



Ahold
Delhaize

Q4/Full Year 2017

February 28, 2018

Highlights

Dick Boer

President and CEO

A successful year with Ahold Delhaize in great shape

- Pro forma Q4 net sales of €15.8 billion, up +2.5% at constant exchange rates
- Pro forma Q4 underlying operating margin up +0.1%-point, full year 2017 up +0.2%-point
- Integration substantially completed, with synergies driving strong margin delivery in U.S.
- Strong Q4 free cash flow of €903 million, up €47 million, resulting in €1.9 billion free cash flow for 2017
- Proposed dividend of €0.63, up +10.5% compared to 2016
- Looking forward to another great year in 2018

Financial Results

Jeff Carr

CFO

Group performance

	Quarter 4				Full year			
	2017	2016	Change actual rates	Change constant rates	2017	2016	Change actual rates	Change constant rates
Net sales	15,763	16,216	(2.8)%	2.5%	62,694	62,331	0.6%	1.7%
Net sales excl gas				2.3%				1.6%
Underlying EBITDA	1,081	1,092	(1.0)%	4.7%	4,247	4,063	4.5%	5.9%
Underlying EBITDA margin	6.9%	6.7%			6.8%	6.5%		
Underlying operating income	631	635	(0.6)%	5.2%	2,456	2,298	6.9%	8.4%
Underlying operating margin	4.0%	3.9%			3.9%	3.7%		

Group performance

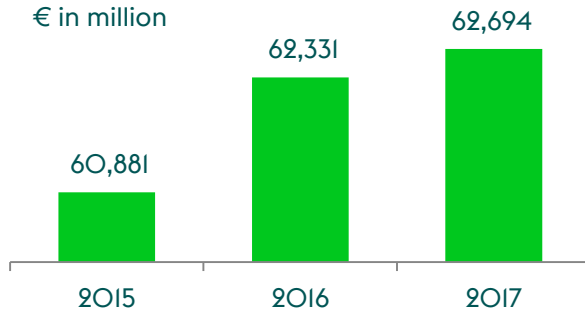
€ in million	Full year		
	2017	2016	Change actual rates
Underlying operating income	2,456	2,298	6.9%
Restructuring and related charges	178	246	
Other	42	78	
Operating income	2,236	1,974	13.3%
Net financial expenses	(297)	(601)	
Income taxes	(146)	(331)	
Share in income (loss) of joint ventures	35	36	
Income from continuing operations	1,828	1,078	69.6%
Underlying income from continuing operations	1,582	1,486	6.5%
Underlying EPS from continuing operations	1.27	1.17	8.5%
Dividend per share	€0.63¹	€0.57	10.5%
Dividend payout %²	47%	48%	

¹ Subject to shareholder approval

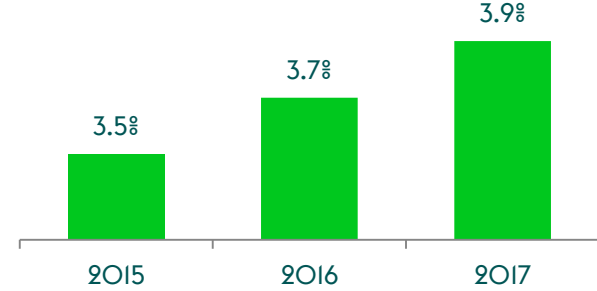
² Dividend payout ratio is based on underlying income from continuing operations (on a pro forma basis)
Pro forma numbers unless mentioned otherwise

