



DELHAIZE GROUP

Q2 2015 results

July 30, 2015

Forward looking statements

This presentation includes forward-looking statements within the meaning of the U.S. federal securities laws that are subject to risks and uncertainties. Forward-looking statements describe further expectations, plans, options, results or strategies. Actual outcomes and results may differ materially from those projected depending upon a variety of factors, including but not limited to changes in the general economy or the markets of Delhaize Group, in consumer spending, in inflation or currency exchange rates or in legislation or regulation; competitive factors; adverse determination with respect to claims; inability to timely develop, remodel, integrate or convert stores; and supply or quality control problems with vendors. Additional risks and uncertainties that could cause actual results to differ materially from those stated or implied by such forward-looking statements are described in our most recent annual report or Form 20-F and other filings with the Securities and Exchange Commission. Delhaize Group disclaims any obligation to update or revise the information contained in this presentation.

Q2 2015 highlights by region

- **U.S.**

- Solid CSS and real growth at both Food Lion and Hannaford
- Retail inflation turned negative but offset by higher volume growth
- Resilient underlying operating margin

- **Belgium**

- Improved CSS and market share trends compared to previous quarters
- Underlying operating margin supported by better supplier terms and lower logistic costs
- Started implementation of New Store Organisation in 26 stores

- **SEE**

- Alfa Beta and Mega Image reported positive CSS and real growth
- Underlying operating margin supported by better procurement conditions and good cost control in Greece and Romania
- Market share improvements in all 3 countries

