Ahold Delhaize reports strong third quarter results

- Net sales of €16.7 billion, up 2.9% at constant exchange rates
- Net consumer online sales up 29.5% at constant exchange rates
- Operating income of €679 million
- Underlying operating income of €724 million, with underlying group operating margin of 4.3%
- Underlying EPS from continuing operations of €0.44, up 5.2% year over year
- U.S. comparable sales growth excluding gasoline +1.8%
- U.S. online sales growth accelerated to 26.3% at constant exchange rates in the third quarter

---

Zaandam, the Netherlands, November 6, 2019 – Ahold Delhaize, one of the world's largest food retail groups and a leader in both supermarkets and eCommerce, reports third quarter results today.

Frans Muller, President and CEO of Ahold Delhaize, said: "We saw a strong overall performance at our U.S. brands, particularly at Food Lion and Hannaford. Stop & Shop is operating in a challenging sales environment, but we are encouraged by improving transactions as we move into the fourth quarter. Our 'Re-imagine Stop & Shop' program is off to a good start, and we are pleased with the sales uplifts seen in the 21 remodeled Long Island stores, which are performing in line with our expectations.

"U.S. comparable sales excluding gasoline were up 1.8% during the quarter, which included a 0.3% benefit from Hurricane Dorian. Excluding the net impact from Hurricane Dorian this year and Hurricane Florence last year, comparable sales excluding gasoline were up approximately 2% in the third quarter. Comparable sales were strong in light of challenging prior year comparisons. We were encouraged to see the two-year stacked comparable sales growth accelerated to 4.5% in the third quarter of 2019, adjusted for weather, versus 3.3% in the second quarter of 2019, adjusted for both the strike and calendar shift impacts. In addition, our online business in the U.S. grew by 26.3% at constant exchange rates in the quarter, giving us confidence that we can achieve over 20% growth in U.S. online sales in 2019.

"In the Netherlands, our performance remained solid, with 3.0% comparable sales growth. Market share at Albert Heijn was flat year over year in the third quarter, an improved trend over previous quarters. Net consumer online sales for the segment were up 30.7%. At bol.com, our online retail platform in the Benelux, net consumer sales grew by 34.0%. While one-time items benefited underlying operating margins in the Netherlands, this benefit was largely offset at the group level by the unfavorable year-over-year impact from insurance results. In Belgium, comparable sales excluding calendar impacts were down modestly, but we gained market share and the trend for both improved over the last quarter. In Central and Southeastern Europe, we saw a strong performance, particularly in the Czech Republic and Romania, and both Greece and Serbia improved over previous quarters.

"We continue to make progress on the execution of our Leading Together strategy. We are well underway with our Save for Our Customers program, which is now expected to deliver €600 million in 2019, higher than our previous target of €540 million. We achieved our goal of having more than 600 Click and Collect points in the U.S. by year-end, ahead of schedule, in October. Our fresh kitchen and culinary innovation center in Rhode Island, which will test new fresh own-brand food concepts and process fresh fruit and vegetables, is now ramping up. In the U.S. and Europe, we continue to innovate by testing various forms of frictionless payment.

"We remain focused on health and sustainability, in line with our purpose: 'Eat well. Save time. Live better.' We recently announced a global goal to reduce food waste by 50% by 2030 as part of the '10x20x30' initiative, which brings together 10 of the world's largest food retailers to engage with 20 of their priority suppliers to halve food loss and waste by 2030.

"Today we also reiterate our 2019 outlook announced during our second quarter 2019 results."

Group performance

€ million, except per share data	Q3 2019	Q3 2018 restated	% change	% change constant rates	Q3 YTD 2019	Q3 YTD 2018 restated	% change	% change constant rates
Net sales	16,689	15,780	5.8 %	2.9 %	48,882	46,244	5.7 %	2.0 %
Of which: online sales	850	677	25.4 %	23.9 %	2,405	1,951	23.3 %	21.1 %
Net consumer online sales[1]	1,106	846	30.8 %	29.5 %	3,112	2,398	29.8 %	28.0 %
Operating income	679	671	1.1 %	(1.7)%	1,913	1,938	(1.3)%	(4.9)%
Income from continuing operations	453	477	(5.0)%	(7.5)%	1,223	1,288	(5.1)%	(8.5)%
Net income	453	460	(1.6)%	(4.1)%	1,222	1,271	(3.9)%	(7.3)%
Basic income per share from continuing operations	0.41	0.41	0.4 %	(2.3)%	1.10	1.08	1.5 %	(2.1)%
Underlying EBITDA[1]	1,410	1,348	4.6 %	1.8 %	4,034	3,964	1.8 %	(1.9)%
Underlying EBITDA margin[1]	8.5%	8.5%			8.3%	8.6%		
Underlying operating income[1]	724	698	3.7 %	0.8 %	2,012	2,018	(0.3)%	(3.9)%
Underlying operating margin[1]	4.3%	4.4%			4.1%	4.4%		
Underlying income per share from continuing operations[1]	0.44	0.42	5.2 %	2.3 %	1.19	1.13	4.9 %	1.1 %
Free cash flow[1]	484	494	(2.2)%	(4.9)%	835	1,540	(45.8)%	(47.8)%

1. *Net consumer online sales, underlying EBITDA, underlying operating income and free cash flow are alternative performance measures that are used throughout the report. For a description of alternative performance measures, refer to section* Use of alternative performance measures *at the end of this report.*

Performance by segment

The United States

	Q3 2019	Q3 2018 restated	% change	% change constant rates	Q3 YTD 2019	Q3 YTD 2018 restated	% change	% change constant rates
$ million								
Net sales	11,401	11,178	2.0%		33,368	33,001	1.1 %	
Of which: online sales	272	215	26.3%		771	654	17.8 %	
€ million								
Net sales	10,252	9,612	6.7%	2.0 %	29,698	27,662	7.4 %	1.1 %
Of which: online sales	244	185	32.1%	26.3 %	687	548	25.3 %	17.8 %
Operating income	435	415	5.0%	0.5 %	1,225	1,197	2.3 %	(3.5)%
Underlying operating income	448	430	4.2%	(0.3)%	1,270	1,239	2.5 %	(3.3)%
Underlying operating margin	4.4%	4.5%			4.3%	4.5%		
Comparable sales growth	1.5%	3.3%			0.7%	2.2%		
Comparable sales growth excluding gasoline	1.8%	3.0%			1.1%	1.8%		

In the third quarter of 2019, net sales in the United States grew by 2.0% at constant exchange rates to €10,252 million. Comparable sales excluding gasoline increased by 1.8%. Comparable sales excluding both gasoline and the impact from Hurricane Dorian increased by 1.5%. This sales result was strong in the context of a challenging prior year comparison, which included a 0.5% points net benefit from Hurricane Florence and created a headwind to comparable sales growth this year. Comparable sales growth excluding gasoline would have been approximately 2% adjusting out year-over-year weather impacts. Online sales increased by 26.3% at constant exchange rates to €244 million.

During the third quarter, we continued to open Click and Collect points, bringing the total to 537 points. In October, the U.S. brands achieved their goal to have more than 600 points operational by the end of 2019.