Ahold Delhaize delivering performance

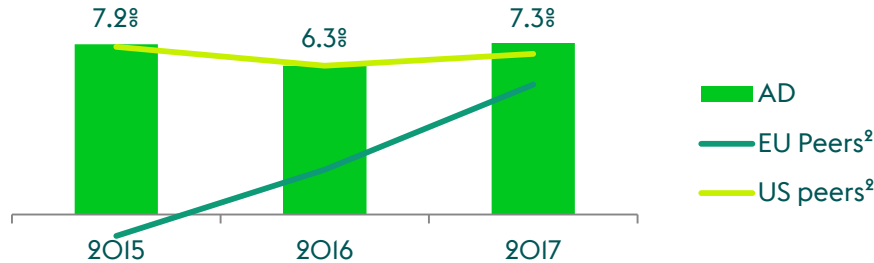
Net sales increasing



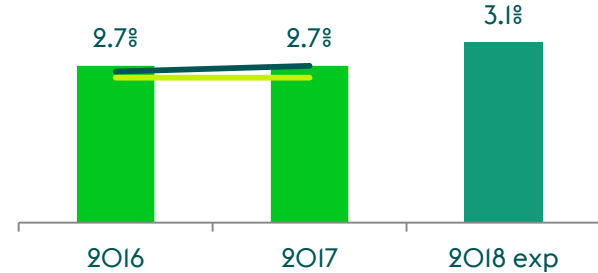
Best-in-class underlying operating margin expanding further



Free cash flow yield¹ increasing and ahead of peers



Continued commitment to investing in our business (capex³ as % of sales)



Source: JPMorgan: Peer data based on last 3 years reported

¹ Free cash flow defined as: IFRS Cash flow from operations – capex – interest paid

² EU Peers: Tesco, Carrefour, Metro, Sainsbury's, Casino. US Peers: Kroger, Target, Walmart

Pro forma numbers unless mentioned otherwise

Source: JPMorgan: Peer data based on last 3 years reported

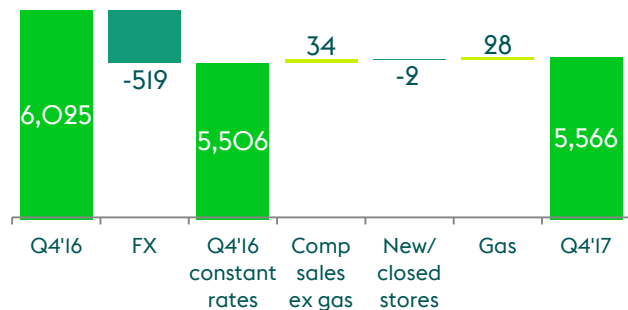
³ Capex represents the combined capital expenditure excl acquisitions of Ahold Delhaize

Ahold USA - results Q4 2017

Another quarter with positive comparable sales growth, margin expansion and stable market shares

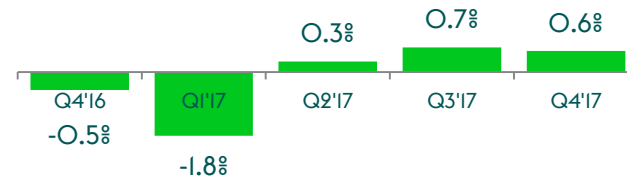
Net sales

€ in million



- Net sales up 1.1% at constant rates
- Comparable sales ex gas up 0.6%
- Price inflation of 1.1%
- Stable market shares

Comparable sales growth¹



¹ Comparable sales growth excl gas

Underlying EBITDA margin



Pro forma numbers unless mentioned otherwise

- Underlying operating margin up 0.2 percentage points
- Strong synergy and “save for our customers” delivery
- Partly offset by lower pharmacy margins, increased produce costs and promotional spend