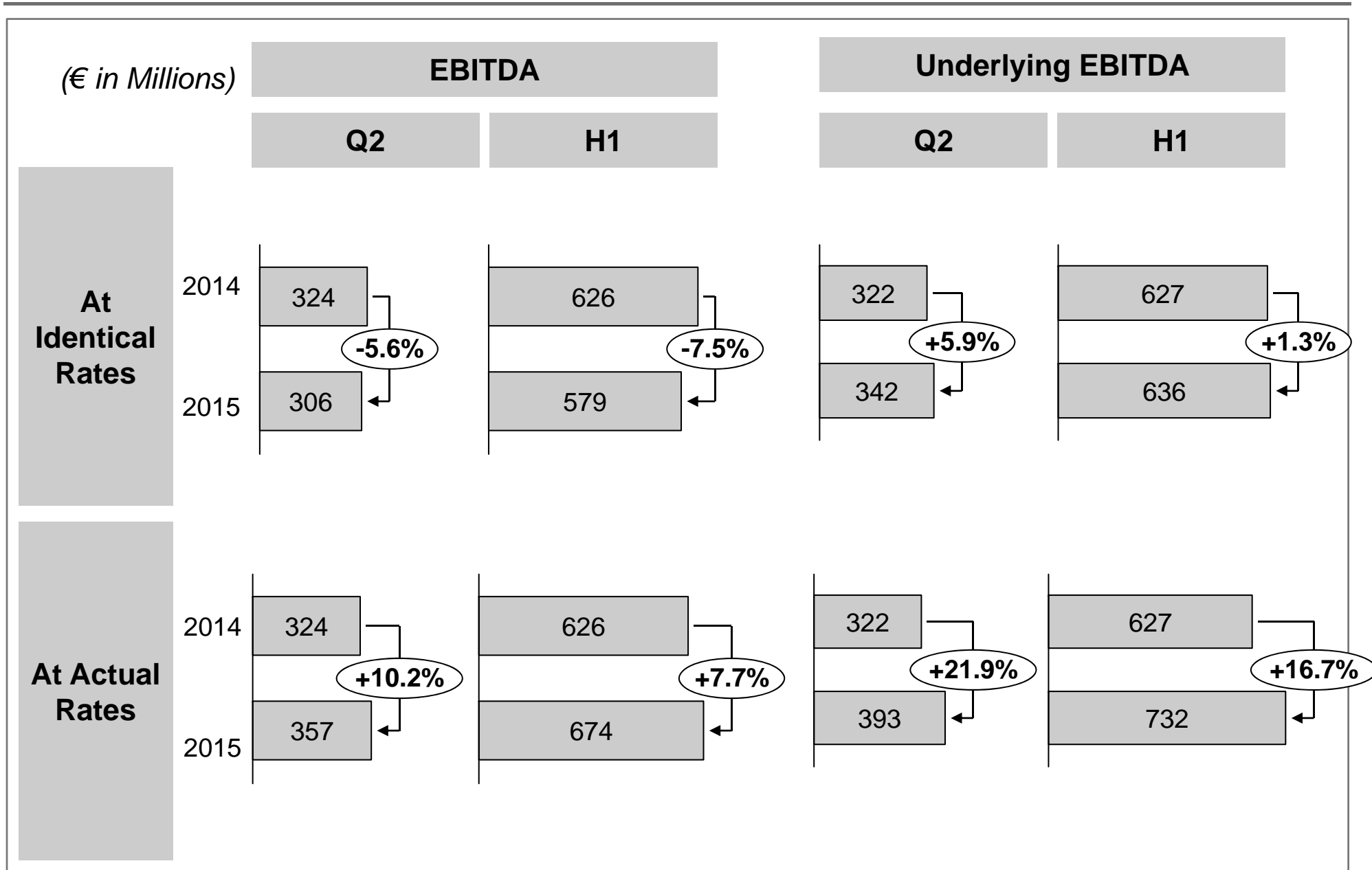
Financial results – Q2 2015

<i>(€ in Millions)</i>	Q2		% Growth	
	2014	2015	Actual Rates	Identical Rates
Revenues	5,176	6,114	18.1%	3.2%
Gross Margin	24.1%	24.4%	30 bps	9 bps
SG&A as % of revenues	21.1%	21.2%	(3 bps)	13 bps
Underlying Operating Profit	177	223	25.7%	8.6%
Underlying Operating Margin	3.4%	3.7%	22 bps	18 bps
Operating Profit	29	187	544.6%	442.2%
Operating Free Cash Flow	82 ⁽¹⁾	308	277.6%	242.8%