Underlying operating margin was 4.4%, down 0.1% points from the same quarter last year, mainly due to lower margins at Stop & Shop, which had negative sales growth, partly offset by the strong performance of most of the other U.S. brands.

The Netherlands

€ million	Q3 2019	Q3 2018 restated	% change	Q3 YTD 2019	Q3 YTD 2018 restated	% change
Net sales	3,623	3,469	4.4%	10,834	10,413	4.0 %
Of which: online sales	588	477	23.1%	1,664	1,356	22.7 %
Net consumer online sales	845	647	30.7%	2,371	1,803	31.5 %
Operating income	205	183	12.3%	569	550	3.4 %
Underlying operating income	204	184	10.4%	569	555	2.3 %
Underlying operating margin	5.6%	5.3%		5.3%	5.3%	
Comparable sales growth	3.0%	5.9%		3.2%	4.0%	

Net sales in the Netherlands of €3,623 million increased by 4.4% compared to the previous year. Comparable sales grew by 3.0%. Net consumer online sales for the segment increased by 30.7% compared to last year, driven by the strong growth of both ah.nl and bol.com, the latter realizing a net consumer online sales increase of 34.0% in the quarter with third-party sales as the primary growth driver.

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

Albert Heijn continues to rapidly convert stores to its new fresh- and technology-focused concept and provide thousands of associates with additional training. In the quarter, the brand converted its 96th store. Albert Heijn remains on track to have 120 stores completed by the end of 2019, with more planned for next year.

Our underlying operating margin in the Netherlands was 5.6%, up 0.3% points compared to the same quarter last year. Excluding bol.com, the margin was 6.4%, or 0.5% points higher. One-time items benefited margins, offset in part by investments in digital and eCommerce.

Belgium

€ million	Q3 2019	Q3 2018 restated	% change	Q3 YTD 2019	Q3 YTD 2018 restated	% change
Net sales	1,253	1,226	2.1 %	3,755	3,757	(0.1)%
Of which: online sales	13	12	17.2 %	41	36	16.0 %
Operating income	31	35	(14.0)%	90	96	(6.7)%
Underlying operating income	36	39	(9.3)%	101	103	(1.3)%
Underlying operating margin	2.8%	3.2%		2.7 %	2.7%	
Comparable sales growth	2.0%	0.6%		(0.2)%	2.0%	

Net sales in Belgium were €1,253 million, up 2.1% versus the same quarter last year. Comparable sales were up 2.0%. Adjusted for the calendar impact, comparable sales were down 0.6%. Delhaize.be's online sales growth for the quarter was 17.2%. Delhaize gained market share during the quarter.

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.

Underlying operating margin in Belgium was down 0.4% points at 2.8% in the quarter, driven mainly by higher logistical expenses.

Central and Southeastern Europe (CSE)

€ million	Q3 2019	Q3 2018 restated	% change	% change constant rates	Q3 YTD 2019	Q3 YTD 2018 restated	% change	% change constant rates
Net sales	1,562	1,473	6.1 %	6.4 %	4,595	4,412	4.1 %	4.7 %
Operating income	44	61	(29.3)%	(29.0)%	152	178	(14.9)%	(14.3)%
Underlying operating income	72	64	12.5 %	13.0 %	180	181	(0.2)%	0.4 %
Underlying operating margin	4.6%	4.3%			3.9%	4.1%		
Comparable sales growth	4.4%	0.6%			2.9%	0.5%		
Comparable sales growth excluding gasoline	4.5%	0.6%			3.0%	0.6%		

Net sales in Central and Southeastern Europe increased by 6.4% at constant exchange rates to €1,562 million. Net sales growth in the third quarter resulted from comparable sales growth excluding gasoline of 4.5% and the net addition of 148 stores – most of them convenience stores – opened in Romania, Greece and Serbia.

Our performance in the Czech Republic and Romania showed strong sales growth trends and our sales performance in Greece and Serbia improved compared to previous quarters.

CSE's underlying operating margin was 4.6%, up 0.3% points versus last year, driven by higher margins in all the brands except Greece, which was down from the prior year, but improved compared to previous quarters.

Global Support Office

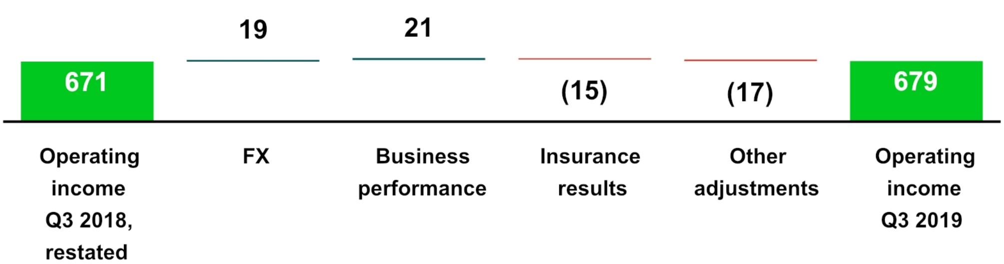
€ million	Q3 2019	Q3 2018	% change	% change constant rates	Q3 YTD 2019	Q3 YTD 2018	% change	% change constant rates
Underlying operating loss	(35)	(19)	84.2%	87.1%	(109)	(60)	80.1 %	84.3 %
Underlying operating loss excluding insurance results	(34)	(33)	2.5%	1.4%	(98)	(103)	(4.8)%	(6.2)%

Underlying Global Support Office costs were €35 million, which was €16 million higher than the prior year as a result of the negative impact of €15 million from insurance. These insurance results mainly reflect the discounting impact to our insurance provision, driven by lower interest rates.
Underlying costs excluding insurance results were €34 million, compared to €33 million in Q3 2018.

Financial review

Third quarter 2019 (compared to third quarter 2018, restated)

Operating income increased by €8 million to €679 million, which can be explained by:



Other adjustments to operating income compared to Q3 2018 represent the increase in impairments (€20 million), offset by the decrease in restructuring and related charges (€2 million) and the increase in gains on leases and the sale of assets (€1 million).

To arrive at an underlying operating income of €724 million (up €26 million over Q3 2018), operating income is adjusted for:

- Impairments of €29 million
- Gains on leases and the sale of assets of €10 million
- Restructuring and related charges of €25 million

Income from continuing operations was €453 million, which was €24 million lower than last year. This follows mainly from higher income taxes of €29 million and higher net financial expenses of €2 million, offset by the increase in operating income of €8 million.

Free cash flow, under the new definition following the implementation of IFRS 16, was €484 million, which represents a decrease of €10 million compared to Q3 2018, mainly driven by:

- Higher purchases of non-current assets of €125 million
- Decline in changes in working capital of €129 million
- Partially offset by increased cash flows from operations of €154 million, lower repayments of lease liabilities of €53 million and lower income taxes paid of €22 million.

Net debt increased in Q3 2019 by €324 million to €12,282 million, mainly a result of the dividend payment of €330 million, share buyback of €142 million and foreign exchange impact on net debt of €259 million, partially offset by our free cash flow of €484 million.