Underlying operating margin



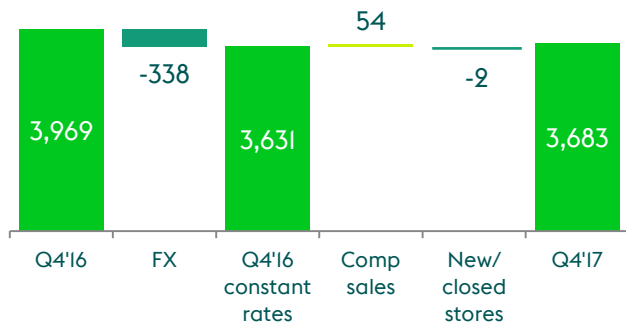
Q4/Full Year Results 2017

Delhaize America – results Q4 2017

Continued momentum: comp sales growth of 1.5% combined with 0.4pts UOM expansion

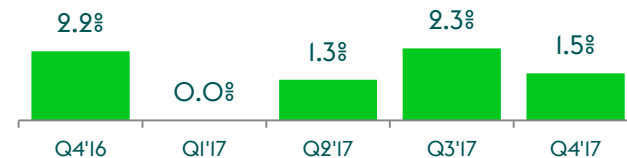
Net sales

€ in million



- Net sales up 1.4% at constant rates
- Comparable sales up 1.5%
- Continued volume growth at Food Lion
- 15th cons. quarter comp. sales growth at Hannaford
- Price inflation of 0.7%

Comparable sales growth



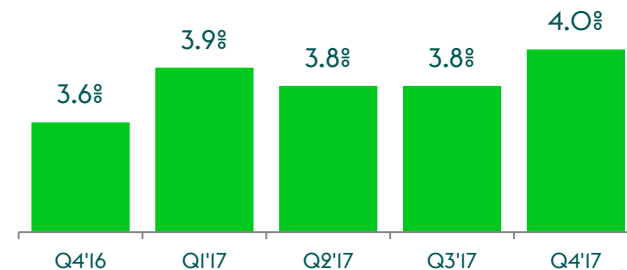
Underlying EBITDA margin



Pro forma numbers unless mentioned otherwise

- Underlying operating margin up 0.4 percentage points
- Strong synergy and “save for our customers” delivery
- Partly offset by increased wages and depreciation costs

Underlying operating margin



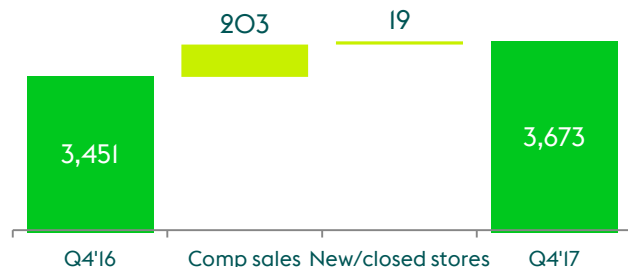
Q4/Full Year Results 2017

The Netherlands – results Q4 2017

Exceptional comp sales growth while profitability remains best-in-class, with market share gains

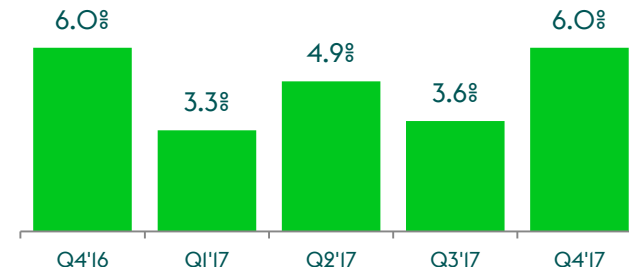
Net sales

€ in million

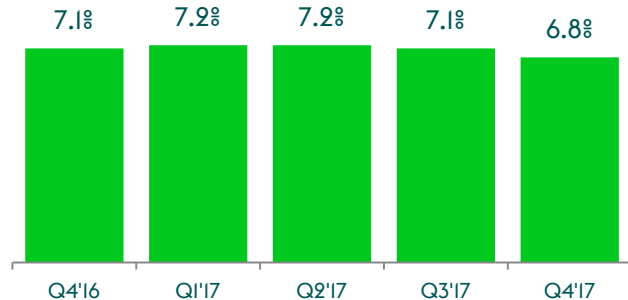


- Net sales up 6.4%
- Comparable sales up 6.0%, up 4.1% ex bol.com
- Price inflation of 2.8%
- Increased FY market share at Albert Heijn

Comparable sales growth



Underlying EBITDA margin



Pro forma numbers unless mentioned otherwise

- Bol.com sales of €1.6 billion creating margin dilution of 70 basis points on segment
- Bol.com FY EBITDA breakeven
- Margin excl bol.com flat
- Synergies, savings and good cost control offset by higher pension charges

