantations. RSPO Book & Claim enables companies to buy credits from RSPO-certified growers, crushers and independent smallholders. To comply with RSPO Certification requirements, any supplier that uses palm-based ingredients must be RSPO Chain of Custody-Certified, and purchase RSPO-Certified (Mass Balance or Segregated) palm oil.

amfori BSCI
amfori BSCI (Business Social Compliance Initiative): a non-profit organization that supports more than 1,000 international companies in the process of monitoring and improving working conditions in the global supply chain through its own auditing program. We consider the following standards to be "BSCI Equivalent": Ethical Trading Initiative (ETI) / SMETA; Fair for Life / For Life; Fair Labor Association (FLA)†; Fair Trade USA††; Fairtrade Hired Labor; Fairtrade Textile; Florverde††; Initiative Clause Sociale (ICS); Kenya Flower Council (KFC); MPS – Socially Qualified (SQ); Proterra; Rainforest Alliance (RA) / Sustainable Agriculture Network (SAN); Sustainable Agriculture in South Africa (SIZA); Sustainably Grown; Social Accountability (SA) 8000; UTZ Certified††; Wine and Agricultural Ethical Trade Association (WIETA).

† Only audit reports conducted by external, independent auditors are considered equivalent.
†† Only applicable if the production unit is a farm.

Associate engagement survey
Associate engagement is measured through an annual survey of all associates employed by Ahold Delhaize and its brands. A number of items in the survey are used to derive and calculate an associate engagement score.

- Healthy workplace: Associates are asked about the support they receive to have healthier lives.
- Inclusive workplace: Associates are asked about the support they receive to have a more inclusive workplace.
- Associate development: Associates are asked about the support they receive to develop their careers with Ahold Delhaize.

Associate engagement benchmarks
Global retail benchmark: This is a reflection of companies in the retail sector that have a brick-and-mortar and online presence globally. Ahold Delhaize defines this more broadly than just grocery retailers and the countries we have a presence in because we compete for talent with all retailers globally and we want to understand our strengths and opportunities against the global talent competition.

Biodiversity
The variety of species present on earth, or in a specific habitat or ecosystem.

Carbon footprint methodology and data scope
The carbon footprint methodology follows the guidelines of the World Business Council for Sustainable Development (WBCSD) / World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol regarding corporate greenhouse gas accounting and reporting. Our Ahold Delhaize carbon footprint reporting takes into account Scope 1, Scope 2 and limited Scope 3 emissions.

Scope 1 (direct GHG emissions): emissions from sources that are owned or controlled by Ahold Delhaize. Scope 1 emissions include emissions from refrigerant leakages, owned trucking and on-site fuel usage (natural gas, propane, light fuel).

Scope 2 (indirect GHG emissions): emissions from the generation of purchased electricity, heat or steam consumed by the Company. They are not "direct" emissions in that they arise from third-party installations but are attributed to the Company's operations as the end user of the electricity, heat or steam.

Limited Scope 3 (other indirect emissions): emissions from franchise stores (including estimates) and affiliated stores and trucking emissions from subcontracted trucks that deliver Ahold Delhaize products from operated distribution centers to stores.

The Group's total CO_2-equivalent emissions and energy figures include all energy and related emissions data as defined by the scopes above, including data from facilities that closed or opened during 2019.

We use the latest available emission factors in our reporting. We source electricity emission factors from the International Energy Agency (IEA, 2018 edition; 2016 data) for European countries and from GHG Protocol 2014 (based on eGrid 2016 values, issued in February 2018 by the U.S. Environmental Protection Agency – EPA) for the United States. We source fuel emission factors from GHG Protocol 2014 wherever available, and otherwise from other appropriate sources. For refrigerant leakages, we apply the Global Warming Potentials (GWP) for refrigerant blends used in Ahold Delhaize facilities based on Intergovernmental Panel for Climate Change Assessment Report data IPCC, AR5 (2014).

We do not extend our reporting to include all Scope 3 emissions, but we work with our peer companies and suppliers to better understand the climate change impact we have throughout our entire value chain. Scope 3 defined by the GHG Protocol accounts for all the remaining emissions that result from our activities, ranging from products transportation to affiliated stores to emissions from our supply chain, including emissions from growing and packaging the food we sell.

Definitions: Performance measures

CO_2 emissions / CO_2 equivalent (CO_2e)
The CO_2 (carbon dioxide) emissions data we report consists of a calculated CO_2 equivalent: actual CO_2 emitted plus equivalent emissions from other greenhouse gases (such as CH4, N2O and F-gases).

Location-based approach
The GHG Protocol Scope 2 Guidance defines the location-based approach as "a method that reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data)."

Market-based approach
The GHG Protocol Scope 2 Guidance defines the market-based approach as "a method that reflects emissions from electricity that companies have purposefully chosen (or their lack of choice). It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims. Markets differ as to what contractual instruments are commonly available or used by companies to purchase energy or claim specific attributes about it, but they can include energy attribute certificates (RECs, GOs, etc.), direct contracts (for both low-carbon, renewable, or fossil fuel generation), supplier-specific emission rates, and other default emission factors representing the untracked or unclaimed energy and emissions (termed the 'residual mix') if a company does not have other contractual information that meets the Scope 2 Quality Criteria."

Deforestation
The removal of a forest or stand of trees from land which is then converted to a non-forest use. Deforestation can involve conversion of forest land to farms, ranches, or urban use. The most concentrated deforestation occurs in tropical rainforests.

Food waste
As defined by the Food and Agriculture Organization of the United Nations (FAO), food waste is any removal of food from the food supply chain that is or was at some point fit for human consumption, but has been disposed of, or has spoiled or expired, mainly as a result of economic behavior, poor stock management or neglect. In our calculations, in contrast to shrink, food waste excludes donations from hunger relief organizations, theft, and cash shortages. We measure food waste using the Food Loss and Waste Protocol.