First three quarters 2019 (compared to first three quarters 2018, restated)

Operating income decreased by €25 million to €1,913 million. Recorded in operating income are:

- Impairments of €51 million (Q3 YTD 2018: €16 million)
- Gains on leases and the sale of assets of €21 million (Q3 YTD 2018: €14 million)
- Restructuring and related charges of €68 million (Q3 YTD 2018: €78 million)

These total €99 million (Q3 YTD 2018: €80 million) and are adjusted to arrive at underlying operating income of €2,012 million (Q3 YTD 2018: €2,018 million).

Income from continuing operations was €1,223 million, which was €65 million lower than last year. This reflects the decrease in operating income of €25 million, higher income taxes of €41 million and higher net financial expenses of €6 million, partially offset by higher income from joint ventures of €7 million.

Free cash flow, under the new definition, was €835 million, or €705 million lower than last year. This decrease is mainly due to higher capital expenditures of €479 million, higher income taxes paid of €202 million and a decline in changes in working capital of €202 million, partly offset by increased cash flows from operations of €220 million.

Outlook

We continue to anticipate that underlying operating margin for the group will be slightly lower in 2019 than 2018. Additionally, we continue to expect underlying earnings per share growth for the year to be in the low single digits, due to the effect of the strike primarily in the second quarter. We reiterate group free cash flow of around €1.8 billion (IFRS 16 definition) for the full year 2019 due to the continued business strength of our U.S. and European brands. We continue to expect to spend €2.0 billion in capital expenditures in 2019.

Changes to 2019 reporting

Ahold Delhaize adopted the IFRS 16 accounting standard on December 31, 2018, (the start of its 2019 financial year) and applied the full retrospective transition approach. In accordance with this, comparative figures for 2018 have been restated.

IFRS 16 introduces a single, on-balance sheet accounting model for leases. For most of our leases, we recognized a right-of-use asset, representing our right to use the underlying asset, and a lease liability, representing our obligation to make future lease payments.

The implementation of IFRS 16 has no economic or cash impact on the Group or the way we manage our business, nor does it drive decisions on the allocation of capital. However, it does have a significant impact on our balance sheet and income statement, as well as the classification of cash flows relating to lease contracts.

See *Note 2* and section *Use of alternative performance measures* in this report for more information, and *Note 13* and section *Alternative performance measures: restatement of 2018 comparatives* for the related effects. See *Note 10* for the amendment to the credit facility.

Detailed information on the IFRS 16 changes are provided in the published document “2018 Restatement for the adoption of IFRS 16," which can be accessed via this link: 2018 Restatement booklet IFRS 16.

All amounts disclosed are in millions of euros, unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided. The percentage change and margins are calculated based on the amounts in thousands (except per share data).

Consolidated income statement

€ million, except per share data	Note	Q3 2019	Q3 2018 restated	Q3 YTD 2019	Q3 YTD 2018 restated
Net sales	4/5	16,689	15,780	48,882	46,244
Cost of sales	6	(12,138)	(11,524)	(35,571)	(33,783)
Gross profit		**4,551**	**4,256**	**13,311**	**12,461**
Selling expenses		(3,282)	(3,025)	(9,613)	(8,866)
General and administrative expenses		(591)	(560)	(1,785)	(1,657)
Total operating expenses	6	(3,873)	(3,585)	(11,397)	(10,523)
Operating income	4	**679**	**671**	**1,913**	**1,938**
Interest income		13	21	52	60
Interest expense		(41)	(55)	(138)	(154)
Net interest expense on defined benefit pension plans		(4)	(5)	(13)	(14)
Interest accretion to lease liability		(92)	(89)	(273)	(264)
Other financial income (expense)		(1)	4	(24)	(18)
Net financial expenses		(126)	(124)	(396)	(390)
Income before income taxes		**553**	**547**	**1,517**	**1,548**
Income taxes	7	(113)	(84)	(322)	(281)
Share in income of joint ventures		14	14	28	21
Income from continuing operations		**453**	**477**	**1,223**	**1,288**
Loss from discontinued operations		—	(17)	(1)	(17)
Net income attributable to common shareholders		**453**	**460**	**1,222**	**1,271**
Net income per share attributable to common shareholders					
Basic		0.41	0.40	1.10	1.07
Diluted		0.41	0.39	1.09	1.05
Income from continuing operations per share attributable to common shareholders					
Basic		0.41	0.41	1.10	1.08
Diluted		0.41	0.40	1.10	1.07
Income from discontinued operations per share attributable to common shareholders					
Basic		—	(0.01)	—	(0.01)
Diluted		—	(0.01)	—	(0.01)
Weighted average number of common shares outstanding (in millions)					
Basic		1,100	1,163	1,112	1,190
Diluted		1,104	1,191	1,117	1,218
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.8993	0.8600	0.8900	0.8378

Consolidated statement of comprehensive income

€ million	Note	Q3 2019	Q3 2018 restated	Q3 YTD 2019	Q3 YTD 2018 restated
Net income		**453**	**460**	**1,222**	**1,271**
Remeasurements of defined benefit pension plans					
Remeasurements before taxes – income (loss)		(56)	11	(143)	72
Income taxes		12	(3)	31	(20)
Other comprehensive income (loss) that will not be reclassified to profit or loss		(44)	8	(111)	52
Currency translation differences in foreign interests:					
Continuing operations		392	70	462	330
Income taxes		1	—	(1)	—
Cash flow hedges:					
Fair value result for the period		—	—	(5)	1
Transfers to net income		—	—	2	1
Other comprehensive income reclassifiable to profit or loss		393	70	458	332
Total other comprehensive income		**349**	**78**	**347**	**384**
Total comprehensive income attributable to common shareholders		**802**	**538**	**1,569**	**1,655**
Attributable to:					
Continuing operations		802	555	1,570	1,672
Discontinued operations		—	(17)	(1)	(17)
Total comprehensive income attributable to common shareholders		**802**	**538**	**1,569**	**1,655**

Consolidated balance sheet

€ million	Note	September 29, 2019	December 30, 2018 restated
Assets			
Property, plant and equipment		10,512	10,046
Investment property		957	963
Right-of-use asset		7,215	7,027
Intangible assets		12,157	11,813
Investments in joint ventures and associates		227	213
Other non-current financial assets		671	636
Deferred tax assets		219	166
Other non-current assets		47	48
Total non-current assets		**32,005**	**30,912**
Assets held for sale		34	23
Inventories		3,378	3,196
Receivables		1,786	1,846
Other current financial assets		327	461
Income taxes receivable		135	53
Prepaid expenses and other current assets		212	217
Cash and cash equivalents	9	3,470	3,122
Total current assets		**9,342**	**8,918**
Total assets		**41,347**	**39,830**
Equity and liabilities			
Equity attributable to common shareholders	8	**13,930**	**14,205**
Loans		3,923	3,683
Other non-current financial liabilities		8,695	8,946
Pensions and other post-employment benefits		740	532
Deferred tax liabilities		807	682
Provisions		780	751
Other non-current liabilities		80	88
Total non-current liabilities		**15,026**	**14,682**
Accounts payable		5,887	5,815
Other current financial liabilities		3,763	2,215
Income taxes payable		82	110
Provisions		337	312
Other current liabilities		2,322	2,491
Total current liabilities		**12,390**	**10,943**
Total equity and liabilities		**41,347**	**39,830**
Year-end U.S. dollar exchange rate (euro per U.S. dollar)		0.9141	0.8738