Underlying operating margin



Q4/Full Year Results 2017

Belgium – results Q4 2017

New team in place to drive strategic focus areas

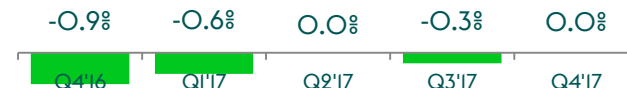
Net sales

€ in million



- Net sales up 0.8%
- Comparable sales flat, excl effect of 2 less sales days
- Price inflation of 0.9%
- Good holiday sales performance

Comparable sales growth

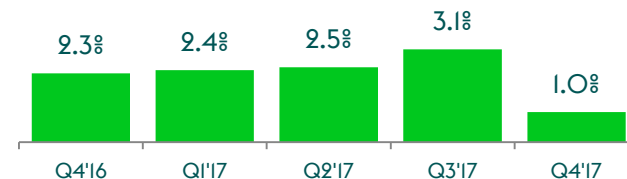


Underlying EBITDA margin



- Underlying operating margin down, affected by increased investments in promotions, personnel and operating performance

Underlying operating margin



Pro forma numbers unless mentioned otherwise

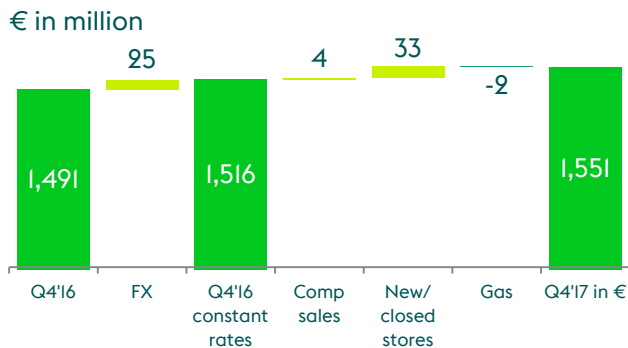
Q4/Full Year Results 2017

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CSE – results Q4 2017

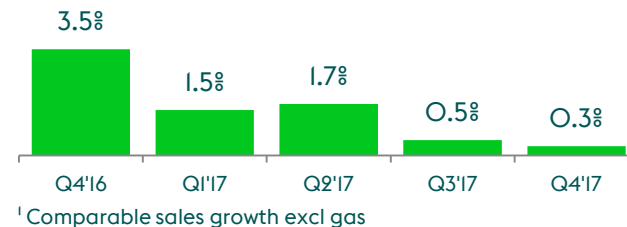
Continued growth and strong margin expansion

Net sales



- Net sales up 2.3% at constant rates
- Comparable sales ex gas up 0.3%. Strong performance in Romania, Czech Republic and Serbia
- Sales in Greece impacted by normalizing competitive environment

Comparable sales growth¹

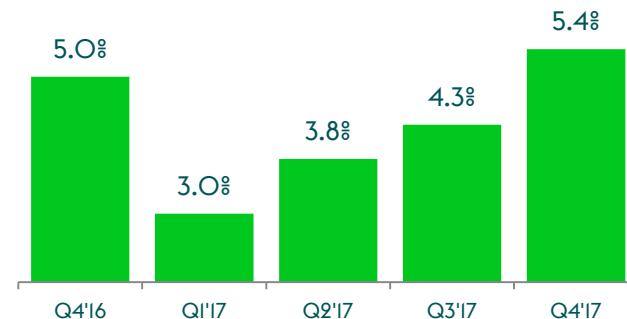


Underlying EBITDA margin



- Underlying operating margin up 0.4 percentage points
- Strong cost control, benefits from sales mix, partly offset by wage increases

