



# First Quarter 2017 Results

May 10, 2017

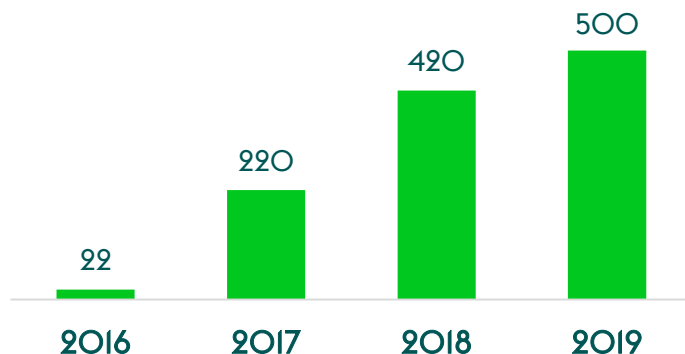
# Highlights - first quarter 2017

- Ahold Delhaize reports higher margins with strong synergy delivery and resilient sales
- Pro forma net sales increased by 2.9% to €15.8 billion (up 0.6% at constant exchange rates)
- Pro forma underlying operating income increased by €45 million to €604, up 8.1%
- Pro forma underlying operating margin increased to 3.8%, compared to 3.6% in Q1 2016
- Strong free cash flow of €197 million, with increased capital expenditure compared to Q1 2016
- Integration on track, with net synergies of €56 million delivered in the first quarter

# Synergy Savings

## Timeline 2016 – 2019

€ in million



€ in million

Q1 2017

United States	35
Europe	15
Global Support Office	6
<b>Ahold Delhaize Group</b>	<b>56</b>

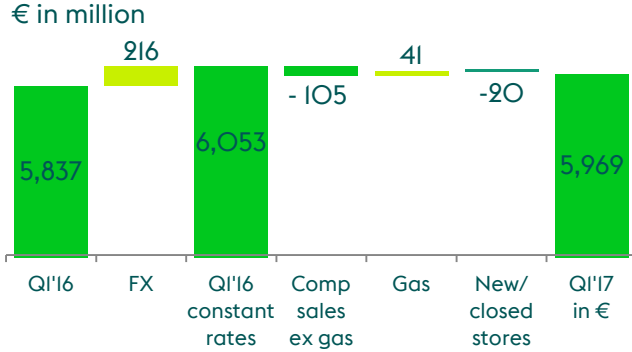
- Committed to deliver net synergies of €500 million in 2019, incremental to underlying operating income
- Finalized most discussions with A-brand suppliers
- Started discussions with suppliers of non-branded products
- Not For Resale synergies occurring according to plan
- Integration of the two corporate head offices finalized

# Group performance - pro forma

€ in million	Quarter I			
	2017	2016	Change actual rates	Change constant rates
<b>Net sales</b>	15,766	15,324	2.9%	0.6%
Net sales excl gas	15,525	15,134	2.6%	0.3%
<b>Underlying EBITDA</b>	1,058	995	6.3%	3.7%
Underlying EBITDA margin	6.7%	6.5%		
<b>Underlying operating income</b>	604	559	8.1%	5.5%
Underlying operating margin	3.8%	3.6%		
Operating Income	553	494	11.9%	9.2%
<b>Income from continuing operations</b>	347	308	12.7%	9.6%

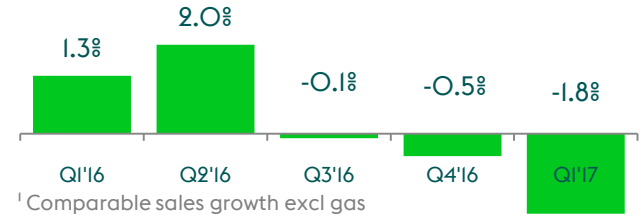
# Ahold USA – pro forma results Q1 2017

## Net sales



- Net sales decreased by 1.4% at constant rates
- Comparable sales ex gas down by 1.8%, affected by deflation of 1.3% and A&P re-openings
- Adverse impact of weather and timing of holidays