Consolidated statement of changes in equity

€ million	Note	Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserve	Other reserves including retained earnings	Equity attributable to common shareholders
Balance as of January 1, 2018, as previously reported		**12**	**15,175**	**(555)**	**(4)**	**541**	**15,169**
Effect of change in accounting policy – IFRS 16		—	—	—	—	(578)	(578)
Balance as of January 1, 2018, restated		**12**	**15,175**	**(555)**	**(4)**	**(37)**	**14,591**
Net income attributable to common shareholders – restated		—	—	—	—	1,271	**1,271**
Other comprehensive income – restated		—	—	330	2	52	**384**
Total comprehensive income attributable to common shareholders – restated		—	—	330	2	1,323	**1,655**
Dividends		—	—	—	—	(757)	**(757)**
Share buyback		—	—	—	—	(1,641)	**(1,641)**
Share-based payments		—	—	—	—	49	**49**
Balance as of September 30, 2018, restated		**12**	**15,175**	**(225)**	**(2)**	**(1,063)**	**13,897**
Balance as of December 30, 2018, as previously reported		**12**	**13,999**	**(60)**	**(2)**	**867**	**14,816**
Effect of change in accounting policy – IFRS 16		—	—	(20)	—	(591)	**(611)**
Balance as of December 30, 2018, restated		**12**	**13,999**	**(80)**	**(2)**	**276**	**14,205**
Net income attributable to common shareholders		—	—	—	—	1,222	**1,222**
Other comprehensive income (loss)		—	—	461	(2)	(111)	**347**
Total comprehensive income attributable to common shareholders		—	—	461	(2)	1,111	**1,569**
Dividends	8	—	—	—	—	(1,114)	**(1,114)**
Share buyback	8	—	—	—	—	(773)	**(773)**
Share-based payments		—	—	—	—	44	**44**
Balance as of September 29, 2019		**12**	**13,999**	**380**	**(4)**	**(457)**	**13,930**

Consolidated statement of cash flow

€ million	Note	Q3 2019	Q3 2018 restated	Q3 YTD 2019	Q3 YTD 2018 restated
Income from continuing operations		453	477	1,223	1,288
Adjustments for:					
Net financial expenses		126	124	396	390
Income taxes		113	84	322	281
Share in income of joint ventures		(14)	(14)	(28)	(21)
Depreciation, amortization and impairments	6	731	659	2,097	1,962
(Gains) losses on leases and the sale of assets / disposal groups held for sale		(13)	(8)	(23)	(19)
Share-based compensation expenses		14	16	47	47
Operating cash flows before changes in operating assets and liabilities		1,411	1,338	4,035	3,928
Changes in working capital:					
Changes in inventories		(11)	78	(90)	41
Changes in receivables and other current assets		50	8	84	29
Changes in payables and other current liabilities		(138)	(56)	(201)	(75)
Changes in other non-current assets, other non-current liabilities and provisions		6	(75)	2	(111)
Cash generated from operations		1,318	1,293	3,829	3,812
Income taxes paid – net		(16)	(38)	(334)	(132)
Operating cash flows from continuing operations		1,302	1,255	3,495	3,680
Net cash from operating activities		**1,302**	**1,255**	**3,495**	**3,680**
Purchase of non-current assets		(540)	(415)	(1,561)	(1,082)
Divestments of assets / disposal groups held for sale		18	3	67	20
Acquisition of businesses, net of cash acquired	3	(5)	(3)	(23)	(13)
Divestment of businesses, net of cash divested		(1)	—	(10)	(2)
Changes in short-term deposits and similar instruments		—	(98)	165	(444)
Dividends received from joint ventures		—	1	17	17
Interest received		10	16	46	52
Lease payments received on lease receivables		21	23	69	63
Other		3	6	1	(2)
Investing cash flows from continuing operations		(494)	(467)	(1,230)	(1,391)
Net cash from investing activities		**(494)**	**(467)**	**(1,230)**	**(1,391)**
Proceeds from long-term debt		—	—	596	797
Interest paid		(17)	(27)	(139)	(137)
Repayments of loans		(6)	(6)	(615)	(24)
Changes in short-term loans		256	1,021	1,210	897
Repayment of lease liabilities		(309)	(362)	(1,159)	(1,073)
Dividends paid on common shares	8	(330)	—	(1,114)	(757)
Share buyback	8	(142)	(686)	(774)	(1,647)
Other cash flows from derivatives		—	—	(5)	(4)
Other		(13)	—	(17)	(3)
Financing cash flows from continuing operations		(561)	(60)	(2,016)	(1,951)
Financing cash flows from discontinued operations		—	(1)	—	(3)
Net cash from financing activities		**(561)**	**(61)**	**(2,016)**	**(1,954)**
Net cash from operating, investing and financing activities		**247**	**727**	**249**	**335**
Cash and cash equivalents at the beginning of the period (excluding restricted cash)		3,143	4,226	3,110	4,542
Effect of exchange rates on cash and cash equivalents		63	21	94	97
Cash and cash equivalents at the end of the period (excluding restricted cash)	9	**3,453**	**4,974**	**3,453**	**4,974**
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.8993	0.8600	0.8900	0.8378

Notes to the consolidated interim financial statements

1. The Company and its operations

The principal activity of Koninklijke Ahold Delhaize N.V. ("Ahold Delhaize" or the "Company" or "Group" or "Ahold Delhaize Group"), a public limited liability company with its registered seat and head office in Zaandam, the Netherlands, is the operation of retail food stores and eCommerce primarily in the United States and Europe.

The information in these condensed consolidated interim financial statements ("financial statements") is unaudited.

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting.” The accounting policies applied in these financial statements are consistent with those applied in Ahold Delhaize’s 2018 Financial Statements, except as otherwise indicated below under "New and revised IFRSs effective in 2019."

Taxes on income in the interim periods are accrued for using the tax rate that is expected to be applicable to the total annual profit or loss.

These consolidated financial statements are presented in millions of euros (€), unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided.

Ahold Delhaize's reporting calendar in 2019 and 2018 is based on a 4/4/5-week calendar, with four equal quarters of 13 weeks, for a total of 52 weeks.

Segmentation

Ahold Delhaize’s operating segments are its retail operating companies that engage in business activities from which they earn revenues and incur expenses, and whose operating results are regularly reviewed by the Executive Committee to make decisions about resources to be allocated to the segments and to assess their performance. In establishing the reportable segments, certain operating segments with similar economic characteristics have been aggregated. As Ahold Delhaize’s operating segments offer similar products using complementary business models, and there is no discernible difference in customer bases, Ahold Delhaize’s policy on aggregating its operating segments into reportable segments is based on geography, functional currency and management oversight.