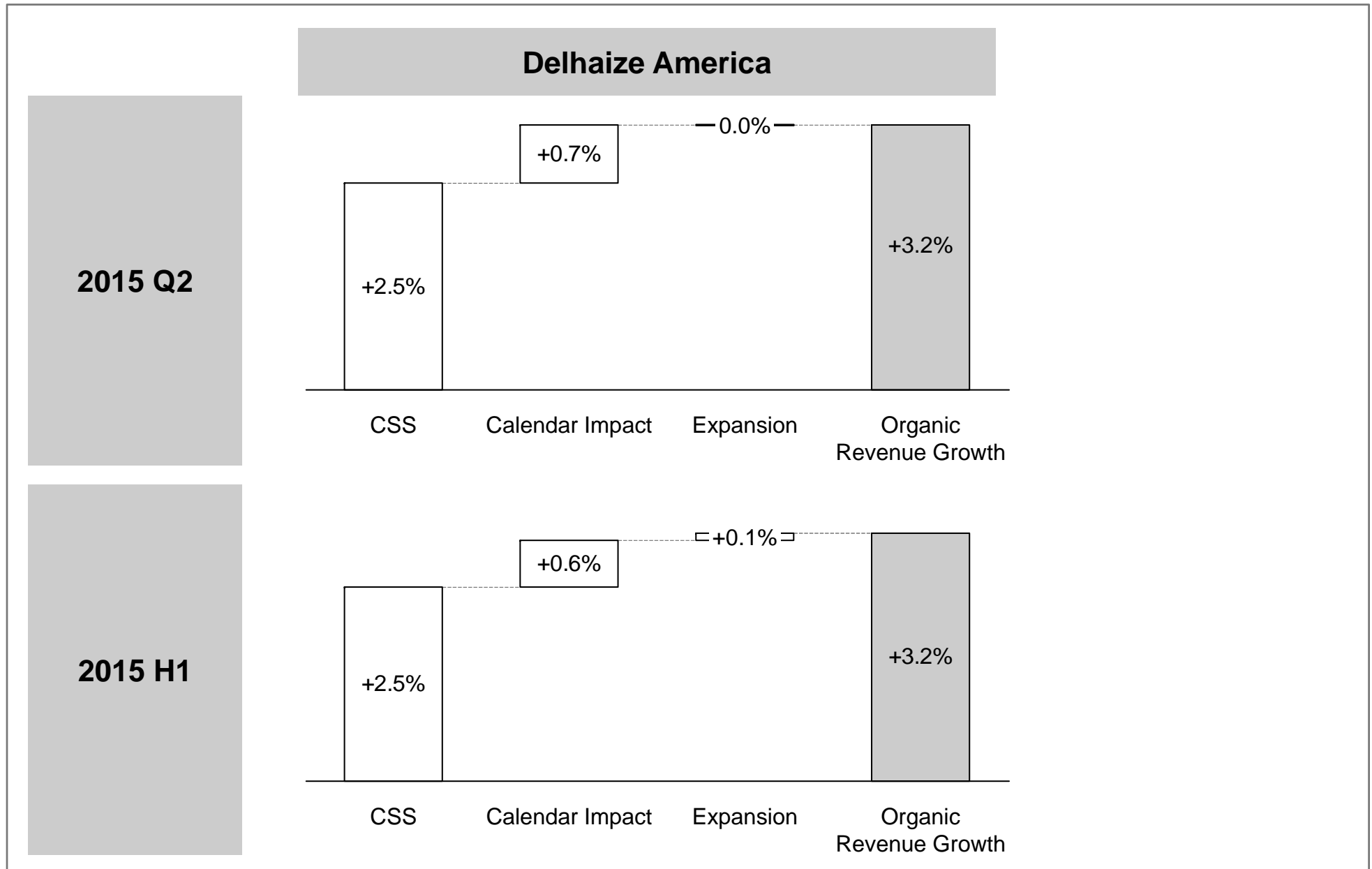
Financial results – H1 2015

<i>(€ in Millions)</i>	H1		% Growth	
	2014	2015	Actual Rates	Identical Rates
Revenues	10,201	11,934	+17.0%	+2.7%
Gross Margin	24.1%	24.4%	29 bps	6 bps
SG&A as % of revenues	21.2%	21.5%	(26 bps)	(12 bps)
Underlying Operating Profit	343	396	15.4%	(0.9%)
Underlying Operating Margin	3.4%	3.3%	(5 bps)	(12 bps)
Operating Profit	190	331	74.3%	45.8%
Operating Free Cash Flow⁽¹⁾	128	201	57.1%	19.0%