## Comparable sales growth <sup>1</sup>

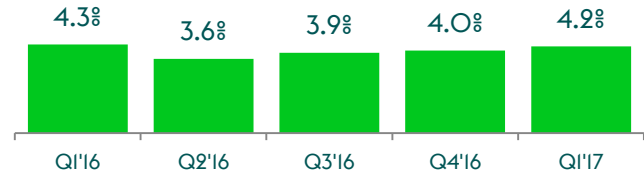


## Underlying EBITDA margin



- Underlying operating margin down 0.1 percentage points from unusual high Q1 2016 due to sales deleverage, largely offset by synergies

## Underlying operating margin



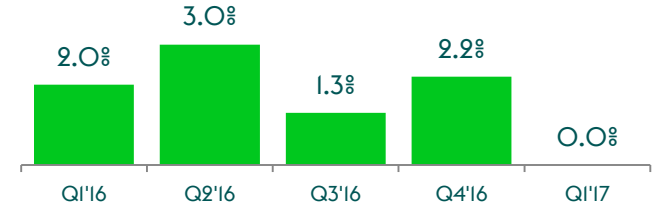
# Delhaize America – pro forma results Q1 2017

## Net sales



- Net sales grew 0.1% at constant rates
- Comparable sales were flat, affected by deflation of 1.7%
- Continued positive volume growth at both Food Lion and Hannaford

## Comparable sales growth



## Underlying EBITDA margin



- Underlying operating margin up 0.5 percentage points from Q1 2016 (up 0.1 percentage points excl. accounting change)
- Synergy savings partly offset by increased labor costs

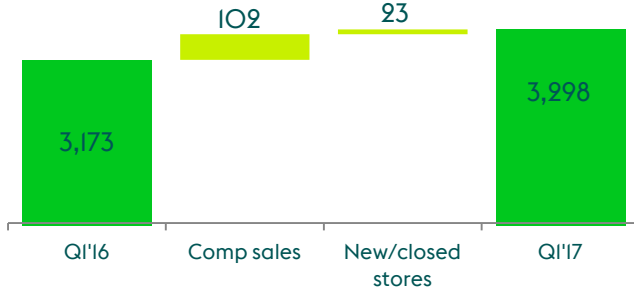
## Underlying operating margin



# The Netherlands – pro forma results Q1 2017

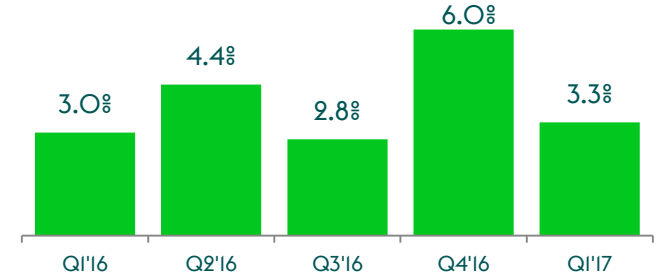
## Net sales

€ in million



- Net sales grew 3.9%
- Comparable sales up 3.3%
- Inflation of 2.2%
- Continued strong online net consumer sales growth

## Comparable sales growth

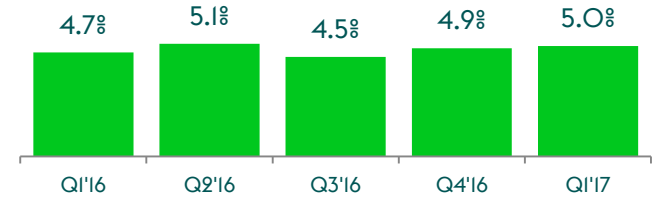


## Underlying EBITDA margin



- Underlying operating margin up 0.3 percentage points from Q1 2016
- Synergies and cost savings partly offset by higher pension costs

## Underlying operating margin



# Belgium – pro forma results Q1 2017

## Net sales

€ in million

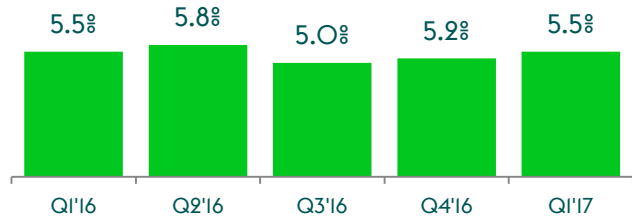


- Net sales decreased by 1.1%
- Inflation of 2.0%
- Comparable sales down 0.6% mainly due to a weaker performance in integrated supermarkets