New and revised IFRSs effective in 2019

IFRS 16, “Leases”

Definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

The Company applies the recognition exemptions for short-term leases and leases of low-value items, defined by the Company to be below $5,000 per item. The payments for these exempted leases are recognized in the income statement on a straight-line basis over their lease terms.

As a lessee

The Company recognizes a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received. The right-of-use asset for acquired leases is adjusted for any favorable or unfavorable lease rights recognized as part of the purchase price allocation. The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the lease term or the useful life of the underlying asset. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Right-of-use assets are separately disclosed as a line in the balance sheet, but right-of-use assets that meet the definition of investment property are included in "Investment property," and separately disclosed in the notes.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company has elected to separate lease and non-lease components included in lease payments for all leases. Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, which are initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee
- The exercise price of a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is included in "Other current financial liabilities" and "Other non-current financial liabilities."

In the cash flow statement, the Company has classified the principal portion of lease payments, as well as the interest portion, within financing activities. Lease payments are not split between interest and principal portions but are shown as one line, "Repayment of lease liabilities," in the cash flow statement. Lease payments for short-term leases, lease payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities.

The Company applies judgment to determine the lease term for the lease contracts, in which it is a lessee, that include renewal and termination options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

As a lessor

Lessor accounting remains similar to the previous standard and the Company continues to classify leases as finance or operating leases at lease inception based upon whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset.

Leases classified as finance leases result in the recognition of a net investment in a lease representing the Company's right to receive rent payments. The value of the net investment in a lease is the value of the future rent payments to be received and the unguaranteed residual value of the underlying asset discounted using the rate implicit in the lease.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sublease as an operating lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "Rent expenses and income – net."

The Company has classified cash flows from operating leases as operating activities. Cash flows representing the collection of principal and interest payments for finance lease receivables are classified as investing activities and disclosed using a single line in the cash flow statement, being "Lease payments received on lease receivables."

The adoption of IFRS 16 has resulted in restatements of Ahold Delhaize's 2018 comparative amounts (see *Note 13*).

Amendments to IAS 19, “Plan Amendments, Curtailment or Settlement”

The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must (i) calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change; (ii) recognize any reduction in a surplus immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement; and (iii) separately recognize any changes in the asset ceiling through other comprehensive income. These amendments have no impact on the consolidated financial statements.

Amendments to IAS 28, “Long-term Interests in Associates and Joint Ventures”

The amendments to IAS 28 were made to clarify that IFRS 9, “Financial Instruments,” applies to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. These amendments have no impact on the consolidated financial statements.

IFRIC 23, “Uncertainty over Income Tax Treatments”

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. The interpretation does not have an impact on the consolidated financial statements.

Annual improvements to IFRSs 2015-2017

A number of amendments were made to various IFRSs that do not have a significant effect on the consolidated financial statements.

3. Business combinations and goodwill

Ahold Delhaize completed various store acquisitions for a total purchase consideration of €23 million. The allocation of the fair values of the identifiable assets acquired, liabilities assumed and the goodwill arising from the acquisitions through Q3 2019 are as follows:

€ million	Total acquisitions
Goodwill	18
Property, plant and equipment	6
Right-of-use asset	31
Current assets	1
Lease liabilities	(29)
Current liabilities	(1)
Fair value of assets and liabilities recognized	**27**
Gain on bargain purchase (negative goodwill)	(4)
Total purchase consideration	**23**
Cash acquired	—
Acquisition of businesses, net of cash	**23**

A reconciliation of Ahold Delhaize's goodwill balance, which is presented within intangible assets, is as follows:

€ million	Goodwill
As of December 30, 2018	
At cost	7,102
Accumulated impairment losses	(8)
Opening carrying amount	**7,094**
Acquisitions through business combinations	18
Exchange rate differences	208
Closing carrying amount	**7,319**
As of September 29, 2019	
At cost	7,327
Accumulated impairment losses	(8)
Closing carrying amount	**7,319**

4. Segment reporting

Ahold Delhaize's retail operations are presented in four reportable segments. In addition, "Other retail," consisting of Ahold Delhaize's unconsolidated joint ventures JMR – Gestão de Empresas de Retalho, SGPS, S.A. ("JMR") and P.T. Lion Super Indo ("Super Indo"), as well as Ahold Delhaize's Global Support Office, are presented separately. The accounting policies used for the segments are the same as the accounting policies used for the Financial Statements as described in *Note 2*.

All reportable segments sell a wide range of perishable and non-perishable food and non-food consumer products.

Reportable segment	Operating segments included in the Reportable segment
The United States	Stop & Shop, Food Lion, Giant/Martin's, Hannaford, Giant Food and Peapod
The Netherlands	Albert Heijn (including the Netherlands and Belgium), Etos, Gall & Gall and bol.com (including the Netherlands and Belgium)
Belgium	Delhaize (including Belgium and Luxembourg)
Central and Southeastern Europe	Albert (Czech Republic), Alfa Beta (Greece), Mega Image (Romania), Delhaize Serbia (Republic of Serbia)

Other	Included in Other
Other retail	Unconsolidated joint ventures JMR (49%) and Super Indo (51%)
Global Support Office	Global Support Office staff (the Netherlands, Belgium, Switzerland and the United States)

Net sales

Net sales per segment are as follows:

	Q3 2019	Q3 2018	Q3 YTD 2019	Q3 YTD 2018
$ million				
The United States	11,401	11,178	33,368	33,001
Average U.S. dollar exchange rate (euro per U.S. dollar)	*0.8993*	*0.8600*	*0.8900*	*0.8378*
€ million				
The United States	10,252	9,612	29,698	27,662
The Netherlands	3,623	3,469	10,834	10,413
Belgium	1,253	1,226	3,755	3,757
Central and Southeastern Europe	1,562	1,473	4,595	4,412
Ahold Delhaize Group	**16,689**	**15,780**	**48,882**	**46,244**

Operating income

Operating income (loss) per segment is as follows:

	Q3 2019	Q3 2018 restated	Q3 YTD 2019	Q3 YTD 2018 restated
$ million				
The United States	484	482	1,377	1,427
Average U.S. dollar exchange rate (euro per U.S. dollar)	*0.8993*	*0.8600*	*0.8900*	*0.8378*
€ million				
The United States	435	415	1,225	1,197
The Netherlands	205	183	569	550
Belgium	31	35	90	96
Central and Southeastern Europe	44	61	152	178
Global Support Office	(36)	(23)	(122)	(83)
Ahold Delhaize Group	**679**	**671**	**1,913**	**1,938**

5. Net sales

Q3 2019

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Ahold Delhaize Group
Sales from owned stores	9,937	2,243	591	1,494	14,266
Sales to and fees from franchisees and affiliates	—	784	642	54	1,481
Online sales	244	588	13	4	850
Wholesale sales	41	—	4	9	54
Other sales	29	7	3	1	39
Net sales	**10,252**	**3,623**	**1,253**	**1,562**	**16,689**

Q3 2018

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Ahold Delhaize Group
Sales from owned stores	9,364	2,245	585	1,411	13,605
Sales to and fees from franchisees and affiliates	—	740	623	50	1,413
Online sales	185	477	12	3	677
Wholesale sales	37	—	3	9	49
Other sales	26	7	3	—	36
Net sales	**9,612**	**3,469**	**1,226**	**1,473**	**15,780**