EBITDA

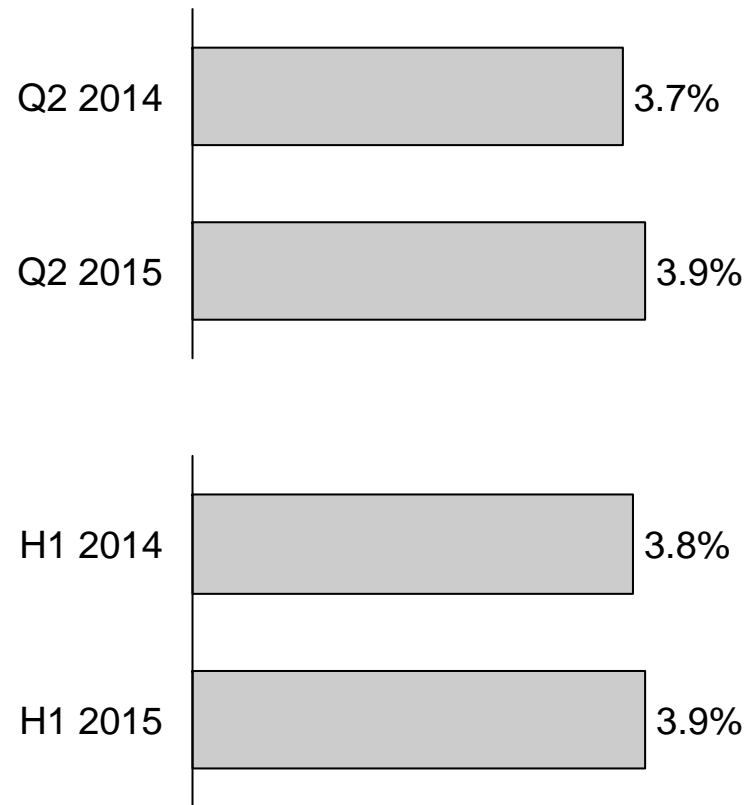


Delhaize America - organic revenue growth and comparable store sales growth



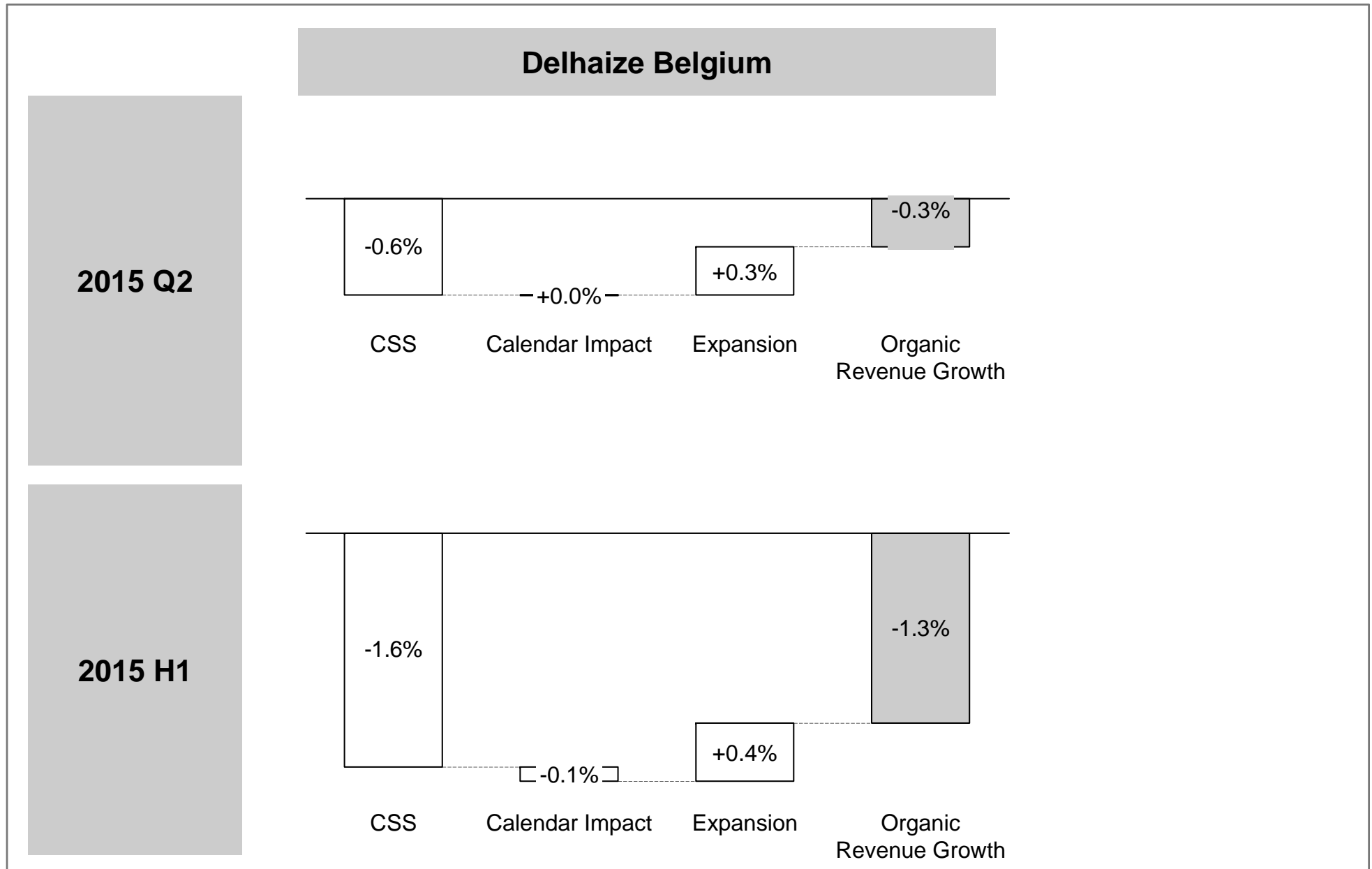
Delhaize America – underlying operating margin