Underlying operating margin



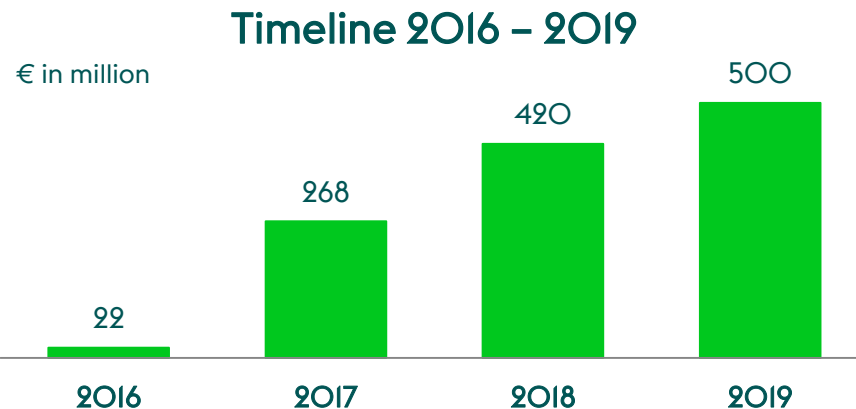
Pro forma numbers unless mentioned otherwise

Synergies delivered ahead of plan

€268 million delivered in 2017

€ in million	Quarter 4		Full year	
	2017	2016	2017	2016
United States	51	8	159	8
Europe	25	7	78	7
GSO*	7	4	31	7
Total	83	19	268	22

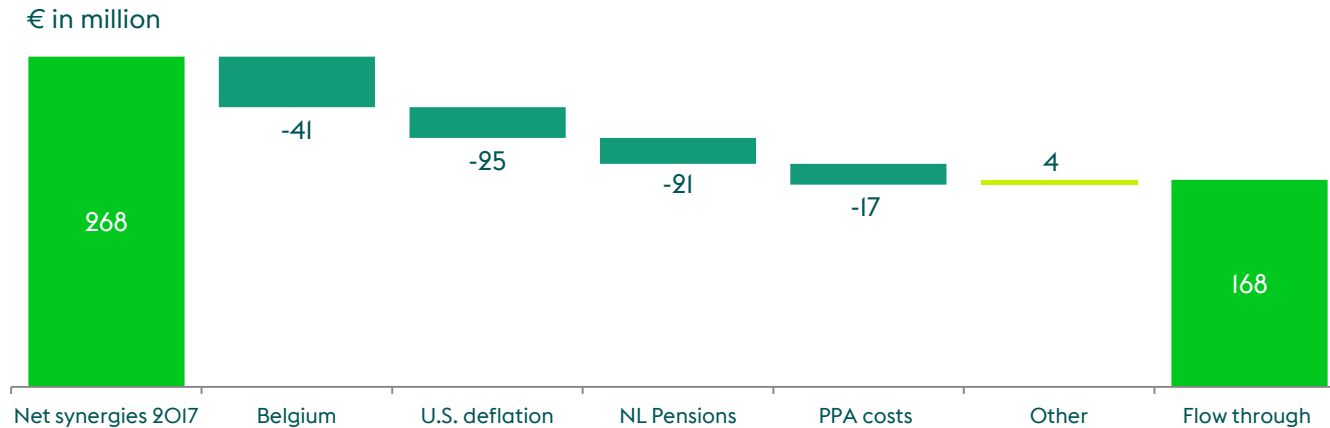
* Global Support Office



- Net synergies 2017: €268 million, of which incremental €246 million to 2016
- Net synergies target 2018: €420 million, including synergies realized in 2016 and 2017

€ in million	Q4	Full year	Costs to date	Expected full costs
	Integration costs	13	107	275
U.S. restructuring costs	10	40	40	70

Majority of net synergies flow to bottom line



- Net synergies 2017: €268 million
- Dilutive impact from Belgian operations explains largest negative effect on base UOP, compared to 2016
- Pre-announced effects 2017:
 - U.S. deflation Q1 2017
 - Higher (non-cash) pension costs in NL due to discount rate
 - Higher PPA costs following the merger
- 2018 flow through expected at similar levels

Tax reform benefits

U.S. and Belgium

- One-time tax effect in Q4 2017: €407 million, non cash
- Impact tax reform on 2018:
 - Cash tax benefit of around €200 million
 - Effective tax rate expected to be in the low twenty percent range