First three quarters 2019

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Ahold Delhaize Group
Sales from owned stores	28,811	6,860	1,790	4,424	41,885
Sales to and fees from franchisees and affiliates	—	2,290	1,906	130	4,326
Online sales	687	1,664	41	13	2,405
Wholesale sales	112	—	9	26	147
Other sales	89	20	9	2	119
Net sales	**29,698**	**10,834**	**3,755**	**4,595**	**48,882**

First three quarters 2018

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Ahold Delhaize Group
Sales from owned stores	26,935	6,827	1,824	4,257	39,843
Sales to and fees from franchisees and affiliates	—	2,207	1,877	117	4,201
Online sales	548	1,356	36	11	1,951
Wholesale sales	101	—	11	26	138
Other sales	78	23	9	1	111
Net sales	**27,662**	**10,413**	**3,757**	**4,412**	**46,244**

6. Expenses by nature

The aggregate of cost of sales and operating expenses is specified by nature as follows:

€ million	Q3 2019	Q3 2018 restated	Q3 YTD 2019	Q3 YTD 2018 restated
Cost of product	11,590	11,020	33,961	32,317
Labor costs	2,420	2,263	7,152	6,670
Other operational expenses	1,306	1,207	3,867	3,463
Depreciation and amortization	702	650	2,046	1,946
Rent expenses and income – net	(27)	(31)	(87)	(92)
Impairment losses and reversals – net	29	9	51	16
(Gains) losses on leases and the sale of assets – net	(10)	(9)	(21)	(14)
Total expenses by nature	**16,010**	**15,109**	**46,969**	**44,306**

7. Income taxes

The increase in the effective tax rate for Q3 (YTD) 2019 is mainly caused by one-time events in Q3 (YTD) 2018.

8. Equity attributable to common shareholders

Dividend on common shares

On April 10, 2019, the General Meeting of Shareholders approved the dividend over 2018 of €0.70 per common share. The dividend was paid on April 25, 2019.

On August 7, 2019, the Company announced the interim dividend for 2019 of €0.30 per common share. The interim dividend was paid on August 29, 2019.

Share buyback 2019

On January 2, 2019, the Company commenced the €1 billion share buyback program that was announced on November 13, 2018. During the first three quarters of 2019, 35,813,587 of the Company's own shares were repurchased at an average price of €21.57 per share. The program is expected to be completed before the end of 2019.

The number of outstanding common shares as of September 29, 2019, was 1,097,761,680 (December 30, 2018: 1,130,200,138).

9. Cash

The following table presents the reconciliation between the cash and cash equivalents as presented in the statement of cash flows and on the balance sheet:

€ million	September 29, 2019	December 30, 2018
Cash and cash equivalents as presented in the statement of cash flows	3,453	3,110
Restricted cash	16	12
Cash and cash equivalents as presented on the balance sheet[1]	**3,470**	**3,122**

1. *Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €1,362 million (December 30, 2018: €695 million), which is offset by an identical amount included under Other current financial liabilities.*

10. Financial instruments

Fair values of financial instruments

The following table presents the fair values of financial instruments, based on Ahold Delhaize's categories of financial instruments, including current portions, compared to the carrying amounts at which these instruments are included on the balance sheet:

	September 29, 2019		December 30, 2018, restated	
€ million	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortized cost				
Loans receivable	60	66	69	72
Trade and other (non-)current receivables	1,702	1,702	1,756	1,756
Lease receivable	447	467	453	454
Cash and cash equivalents	3,470	3,470	3,122	3,122
Short-term deposits and similar instruments	105	105	266	266
	5,783	5,809	5,666	5,670
Financial assets at fair value through profit or loss (FVPL)				
Reinsurance assets	253	253	218	218
Investments in debt instruments	145	145	128	128
	398	398	346	346
Derivative financial instruments				
Derivatives	1	1	1	1
Total financial assets	**6,182**	**6,208**	**6,014**	**6,017**

€ million	September 29, 2019		December 30, 2018 restated	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities at amortized cost				
Notes	(3,998)	(4,282)	(3,476)	(3,500)
Other loans	(3)	(3)	(3)	(3)
Financing obligations	(274)	(230)	(277)	(235)
Mortgages payable	(89)	(100)	(89)	(103)
Cumulative preferred financing shares	—	—	(455)	(481)
Dividend cumulative preferred financing shares	—	—	(17)	(17)
Accounts payable	(5,887)	(5,887)	(5,815)	(5,815)
Short-term borrowings	(1,987)	(1,987)	(753)	(753)
Interest payable	(51)	(51)	(38)	(38)
Other	(95)	(99)	(93)	(95)
	(12,383)	(12,637)	(11,016)	(11,040)
Financial liabilities at fair value through profit or loss				
Reinsurance liabilities	(257)	(257)	(223)	(223)
Total financial liabilities excluding lease liabilities	**(12,640)**	**(12,895)**	**(11,239)**	**(11,263)**
Lease liabilities	(9,641)	n/a	(9,432)	n/a
Total financial liabilities	**(22,282)**	**n/a**	**(20,671)**	**n/a**

Issuance of Sustainability Bond

On June 19, 2019, Ahold Delhaize announced that it successfully issued its first Sustainability Bond, amounting to €600 million with a term of six years, maturing on June 26, 2025. The issuance is priced at 99.272% and carries an annual coupon of 0.250%.

Redemption of the cumulative preferred financing shares

On April 10, 2019, the General Meeting of Shareholders authorized the Management Board to acquire all cumulative preferred financing shares in the Company. On May 10, 2019, Ahold Delhaize acquired all 223,415,103 cumulative preferred financing shares at a redemption value of €477 million. Net financial expenses include transaction results from the cumulative preferred shares redemption, resulting in a one-off cost of €22 million. The cumulative preferred financing shares were cancelled on July 16, 2019.

Credit facilities

Ahold Delhaize has access to a €1.0 billion committed credit facility that contains customary covenants and is subject to 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.

Financial assets and liabilities measured at fair value on the balance sheet

Of Ahold Delhaize's categories of financial instruments, only derivatives, investments in debt instruments and reinsurance assets (liabilities) are measured and recognized on the balance sheet at fair value. These fair value measurements are categorized within Level 2 of the fair value hierarchy. The Company uses inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The fair value of derivative instruments is measured by using either a market or income approach (mainly present value techniques). Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates that match the maturity of the contracts. Interest rate swaps are measured at the present value of expected future cash flows. Expected future cash flows are discounted by using the applicable yield curves derived from quoted interest rates.

To the extent that no cash collateral is contractually required, the valuation of Ahold Delhaize's derivative instruments is adjusted for the credit risk of the counterparty, called Credit Valuation Adjustment (CVA), and adjusted for Ahold Delhaize's own credit risk, called Debit Valuation Adjustment (DVA). The valuation technique for the CVA / DVA calculation is based on relevant observable market inputs.