Delhaize America Underlying Operating Margin

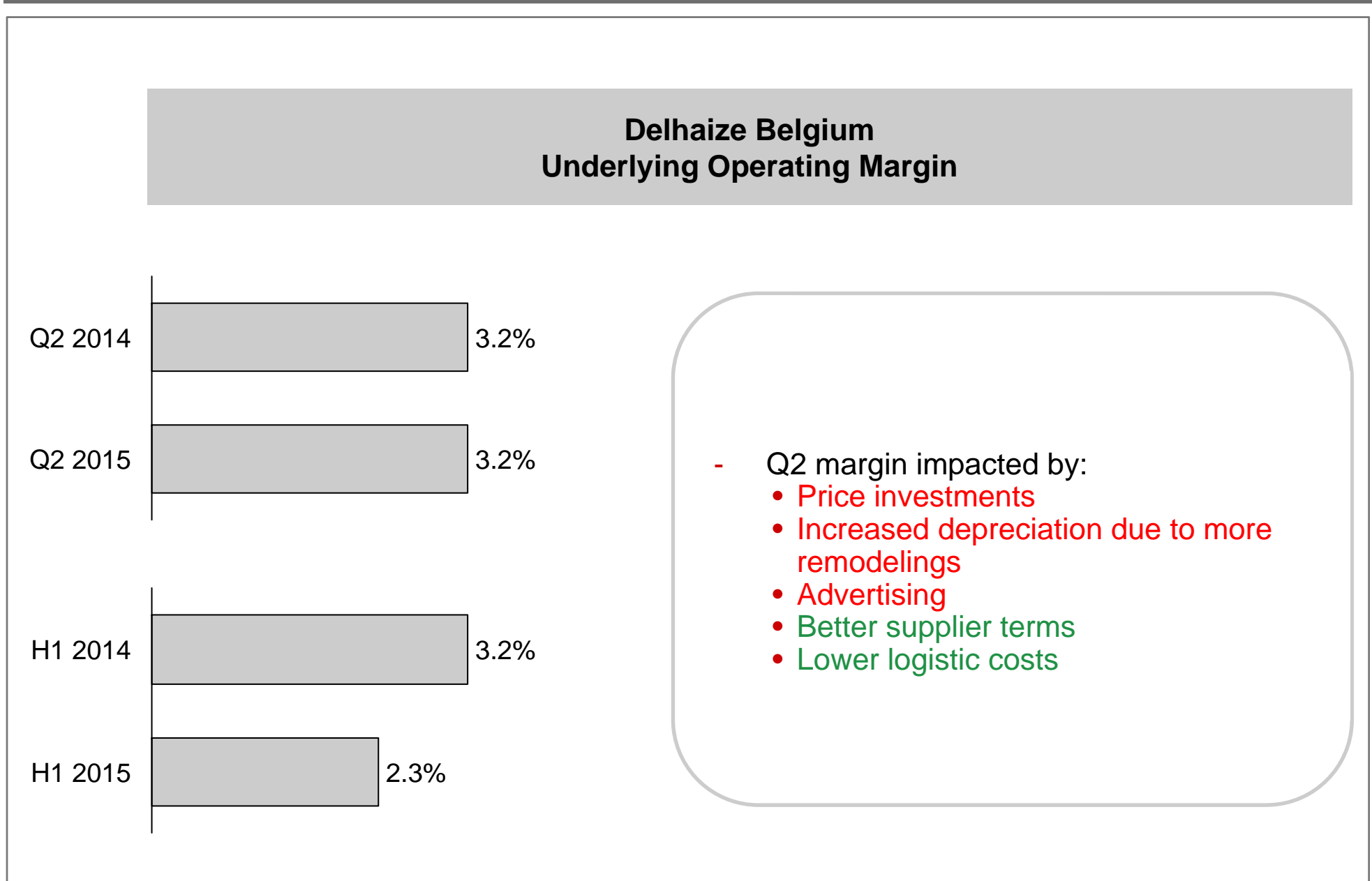


- Q2 margin impacted by:
 - Continued sales momentum
 - Lower benefits
 - Timing of 4th of July
 - Price investments of around ~30bps
 - One-time costs (Easy, Fresh & Affordable) and higher shrink at Food Lion
 - Deflation

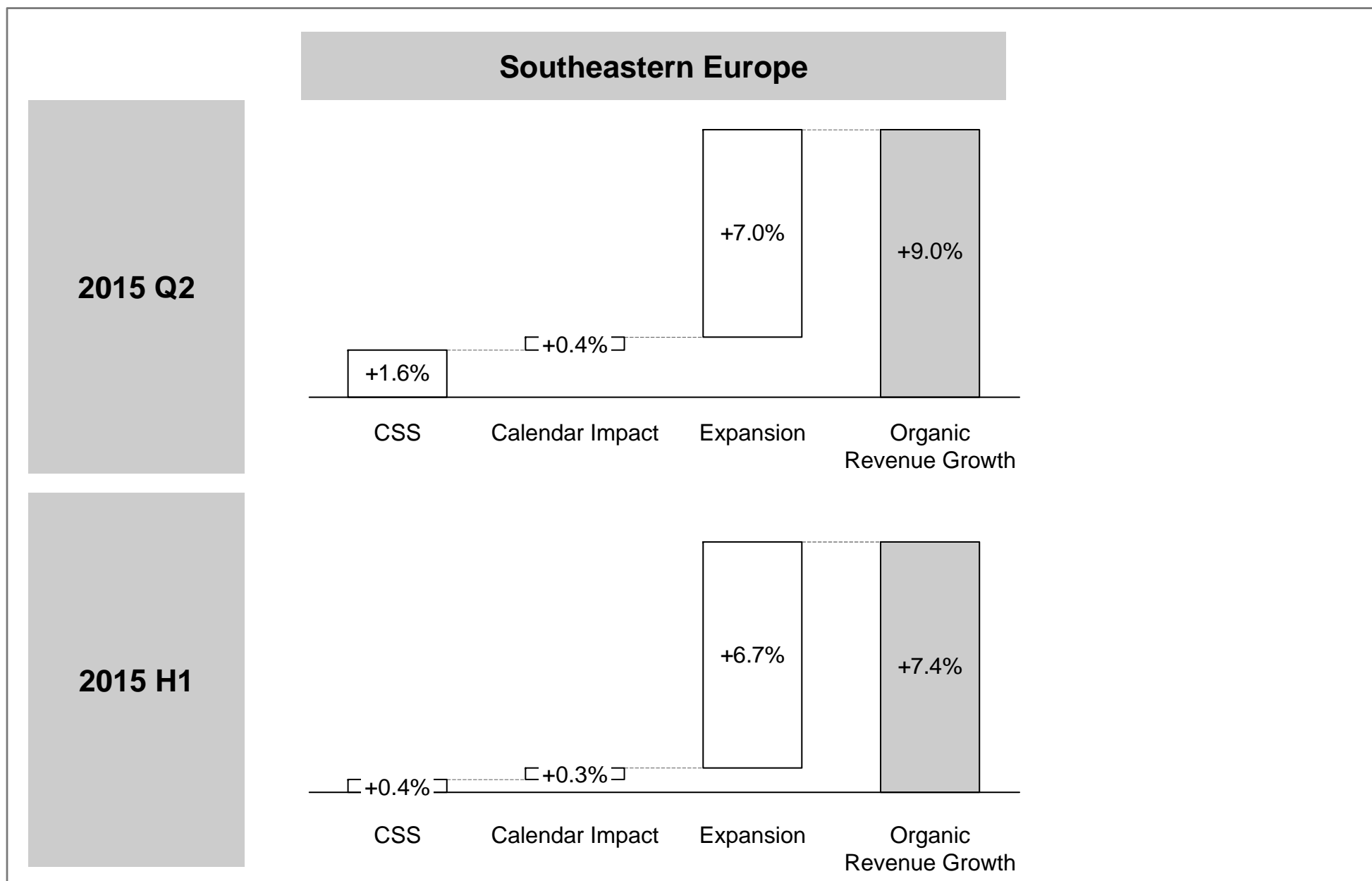
Delhaize Belgium - organic revenue growth and comparable store sales growth



