



Third quarter 2015 results

November 11, 2015

Group highlights Q3 2015

- Strong sales performance, with Group sales up 13.0% (up 1.7% at constant exchange rates)
- Sales excluding gas up 3.3% at constant exchange rates
- Underlying operating income increased to €319 million; underlying operating margin at 3.8%
- Strong free cash flow of €230 million, up €160 million
- Identical sales in the Netherlands up 4.0%, reflecting positive trends at Albert Heijn and in online
- Underlying sales trends in the United States continued to improve, with identical sales growth of 1.8% excluding gas, adjusted for competitive disruption last year
- Agreement reached for Stop & Shop to acquire 25 A&P stores in New York

Group performance

(in millions of euros)

	Quarter 3			
	2015	2014	Change	Change*
Net sales	8,440	7,472	13.0%	1.7%
Net sales growth excluding gas				3.3%
Underlying operating income	319	285	11.9%	1.0%
Underlying operating margin	3.8%	3.8%		
Operating income	284	274	3.6%	(6.9%)
Income from continuing operations	189	177	6.8%	(4.9%)
Net income	189	178	6.2%	(5.3%)

- Net sales excl. gas up 3.3%*, with an improved sales trend in the majority of our markets
- Margins maintained at 3.8% due to strong Simplicity results
- Net income includes €12 million merger related costs and €11 million related to withdrawal from a multi-employer pension plan in the U.S.

* At constant exchange rates

Performance by segment

(in millions of euros)

	Quarter 3					
	Ahold USA		The Netherlands		Czech Republic	
	2015	Change*	2015	Change	2015	Change*
Net sales	5,248	(1.4%)	2,796	7.4%	396	5.5%
Net sales excl gas		0.8%		7.4%		6.4%
Underlying operating income	212	6.8%	129	1.6%	5	nm
Underlying operating margin	4.0%	0.2	4.6%	(0.3)	1.3%	1.6
Identical sales growth excl gas	0.4%	(0.8)	4.0%	5.1	(0.7%)	1.3

- Net sales in the U.S. excl. gas up 0.8%, positive underlying identical sales growth of 1.8% adjusted for competitive disruption in New England
- Strong sales growth in the Netherlands, particularly in Fresh at Albert Heijn and growth in online
- Underlying operating profit margin in the Czech Republic showed further improvement

* At constant exchange rates

Operating cash flow generation

(in millions of euros)

	Quarter 3		
	2015	2014	Change
Operating cash flow*	529	454	75
Change in working capital	(31)	(158)	127
Income tax paid	(80)	(26)	(54)
Net investment	(160)	(171)	11
Interest and dividend joint ventures	(28)	(29)	1
Free cash flow	230	70	160

- Positive change in working capital partly offset by a higher income tax charge
- YTD free cash flow of €783 million, up €341 million versus YTD Q3 2014
- FY 2015 free cash flow expectations slightly ahead of last year

* From continuing operations before changes in working capital and income tax paid

Business highlights: Ahold USA

Focused investments in quality, service and price

- Super KVIs rollout to be completed in 2016
- New produce departments launched in over 300 stores, showing an encouraging volume uplift. To be completed by mid-2016
- New bakery pilot started in 15 stores
- Second value investment with price reductions on thousands of products
- New brand campaign launched helping customers “save time, save money and eat well”



New grocery shopping experience opened: bfresh™

- Two stores launched at approx. 10,000 sq.ft., with focus on fresh foods, smart value and local convenience
- Broad offer of natural and organic, vegan and gluten-free options, and foods from around the world
- A new take on freshly prepared foods in its Little Kitchen™
- A small range of daily non-perishables to offer a one-stop shop for urban shoppers



25 A&P stores converted to Stop & Shop in NYM area

- Conversion of all 25 stores to be completed in November
- Total acquisition costs of \$150 million
- Capex of \$2-3 million per store falls within 2015 guidance
- Sales post-conversion expected to grow to be comparable to NYM stores
- First 12 months slightly dilutive on underlying margin, year two and beyond no margin impact expected
- Restructuring costs of around \$10 million expected in Q4 2015

Business highlights: the Netherlands

Innovation continues at Albert Heijn

- Acceleration of new products; 1,000 skus introduced since the beginning of the year



- Fully self-scan supermarket opened. Scanning done via mobile phone or handheld scanner
- Over 200 stores enabled with mobile self-scanning since March
- Online pilot store launched on Alibaba's Tmall platform in China with approx. 100 skus

Continued focus on Fresh

- Improved fresh deli assortment with an expanded assortment, better quality and improvements to own-brand deli products
- New ready-made meals introduced that cater to customer demands for healthier and tastier prepared foods
- Pilot of a "healthier checkout" in 100 stores



Rebrand of *Etos* and Gall & Gall

- Etos and Gall & Gall brands refreshed, reflecting focus on quality, service and advice



- Gall & Gall rolled out "Everyone an expert" strategy
- Etos own-brand launched at Ahold USA offering affordable beauty care products

Business highlights: Czech Republic

Supermarkets drive growth in third quarter

- *Favorite* store concept successfully rolled out to all 240 supermarkets
- Positive customer reactions result in sales uplift and identical growth
- New in-store communication following Albert rebranding features craftsmanship of our suppliers and quality of fresh food



Focus on improving the performance of our larger stores

- After successful trial in six compact hypers, *Favorite* store concept rolled out to 35 large former SPAR stores
- Store-centric model (SCM) introduced at Albert, with help from Stop & Shop. SCM is a modern concept used in the U.S. to improve execution of key processes by empowering store associates
- Other initiatives launched to further improve performance



Business highlights: Online

Continuing strong growth at bol.com

- Consumer sales up more than 30%
- 79 million visits in Q3, up 26%
- Now offering an assortment of 10 million products
- Plaza consumer sales up 78%, now representing over 20% of total sales
- Consumer sales in Belgium up 71%



Expanding the assortment and customer base at ah.nl

- Net sales up nearly 30%
- High customer growth in existing markets following focus on quality of service (completeness) and improved shopping experience
- Introduction of new products and solutions: Allerhande box, fresh bread, double frozen assortment, medicines and B2B improvements
- Now offering an assortment of 28,500 products



Accelerating momentum at Peapod

- Back to double-digit sales growth
- Increasing marketing efforts after New Jersey warehouse improved capacity usage and service levels
- Meal kits introduced for busy families, “Local Farm” boxes following local buying trend, and “Fruit & Indulgence” snack box targeting B2B customers



Ahold Delhaize proposed merger remains on track

Integration planning progressing well

- Closing still anticipated in mid-2016
- Different workstreams in place to manage key topics, including: synergies, strategy and operating model

Joint CEO roadshows coming up

- Roadshows planned in the coming weeks with Dick Boer and Frans Muller

Strong focus on key milestones

- Ahold F-4 (U.S. SEC)
- European prospectus (AFM)
- EGMs
- Merger clearance in the U.S. and Belgium



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Important additional information will be filed with the SEC

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Furthermore, this communication contains Ahold forward-looking statements as to acquisition by Stop & Shop New York Metro of A&P stores, free cash flow, focus on investments in quality, service and price, new grocery shopping experience *bfresh*, innovation, focus on fresh, rebranding of Etos and Gall & Gall, improvement of the performance of Ahold's larger stores in the Czech Republic and online activities. These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Ahold's ability to control or estimate precisely, such as the effect of general economic or political conditions, fluctuations in exchange rates or interest rates,

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 **Ahold**

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