No CVA / DVA adjustments are made to the valuation of certain derivative instruments, for which both Ahold Delhaize and its counterparties are required to post or redeem cash collaterals if the value of a derivative exceeds a threshold defined in the contractual provisions. Such cash collaterals materially reduce the impact of both the counterparties' and Ahold Delhaize's own non-performance risk on the value of the instrument. The portion of outstanding derivatives that was collateralized as of September 29, 2019, is nil (December 30, 2018: nil).

The carrying amount of trade and other (non-)current receivables, cash and cash equivalents, accounts payable, short-term deposits and similar instruments, and other current financial assets and liabilities approximate their fair values because of the short-term nature of these instruments and, for receivables, because any expected recoverability loss is reflected in an impairment loss. The fair values of quoted borrowings for which an active market exists are based on quoted prices at the end of the reporting period. The fair value of other non-derivative financial assets and liabilities that are not traded in an active market are estimated using discounted cash flow analyses based on prevailing market rates.

11. Commitments and contingencies

A comprehensive overview of commitments and contingencies as of December 30, 2018, is included in *Note 34* of Ahold Delhaize's 2018 Financial Statements, as included in the 2018 Annual Report, published on February 27, 2019.

In the Albert Heijn Franchising litigation, on July 23, 2019, the Court of Appeal issued a judgement rejecting, except for one, all the claims of the Vereniging Albert Heijn Franchisenemers ("VAHFR") and the claimants. On October 23, 2019, the VAHFR and the claimants filed an appeal in cassation to the Supreme Court. Albert Heijn Franchising BV and its affiliates will continue to vigorously defend their interest in the legal proceedings.

12. Subsequent events

There have been no significant subsequent events.

13. Changes in accounting policies – effect of IFRS 16 adoption

The Company adopted IFRS 16 on December 31, 2018, and applied the full retrospective transition approach, and, therefore, the comparative figures for the 2018 financial year have been restated, as presented below.

IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets, representing its rights to use the underlying assets, and lease liabilities, representing its obligation to make lease payments.

For the income statement, the nature of expenses related to leases, where the Company leases an asset (lessee), has changed as IFRS 16 replaces the operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

On its transition to IFRS 16, the Company determined whether an arrangement contains a lease. When performing this assessment, the Company could choose whether to apply the IFRS 16 definition of a lease to all its contracts or apply the practical expedient allowed under IFRS 16 and not reassess whether a contract is, or contains, a lease. The Company chose to apply the practical expedient to grandfather the definition of a lease upon transition. This means that it applied IFRS 16 to all contracts entered into before December 31, 2018, and identified as leases in accordance with IAS 17 and IFRIC 4.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16. However, subleases under IFRS 16 are classified with reference to the right-of-use asset, not with reference to the underlying asset, as per IAS 17. As a result, more leases have been classified as finance leases.

€ million	Q3 2018 as reported	Effect of IFRS 16 adoption	Q3 2018 restated
Consolidated income statement			
Net sales	15,780	—	15,780
Cost of sales	(11,524)	—	(11,524)
Gross profit	**4,256**	**—**	**4,256**
Selling expenses	(3,075)	50	(3,025)
General and administrative expenses	(569)	9	(560)
Total operating expenses	(3,644)	59	(3,585)
Operating income	**612**	**59**	**671**
Interest income	18	3	21
Interest expense	(80)	25	(55)
Net interest expense on defined benefit pension plans	(5)	—	(5)
Interest accretion to lease liability	—	(89)	(89)
Other financial income (expense)	—	4	4
Net financial expenses	(67)	(57)	(124)
Income before income taxes	**545**	**2**	**547**
Income taxes	(83)	(1)	(84)
Share in income of joint ventures	13	1	14
Income from continuing operations	**475**	**2**	**477**
Income (loss) from discontinued operations	(16)	(1)	(17)
Net income attributable to common shareholders	**459**	**1**	**460**

€ million	Q3 2018 as reported	Effect of IFRS 16 adoption	Q3 2018 restated
Consolidated statement of comprehensive income			
Net income	459	1	460
Remeasurements of defined benefit pension plans			
Remeasurements before taxes – income	11	—	11
Income taxes	(3)	—	(3)
Other comprehensive income that will not be reclassified to profit or loss	8	—	8
Currency translation differences in foreign interests:			
Currency translation differences before taxes from continuing operations:	74	(4)	70
Cash flow hedges:			
Fair value result for the period	—	—	—
Transfers to net income	1	(1)	—
Other comprehensive income reclassifiable to profit or loss	75	(5)	70
Total other comprehensive income	**83**	**(5)**	**78**
Total comprehensive income attributable to common shareholders	**542**	**(4)**	**538**
Attributable to:			
Continuing operations	558	(3)	555
Discontinued operations	(16)	(1)	(17)
Total comprehensive income attributable to common shareholders	**542**	**(4)**	**538**

€ million	December 30, 2018 as reported	Effect of IFRS 16 adoption	December 30, 2018 restated
Consolidated balance sheet			
Assets			
Property, plant and equipment	11,147	(1,101)	10,046
Investment property	629	334	963
Right-of-use asset	—	7,027	7,027
Intangible assets	12,013	(200)	11,813
Investments in joint ventures and associates	236	(23)	213
Other non-current financial assets	238	398	636
Deferred tax assets	149	17	166
Other non-current assets	77	(29)	48
Total non-current assets	**24,489**	**6,423**	**30,912**
Assets held for sale	23	—	23
Inventories	3,196	—	3,196
Receivables	1,759	87	1,846
Other current financial assets	461	—	461
Income taxes receivable	53	—	53
Prepaid expenses and other current assets	228	(11)	217
Cash and cash equivalents	3,122	—	3,122
Total current assets	**8,842**	**76**	**8,918**
Total assets	**33,331**	**6,499**	**39,830**
Equity and liabilities			
Equity attributable to common shareholders	**14,816**	**(611)**	**14,205**
Loans	3,683	—	3,683
Other non-current financial liabilities	2,055	6,891	8,946
Pensions and other post-employment benefits	532	—	532
Deferred tax liabilities	864	(182)	682
Provisions	794	(43)	751
Other non-current liabilities	566	(478)	88
Total non-current liabilities	**8,494**	**6,188**	**14,682**
Accounts payable	5,816	(1)	5,815
Other current financial liabilities	1,232	983	2,215
Income taxes payable	110	—	110
Provisions	326	(14)	312
Other current liabilities	2,537	(46)	2,491
Total current liabilities	**10,021**	**922**	**10,943**
Total equity and liabilities	**33,331**	**6,499**	**39,830**