## Comparable sales growth

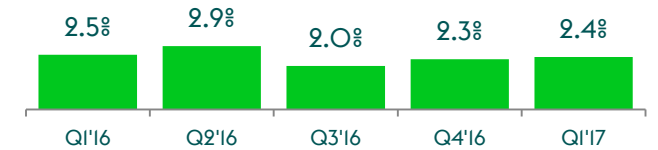


## Underlying EBITDA margin



- Underlying operating margin down 0.1 percentage points from Q1 2016
- Impact of sales deleverage partly offset by synergies

## Underlying operating margin

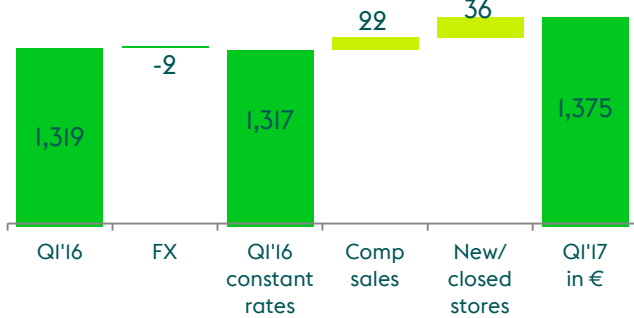




# CSE – pro forma results Q1 2017

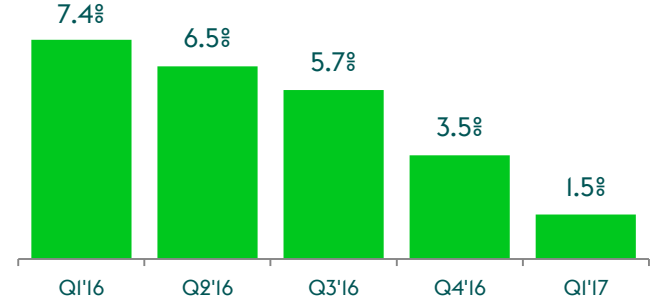
## Net sales

€ in million



- Net sales grew 4.4% at constant rates
- Comparable sales ex gas up 1.5%, driven by Romania and Serbia
- Slightly lower comparable sales in Greece resulted from market contraction and competition strengthening

## Comparable sales growth <sup>1</sup>



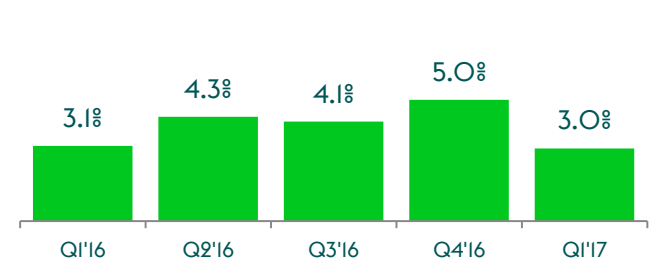
<sup>1</sup> Comparable sales growth excl gas