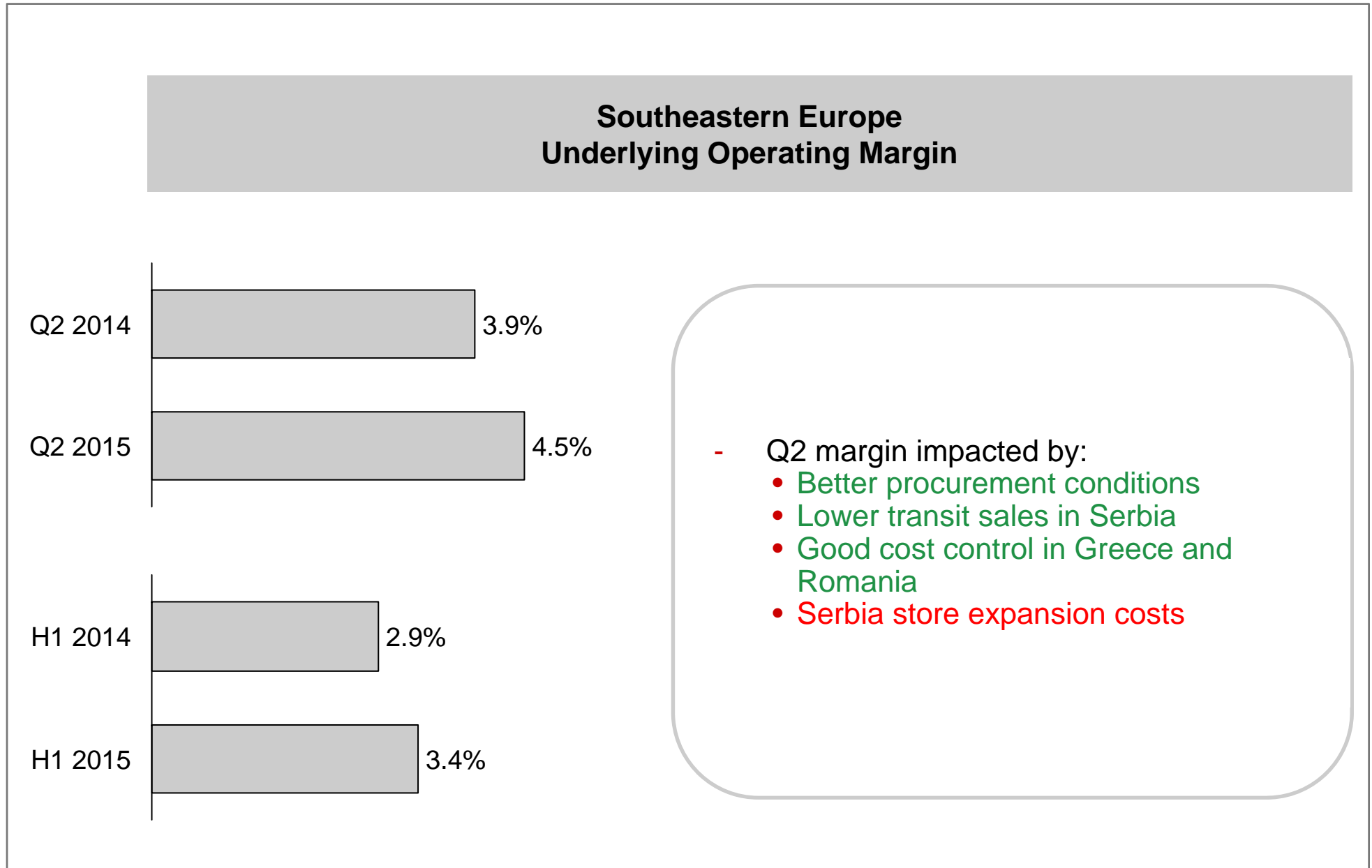
Delhaize Belgium – underlying operating margin