€ in million	Full year 2017 (earnings before tax of €1,928 million)		
	Cash Tax	P&L	ETR
2017 Ahold Delhaize consolidated exclusive tax reforms	(480)	(553)	28.6%
U.S. Tax Reform – one time P&L impact (revaluation deferred tax positions)	-	291	(15%)
BE Tax Reform – one time P&L impact (revaluation deferred tax positions)	-	116	(6%)
FY 2017 Ahold Delhaize consolidated including tax reforms	(480)	(146)	7.6%

Free cash flow ¹

Outstanding free cash flow generation in both Q4 and FY 2017

€ in million	Quarter 4		Full year	
	2017	2016	2017	2016
Operating cash flow	1,043	975	4,049	3,706
Change in working capital	522	480	131	(95)
Income tax paid – net	(152)	9	(480)	(313)
Cash from cont. operations	1,413	1,464	3,700	3,298
Investments	(485)	(534)	(1,698)	(1,694)
Divestments	14	41	142	113
Net interest paid	(93)	(117)	(288)	(359)
Dividends from joint ventures	54	2	70	19
Free cash flow (post-tax)	903	856	1,926	1,377

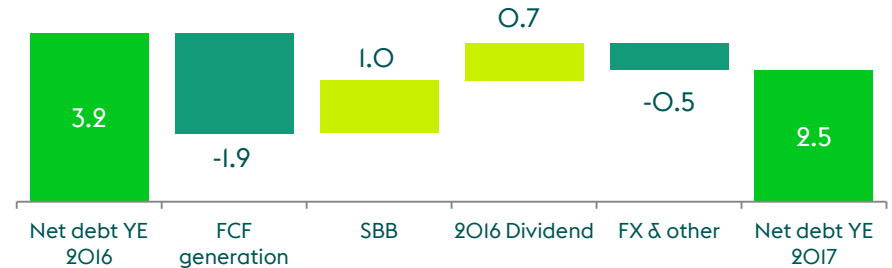
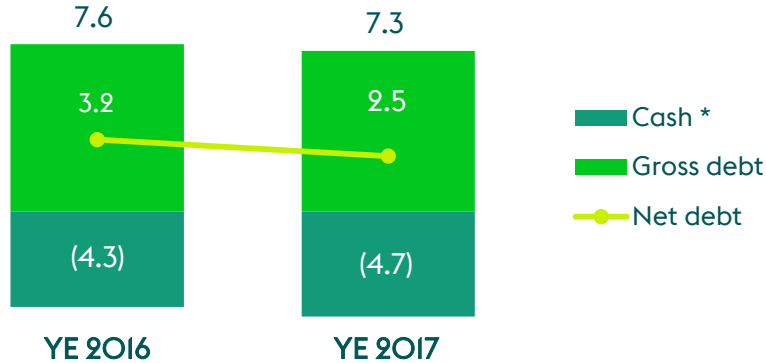
- Operating cash flow higher partly due to lower one-time costs
- Working capital improvement of €131 million on track for the targeted €175 million improvement for 2018, compared to 2016
- Dividend from joint ventures includes €51 million in super dividend

¹ This represents the combined free cash flow of Ahold and Delhaize excluding pro forma adjustments.

Capital structure

Reduced net debt and strong capital structure

€ in billion



- 2017 full year leverage ratio of S&P Lease adj. net debt/EBITDA at 2.0x
- €2 billion share buyback commenced in January 2018
- Moody's upgraded Ahold Delhaize to Baa1; outlook stable in February 2018

* Cash, cash equivalents and short-term deposits and similar instruments and current portion of available-for-sale financial assets

Reporting changes 2018

- One U.S. reporting segment: Ahold USA and Delhaize America segments to be combined, reflecting governance structure
- Online net sales and online net consumer sales (if applicable) to be provided per reporting segment
- Reporting of pro forma results discontinued, slight sales growth impact in H1 2018