## Underlying EBITDA margin



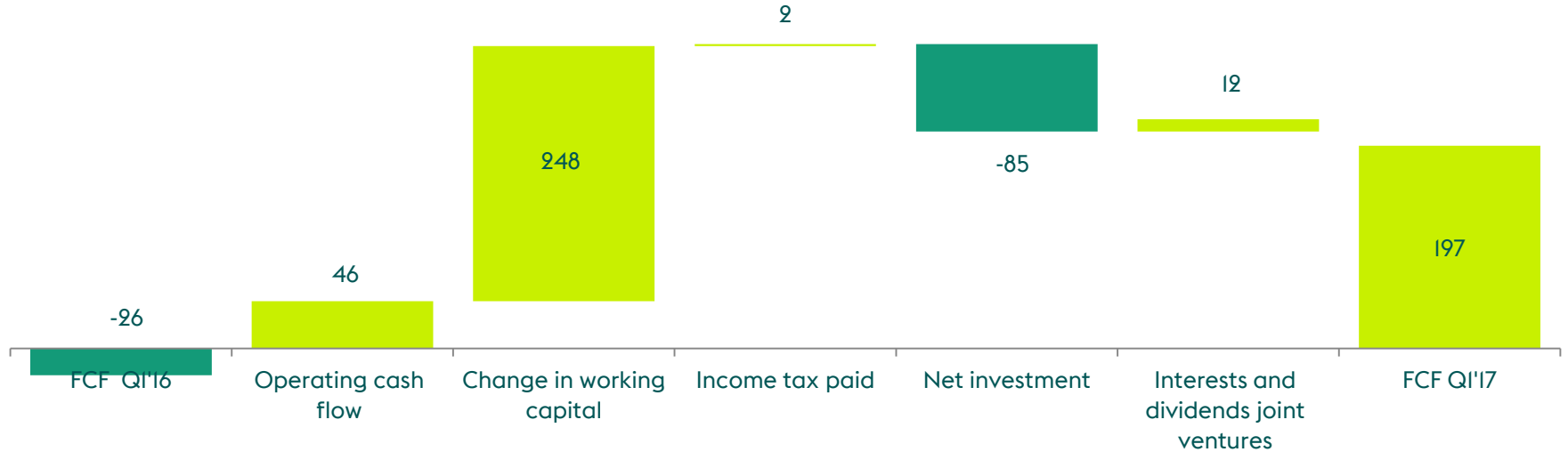
- Underlying operating margin down 0.1 percentage points from Q1 2016
- Greece margins impacted by market conditions

## Underlying operating margin



# Free cash flow generation \*

€ in million



- Strong FCF generated for Q1 2017 which increased €223 million compared to Q1 2016
- Change in working capital had a positive impact of €248 million
- Net investments were € 85 million higher, reflecting considerably higher capex

\* This represents the combined free cash flow of Ahold and Delhaize excluding pro forma adjustments. Delhaize pre-merger free cash flow has been aligned with the free cash flow definition of Ahold Delhaize.

# Outlook 2017

- In the United States, we expect sales performance to improve in the second quarter and to operate in a slightly inflationary environment in the second half of the year.
- We re-iterate our target for 2017 of realizing €220 million net synergies, including €22 million realized in 2016.
- We expect that the full year 2017 underlying operating margin for the Group will increase compared to 2016.
- We expect free cash flow for the year 2017 to be €1.6 billion, after €1.8 billion of capital expenditure.



Ahold  
Delhaize

# Business Highlights

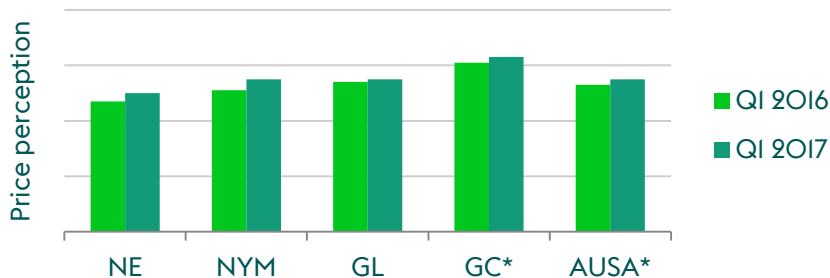
# Business highlights

## Ahold USA

- Partnering with local produce farms results in year-round sustainable and locally grown products



- Heading North East: improving Center Store, tailoring and optimizing range and space allocation per store
- Price positioning and perception continues to improve:



\* Excluding Richmond stores

## Delhaize America

- Food Lion continues strong volume trend and maintains competitive price position
- Easy, Fresh & Affordable roll-out in the Greensboro market (93 stores) and in the Richmond market (71 stores) in H2 2017



- Food Lion strengthening store base, preparing for new competition
- Hannaford increased net promoters score with strong customer loyalty, built on high customer service

# Business highlights

## The Netherlands

- Launch of Appie Today: Albert Heijn's social channel with customers and associates on YouTube