SEE - organic revenue growth and comparable store sales growth



Southeastern Europe – underlying operating margin



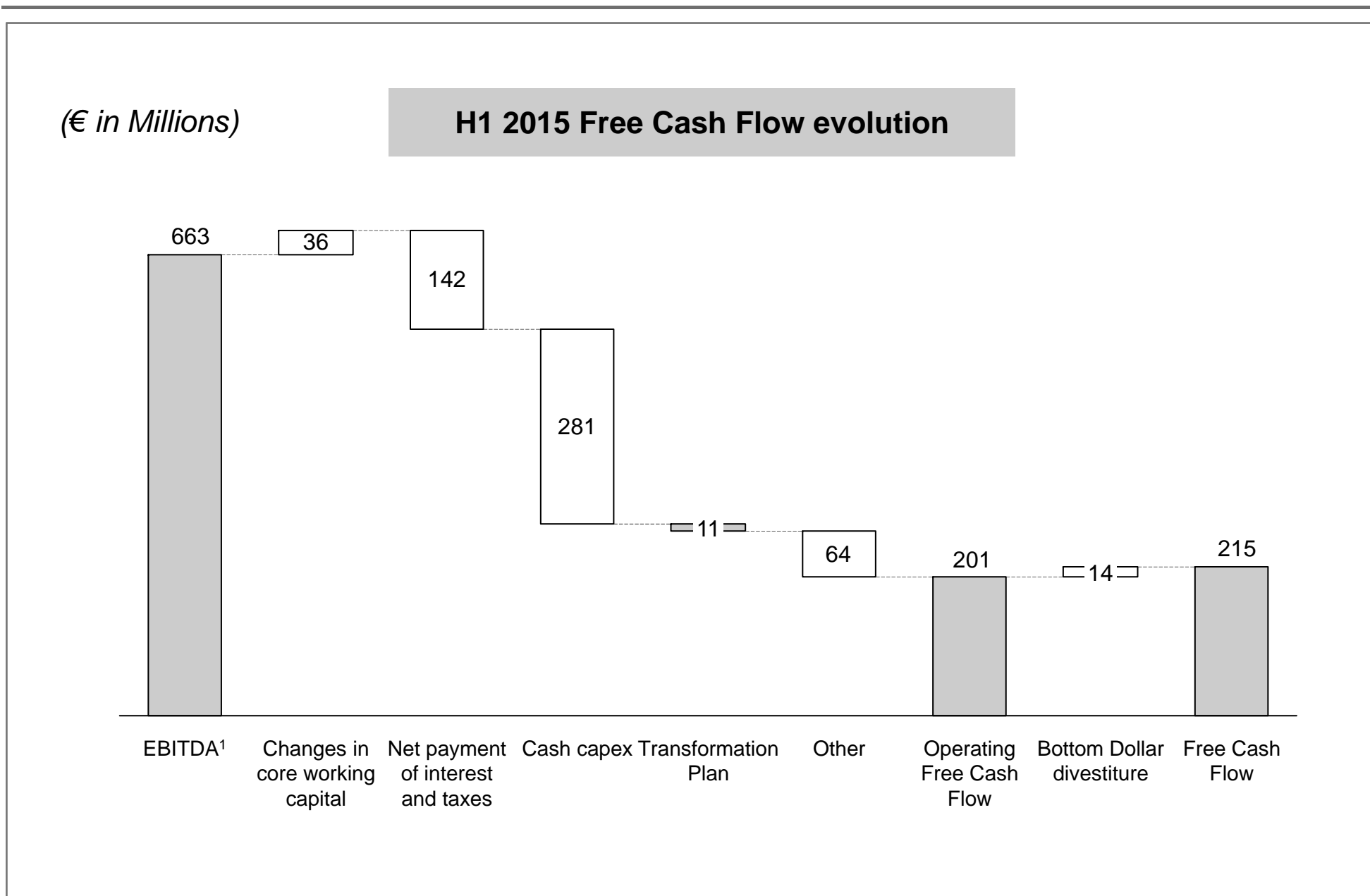
Free Cash Flow

(€ in Millions)