Outlook 2018

Reflecting on successful 2017, confident about Outlook 2018

- Confirming our target for 2018 of realizing €420 million net synergies, including €268 million realized up until 2017. Confident to reach €750 million of gross synergies for 2019, of which €250 million will be reinvested, in addition to our "save for our customers" savings
- Free cash flow of €1.9 billion exceptionally strong in 2017. Free cash flow in 2018 expected to be at a similar level including a cash benefit of around €200 million resulting from the U.S. tax reforms
- Working capital improved by €131 million in 2017 and we expect to fully deliver our targeted improvement of €175 million in 2018, compared to 2016
- Capital expenditure expected to increase to €1.9 billion in 2018, focused on investments in store network, expanding omni-channel offering and further developing digital capabilities
- Following tax reforms in the United States and Belgium, the effective tax rate for the Group is expected to move to the low twenty percent range going forward

Business Highlights

Dick Boer

President and CEO

2017: Ahold Delhaize in great shape

Better together to drive change, delight our customers and succeed in the new reality

- First full year after the merger of two strong food retail companies
- Integration well on track, substantially completed
 - Implementation of Retail Business Services (RBS) in U.S. in place end of Q4 2017
 - U.S. brand-centric organization in place end of Q1 2018
 - Synergy delivery ahead of schedule
- Ensuring a great shopping experience for our customers every day
 - Innovative technology making shopping more convenient
 - Strengthening our leading eCommerce business
 - Accelerating investments in digital solutions
 - Fresher and healthier eating
 - Building great own brands
 - Our brands are at the forefront of sustainable retailing

Integration U.S. substantially completed ...

- RBS now fully operational, providing back office functions for all U.S. brands and expertise on Own Brands, Digital and Supply Chain
- Thousands of people transferred into new roles, substantial HQ headcount reduction
- All brands operating in brand-centric model, working in a similar way
- 85% of brand-centric organization implemented, to be finalized end of Q1 2018
- IT roadmap implementation started, including significant application rationalization
- Own brand streamlining in the U.S. delivers 'best of both worlds' and creates economies of scale in sourcing
- Kevin Holt appointed CEO of Ahold Delhaize USA, as of January 1, 2018

...while running the business and achieving targeted synergies

Delhaize Belgium

New positioning and the right team to make it happen

- Xavier Piesvaux appointed Brand President Delhaize Belgium in September 2017
- Clear priority to stabilize market share and grow top line and profitability in the course of 2018-2020
- Changes to Delhaize Belgium Executive Committee announced in January 2018
- New strategy to be announced H1 2018
- Strategic focus:
 - Commercial plan review
 - Improve product availability, shrink reduction and in-store experience
 - Further simplify the business model



Innovative technology

Frictionless payment solutions make shopping more convenient

Stop & Shop frictionless payments

- Scan it and Go payment solution
- Automatic bank withdrawals when passing through checkout zone
- Pilot starts early 2018



“Tap to Go” at Albert Heijn to Go

- Tap it and Go payment solution
- Innovative tap technology and smart shelves
- Automatic bank withdrawals
- Currently piloted at AH to Go, roll-out 2018



Our leading eCommerce business grew 21.8% in 2017

Close to €3 billion online sales¹, of which €1.2 billion in food

- Improved operational performance and customer satisfaction at Peapod
- Peapod expanding in-store marketing campaigns to promote online
- Launch of 'Ask Peapod' on Alexa
- Hannaford To Go pick-up solution at almost 25% of Hannaford stores
- Ah.nl record sales delivering > 100.000 households in pre-Christmas week
- Online service called 'Rappie': two hour delivery service at ah.nl
- 86% country coverage, offering >27,000 SKU's at ah.nl
- Bol.com brings popular 'Singles Day' to the Netherlands
- Success of Black Friday, more than 17 items sold each second during busiest hour
- At bol.com over 300k products available for same day delivery
- Greece, Romania and Serbia launched all-new market-leading digital & ecommerce responsive design web platforms