Food Loss and Waste Protocol
A multi-stakeholder effort to develop the global accounting and reporting standard (known as the FLW Standard) for quantifying food and associated inedible parts removed from the food supply chain (referred to for simplicity's sake as "food loss and waste"). For more information, see **www.flwprotocol.org**.

Free from products
"Free from" products exclude certain ingredients, such as allergens, synthetic colors or artificial flavors. The excluded ingredients are normally referenced on the packaging or product marketing materials.

Front-of-pack nutritional labeling
Nutritional labeling (showing the amount of certain nutrients) that is on the front of a product package. At a minimum, it comprises the calories per serving.

GFSI
Global Food Safety Initiative: a Consumer Goods Forum activity that enables continuous improvement of food safety management across the supply chain, through benchmarking, collaboration and harmonization of food safety certification programs.

Greenhouse gases
Gases such as carbon dioxide or methane that contribute to climate change.

Global Reporting Initiative (GRI)
An independent international not-for-profit organization that developed the GRI Sustainability Reporting Standards and works to support their implementation.

Global Sustainable Seafood Initiative (GSSI)
A global platform and partnership of seafood companies, NGOs, experts and governmental and intergovernmental organizations working towards more sustainable seafood. GSSI's Global Benchmark Tool includes GSSI Essential Components that are based on the Code of Conduct for Responsible Fisheries (CCRF) and the FAO Guidelines and seafood certification schemes must meet to be recognized by GSSI.

Global Warming Potential (GWP)
Defined by the GHG Protocol as "a factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given GHG relative to one unit of CO_2." By using GWP, GHG emissions can be standardized to a carbon dioxide equivalent (CO_2e) that allows expressing the emissions of different greenhouse gases using carbon dioxide as a reference. For example, for a 100-year time horizon, the impact of one unit of methane is 25 times greater than one unit of CO_2 (according to IPCC's 4th assessment report). Hence, methane's global warming potential (GWP) is 25. Hence, methane's global warming potential (GWP) is 25.

Average GWP
The GWP of all refrigerants we use in our systems (including stores and distribution centers) weighted in relation to their total charge.

Definitions: Performance measures

Healthy products
Products that meet nutritional criteria as determined by Guiding Stars (in the U.S.) and Choices nutrition criteria (in Europe). See guidingstars.com or www.choicesprogramme.org.

Last-stage of production unit
The entity that performs the last stage of production or processing in the supply chain where food and non-food safety and / or working conditions are impacted. The last stage of production (LSOP) is:

- For food safety: the location where the final consumer product (including packing) is handled.
- For non-food safety: the location where the final consumer product (excluding packing) is assembled.
- For social compliance: the location where labor is involved in producing or processing the final product – (re-)packing in a non-high-risk country is excluded.

National brands
Products that are distributed nationally under a brand name owned by the producer or distributor.

Occupational illness frequency rate
Work-related illnesses or diseases occurring in the course or scope of employment. Occupational illnesses or diseases are only measured if a patient requires a medical professional to administer direct care or evaluate the illness or disease. In the U.S., information from our local claims management or insurance providers is used to monitor performance in this area. Since local claims management or insurance providers need to comply with local legislation, the acceptance of illnesses or diseases as work-related can deviate across brands. Occupational illnesses are calculated per one million hours worked.

Own brands
Own-brand products, at Ahold Delhaize company-operated and affiliated stores, include: private labels, fancy brands (proprietary private labels that are a fantasy name owned by Ahold Delhaize), exclusive brands (brands that are not international, national or regional brands), store-prepared products (in-store food preparation, even if derived from branded stock), non-branded products (such as bulk fruit and vegetables or no name non-food products) and promotional items relating to the former. In short, every product that is not an international, national or regional brand is considered to be an own-brand product.

Ozone-friendly refrigerant
A refrigerant that has no ozone depletion potential (ODP=0), meaning there is no degradation to the ozone layer. The data are based on the 2015 Report from United Nations Environment Programme (UNEP), "TOC Refrigeration, A/C and Heat Pumps Assessment Report 2015."

Pick-up point
A pick-up point (PUP) is a location that serves as a point where customers can pick up groceries they have ordered online. PUPs with pick-from-store capability are also referred to as click-and-collect points.

Private label products
Private label products are a sub-set of Ahold Delhaize own brands, consisting of products with a visible proprietary label from an Ahold Delhaize brand.

Rate of lost days due to accidents
Number of days lost that are directly related to work-related accidents per 200,000 hours worked. The number of days lost are days scheduled to be worked according to each associate's schedule. An accident is a non-fatal or fatal injury arising in the course of work.

Sales area
The sum of the store areas (in square meters) where products are sold and services provided, taken at the end of the year.

Sustainable Development Goals (SDGs)
The United Nations SDGs are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The 17 goals replace the Millennium Development Goals and are set on a 2016-2030 time frame.

United Nations Global Compact
An initiative for businesses committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environmental and anti-corruption.

Waste
"Total Waste Generated" includes all waste, regardless of the waste management (recycling, incineration or landfill). It is broken down by percentage sent to landfill, recycled and sent to incinerators that produce energy. Waste data covers all types of facilities (stores, distribution centers, and offices). Information about all waste disposal methods has been determined through information provided by the waste disposal contractors.

Waste recycling
All methods that do not include sending waste to landfill or incineration. For food waste, this includes four methods: recycling through animal feed, recycling through biogas generation for energy, composting and rendering. For other waste streams, such as cardboard, paper, plastic and other waste, recycling refers to applied methods for each specific waste type.