Operating Free Cash Flow

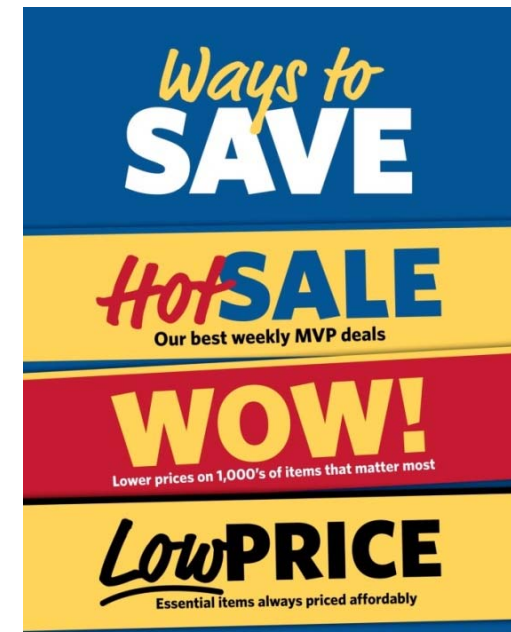


Free Cash Flow generation



On track to launch Easy, Fresh & Affordable in Raleigh by Q4

- Easy, Fresh & Affordable – bannerwide initiatives
 - Assortment changes
 - Check-out renewals
 - Price investments and price communication
- Easy, Fresh & Affordable – remodelings
 - Capex of \$1.5 million per store
 - 76 stores in Wilmington and Greenville
 - Progress on shrink and labor scheduling
 - 160 additional stores in Raleigh, relaunched in Q4 2015
 - Pre-opening costs of \$355,000 per store in Raleigh (2015)



Transformation Plan in Belgium executed according to plan

- Final agreement with unions reached in February 2015
- Plan to generate at least €80 million savings by 2018
- First wave of voluntary leaves took place in May (950 leavers out of 1,500 signed up so far), second wave in Q4
- Closed Kortrijk-Ring store and plan to Affiliate 4 out of 9 stores in 2015
- New Store Organisation implemented in 26 stores in June
 - Second batch of 27 stores being prepared
- Pleased with performance of 4 New Generation stores
 - Learnings to be included in 2016 remodelling plan

SEE increases profitable growth through consistent customer focus

- Strong performance in the region, driven by growth in Greece and Romania with a stable performance in Serbia
- Maxi remodelings continue to post positive CSS
- All three countries are seeing further market share gains
- Greek situation limits visibility

Driving increased customer relevance and sustainable growth through the proposed Ahold Delhaize merger

- **Stronger, better, more innovative** company
 - Shared focus on the customer
 - More than 6,500 stores with enhanced scale across regions
 - Market-leading customer offerings with broader choices in products, services and shopping anytime, anywhere
 - Strong, trusted local brands in neighbouring geographies
 - Ability to leverage own brands and expertise to bring better value and choice
- Significant **value creation**
 - Anticipated run-rate synergies of €500 million per year
 - 80% realised after 2 years
 - Expected to be earnings accretive in first year after completion
- **Highly cash generative** businesses to continue investing in future growth and delivering attractive returns to shareholders
 - Expected dividend policy: 40-50% payout ratio of adjusted net income
- **Balanced governance** structure

Ahold Delhaize: an exciting future together

- **Focused management team** to achieve synergies
- Creating a **stronger**, international food retailer and **delivering value** for all stakeholders
 - A superior **customer** offering
 - Attractive opportunities for our **associates**
 - Better serving our **communities**
 - A compelling value proposition for **shareholders**



2015 outlook

- Continue to focus on our two strategic initiatives
 - Food Lion « Easy, Fresh and Affordable » strategy
 - Transformation Plan in Belgium
- Trends for H2 2015
 - U.S.
 - Focused on maintaining sales momentum and profitability at both Food Lion and Hannaford
 - Q3 impacted by cycling last year's competitive events at Hannaford
 - H2 impacted by Raleigh pre-opening costs
 - Belgium
 - Expect positive market share and CSS evolution in H2 in Belgium
 - SEE
 - Focused on efforts to maintain good momentum from H1
- Healthy Free Cash Flow generation
- Cash capex of approximately €700 million⁽¹⁾