Peapod[®]

hannaford to go




bol.com^{go}



 **MAXI**

Continued investments in digital solutions

Digital transformation and innovation to better serve our customers

- Percentage of sales touched by loyalty cards: around 80% in 2017, expected over 90% in 2018
- Close to 2.5 billion personalized offers sent out in 2017, to significantly increase in 2018
- What's new?
 - Food Lion Shop & Earn strengthens loyalty and rewards long-term brand engagement with increased savings for each dollar spent
 - Hannaford's 'My Hannaford' fully digital loyalty program, a reinvention of grocery store loyalty programs that rewards customers for buying own-brand items
 - Albert Heijn now live on Big Data and Advanced Analytics platform accelerates our ability to deliver rich personalized experiences to our customers
 - Appie Today, AH's own TV channel targeted for 18-35 year olds had 25 million views in 2017



Fresher & healthier eating

Help customers make healthier choices

- Fresh sales at Ahold Delhaize close to 50% of total sales in 2017
- Hannaford Kitchen locations provide freshly made, grab-and-go meal options from stir fry and burritos to signature sandwiches
- Giant Landover launched a Diabetes Prevention Program; in-store nutritionists guide customers with a year-long lifestyle change program championed by the Center for Disease Control
- Albert Heijn reduced sugar content in its fresh fruit drinks by 30% and expanded its “Friswijzer” sugar navigation system to include child-portioned beverage packs
- Albert completely remodeled its flagship store in Prague with an inspiring new fresh market concept that is achieving double-digit growth
- Romania launched Mega Appetit convenience concept with ready made meals for immediate consumption



Building great own-brands

Differentiating our businesses for today's value-focused customers



- Healthy own brand sales increased to 46% in 2017, target 2020 raised to 50%
- Own brands U.S. centralized in RBS for best in class commercial capabilities and leverage of U.S. volumes
- In the U.S., Nature's Promise and Nature's Place brands combined passed the \$1 billion goal and will be combined into Nature's Promise
- Ahold USA brands took 1 million pounds of sugar out of the private brands last year
- Best practice sharing: Delhaize and Albert Heijn continue to share knowledge, expertise and introduce same, locally branded products
- Etos products brought to U.S. customers in 2016 and introduced in our stores in Belgium, Romania, Greece, and Czech Republic in 2017



Committed to Sustainable Retailing

Our brands are at the forefront of sustainable retailing



Beaten our 45% target: 46% of own brand sales from healthy products



Increased food waste recycling by 8%



Associate engagement of 78%

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM 

Ranked amongst global sustainability leaders in our sector

Stichting Continuïteit Ahold Delhaize

- Option agreement expires December 2018
- Initial discussions with SCAD board started
- Extension at discretion of Management Board/Supervisory Board
- On the AGM agenda (April 11) for information purposes
- Decision taken before December 2018

Wrap-up

A successful year with Ahold Delhaize in great shape

- Successful integration: First full year with another set of strong results
- Stable or increasing market shares in our major geographies
- Margins expanded thanks to continued synergy delivery, ahead of plan
- Close to €3 billion in net consumer online sales, growth of 21.8% in 2017
- Proud of developments in innovation, loyalty programs and sustainable retailing
- Exceptionally strong free cash flow at €1.9 billion, up 40%, similar 2018 FCF expected
- Increasing capex in 2018 to €1.9 billion, to improve stores, online offerings and digital capabilities
- Pleased to propose a dividend of €0.63, an increase of 10.5% compared to last year, next to our €2 billion share buyback program commenced in January 2018

We are Better Together

And better positioned to meet the challenges of the future

Cautionary notice

This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words such as proposed, looking forward, continued commitment, increasing, expected, on track, targeted, outlook, to be, confident to reach, will, focused, expanding, further developing, going forward, to drive, schedule, strengthening, accelerating, building, sustainable, roadmap, priority, to stabilize, grow, 2018-2020, strategy, improve, further simplify, roll-out, available for, for, continue, expires 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



Important dates

2018/2019

- Annual General Meeting **April 11, 2018**
- Ahold Delhaize Q1 2018 results **May 9, 2018**
- Ahold Delhaize Q2 2018 results **August 8, 2018**
- Ahold Delhaize Q3 2018 results **November 7, 2018**
- Ahold Delhaize Q4/FY 2018 results **February 27, 2019**