- AH to go continues strong sales growth with roll out latest format and continuous product innovations
- Successful collection campaign, selling more than 3 million pans



## Belgium

- Delhaize and GoodPlanet launched GoodCook, workshops with school kids to promote healthy eating



- Delhaize celebrating its 150<sup>th</sup> anniversary with special 'Make a wish' products



- 120 remodelings expected in 2017, both affiliates and company owned stores

# Business highlights

## Central & Southern Europe

- Greece: strong promotions, market share gain in a contracting market, competition strengthening
- Czech Republic: successful launch of 'Taste of Czech' private brand range in cooperation with local suppliers
- Romania: opening the 300th Shop&Go store, with >33 more expected in 2017
- Serbia: promoting healthy and tasty meals for kids with successful 'SuperLunch' campaign



## Global Online

- ah.nl continued strong sales growth and won award 'Best online grocery store of 2017'
- bol.com Plaza sales growth of >60%; growth in Belgium >40%; most lovable Dutch retail brand
- Peapod improved operational performance; roll-out of PodPass driving frequency
- Hannaford added its 35<sup>th</sup> To Go pick up point



# Wrap up

- Resilient first quarter performance in deflationary U.S. markets
- Integration on track, strong synergy delivery
- Increased margins for the Group compared to Q1 2016
- Strong free cash flow with increased capital expenditure
- Improving U.S. sales performance in the second quarter
- Increase in full year underlying operating margin compared to 2016



# Cautionary notice

This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words such as resilient, on track, committed, incremental, plan, expect, improve, target, sustainable, continues, preparing, promote, ongoing or other similar words or expressions are typically used to identify forward-looking statements.

Forward-looking statements are subject to risks, uncertainties and other factors that are difficult to predict and that may cause actual results of Koninklijke Ahold Delhaize N.V. (the “Company”) to differ materially from future results expressed or implied by such forward-looking statements. Such factors include, but are not limited to risks relating to competition and pressure on profit margins in the food retail industry; the impact of the Company’s outstanding financial debt; future changes in accounting standards; the Company’s ability to generate positive cash flows; general economic conditions; the Company’s international operations; the impact of economic conditions on consumer spending; turbulences in the global credit markets and the economy; the significance of the Company’s U.S. operations and the concentration of its U.S. operations on the east coast of the U.S.; increases in interest rates and the impact of downgrades in the Company’s credit ratings; competitive labor markets, changes in labor conditions and labor disruptions; environmental liabilities associated with the properties that the Company owns or leases; the Company’s inability to locate appropriate real estate or enter into real estate leases on commercially acceptable terms; exchange rate fluctuations; additional expenses or capital expenditures associated with compliance with federal, regional, state and local laws and regulations in the U.S., the Netherlands, Belgium and other countries; product liability claims and adverse publicity; risks related to corporate responsibility and sustainable retailing; the Company’s inability to successfully implement its strategy, manage the growth of its business or realize the anticipated benefits of acquisitions; its inability to successfully complete divestitures and the effect of contingent liabilities arising from completed divestitures; unexpected outcomes with respect to tax audits; disruption of operations and other factors negatively affecting the Company’s suppliers; the unsuccessful operation of the Company’s franchised and affiliated stores; natural disasters and geopolitical events; inherent limitations in the Company’s control systems; the failure or breach of security of IT systems; changes in supplier terms; antitrust and similar legislation; unexpected outcome in the Company’s legal proceedings; adverse results arising from the Company’s claims against its self-insurance programs; increase in costs associated with the Company’s defined benefit pension plans; and other factors discussed in the Company’s public filings and other disclosures.

Forward-looking statements reflect the current views of the Company’s management and assumptions based on information currently available to the Company’s management. Forward-looking statements speak only as of the date they are made, and the Company does not assume any obligation to update such statements, except as required by law.

Thank you

FOOD LION

Stop&Shop

Hannaford

GIANT

MARTIN'S

Giant

Peapod

bfresh

Albert Heijn



Etos

GalleGall

bol.com

albert

MAXI

Tempo

Βασιλόπουλος  
...και του πουλιού το γάλα!

ENA FOOD  
CASH & CARRY



pingo doce