€ million	January 1, 2018 as reported	Effect of IFRS 16 adoption	January 1, 2018 restated
Consolidated balance sheet on transition (Opening balance sheet)			
Assets			
Property, plant and equipment	10,689	(1,132)	9,557
Investment property	650	366	1,016
Right-of-use asset	—	6,970	6,970
Intangible assets	11,634	(224)	11,410
Investments in joint ventures and associates	230	(25)	205
Other non-current financial assets	192	404	596
Deferred tax assets	436	31	467
Other non-current assets	70	(26)	44
Total non-current assets	**23,901**	**6,364**	**30,265**
Assets held for sale	14	—	14
Inventories	3,077	—	3,077
Receivables	1,605	78	1,683
Other current financial assets	238	—	238
Income taxes receivable	154	—	154
Prepaid expenses and other current assets	300	(43)	257
Cash and cash equivalents	4,581	—	4,581
Total current assets	**9,969**	**35**	**10,004**
Total assets	**33,870**	**6,399**	**40,269**
Equity and liabilities			
Equity attributable to common shareholders	**15,169**	**(578)**	**14,591**
Loans	3,289	—	3,289
Other non-current financial liabilities	2,098	6,823	8,921
Pensions and other post-employment benefits	567	—	567
Deferred tax liabilities	1,105	(162)	943
Provisions	808	(60)	748
Other non-current liabilities	529	(472)	57
Total non-current liabilities	**8,396**	**6,129**	**14,525**
Accounts payable	5,277	(1)	5,276
Other current financial liabilities	2,210	912	3,122
Income taxes payable	136	—	136
Provisions	355	(18)	337
Other current liabilities	2,327	(45)	2,282
Total current liabilities	**10,305**	**848**	**11,153**
Total equity and liabilities	**33,870**	**6,399**	**40,269**

€ million	Q3 2018 as reported	Effect of IFRS 16 adoption	Q3 2018 restated
Consolidated statement of cash flow			
Income from continuing operations	475	2	477
Adjustments for:			
Net financial expenses	67	57	124
Income taxes	83	1	84
Share in income of joint ventures	(13)	(1)	(14)
Depreciation, amortization and impairments	443	216	659
Gains on leases and the sale of assets / disposal groups held for sale	(1)	(7)	(8)
Share-based compensation expenses	16	—	16
Operating cash flows before changes in operating assets and liabilities	1,070	268	1,338
Changes in working capital:			
Changes in inventories	78	—	78
Changes in receivables and other current assets	7	1	8
Changes in payables and other current liabilities	(58)	2	(56)
Changes in other non-current assets, other non-current liabilities and provisions	(75)	—	(75)
Cash generated from operations	1,022	271	1,293
Income taxes paid – net	(38)	—	(38)
Operating cash flows from continuing operations	984	271	1,255
Operating cash flows from discontinued operations	(1)	1	—
Net cash from operating activities	**983**	**272**	**1,255**
Purchase of non-current assets	(415)	—	(415)
Divestments of assets / disposal groups held for sale	3	—	3
Acquisition of businesses, net of cash acquired	(3)	—	(3)
Changes in short-term deposits and similar instruments	(98)	—	(98)
Dividends received from joint ventures	1	—	1
Interest received	16	—	16
Lease payments received on lease receivables	—	23	23
Other	6	—	6
Investing cash flows from continuing operations	(490)	23	(467)
Net cash from investing activities	**(490)**	**23**	**(467)**
Interest paid	(51)	24	(27)
Repayments of loans	(6)	—	(6)
Changes in short-term loans	1,021	—	1,021
Repayment of lease liabilities	(44)	(318)	(362)
Share buyback	(686)	—	(686)
Financing cash flows from continuing operations	234	(294)	(60)
Financing cash flows from discontinued operations	—	(1)	(1)
Net cash from financing activities	**234**	**(295)**	**(61)**
Net cash from operating, investing and financing activities	**727**	**—**	**727**
Cash and cash equivalents at the beginning of the period (excluding restricted cash)	4,226	—	4,226
Effect of exchange rates on cash and cash equivalents	21	—	21
Cash and cash equivalents at the end of the period (excluding restricted cash)	**4,974**	**—**	**4,974**

€ million	Q3 2018 as reported	Effect of IFRS 16 adoption	Q3 2018 restated
Note 6. Expenses by nature			
Cost of product	11,020	—	11,020
Labor costs	2,263	—	2,263
Other operational expenses	1,207	—	1,207
Depreciation and amortization	433	217	650
Rent expenses and income – net	237	(268)	(31)
Impairment losses and reversals – net	10	(1)	9
(Gains) losses on leases and the sale of assets – net	(2)	(7)	(9)
Total expenses by nature	**15,168**	**(59)**	**15,109**

Zaandam, the Netherlands, November 5, 2019

Management Board
Frans Muller (President and Chief Executive Officer)
Jeff Carr (Chief Financial Officer)
Kevin Holt (Chief Executive Officer Ahold Delhaize USA)
Wouter Kolk (Chief Executive Officer Ahold Delhaize Europe and Indonesia)

Other financial and operating information

Free cash flow[1]

€ million	Q3 2019	Q3 2018 restated	Q3 YTD 2019	Q3 YTD 2018 restated
Operating cash flows from continuing operations before changes in working capital and income taxes paid	1,417	1,263	4,037	3,817
Changes in working capital	(99)	30	(207)	(5)
Income taxes paid – net	(16)	(38)	(334)	(132)
Purchase of non-current assets	(540)	(415)	(1,561)	(1,082)
Divestments of assets / disposal groups held for sale	18	3	67	20
Dividends received from joint ventures	—	1	17	17
Interest received	10	16	46	52
Interest paid	(17)	(27)	(139)	(137)
Lease payments received on lease receivables	21	23	69	63
Repayment of lease liabilities	(309)	(362)	(1,159)	(1,073)
Free cash flow	**484**	**494**	**835**	**1,540**

1. *Free cash flow is an alternative performance measure. For a description of this alternative performance measure refer to section* Use of alternative performance measures *at the end of this report.*

Net debt[1]

€ million	September 29, 2019	June 30, 2019	December 30, 2018 restated
Loans	3,923	3,865	3,683
Lease liabilities	8,450	8,217	8,270
Cumulative preferred financing shares	—	—	455
Non-current portion of long-term debt	12,373	12,083	12,408
Short-term borrowings and current portion of long-term debt	3,618	3,258	2,077
Gross debt	15,991	15,341	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]	3,709	3,383	3,507
Net debt	**12,282**	**11,958**	**10,978**

1. *Net debt is an alternative performance measure. For a description of this alternative performance measure refer to section* Use of alternative performance measures *at the end of this report.*
2. *Short-term deposits and similar instruments include investments with a maturity of between three and 12 months. The balance of these instruments at September 29, 2019, was €105 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 €134 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 September 29, 2019, was €207 million (December 30, 2018: €292 million).*
5. *Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €1,362 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.*

Underlying operating income[1]

Underlying operating income per segment is as follows:

Q3 2019

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Global Support Office	Ahold Delhaize Group
Operating income (loss)	**435**	**205**	**31**	**44**	**(36)**	**679**
Impairments	16	—	—	13	—	29
(Gains) losses on leases and the sale of assets	(4)	(5)	—	(1)	—	(10)
Restructuring and related charges and other	—	3	5	16	1	25
Adjustments to operating income	*13*	*(2)*	*5*	*28*	*1*	*45*
Underlying operating income (loss)	**448**	**204**	**36**	**72**	**(35)**	**724**

1. *Underlying operating income is an alternative performance measure. For a description of this alternative performance measure refer to section* Use of alternative performance measures *at the end of this report.*

Underlying operating income in local currency for Q3 2019 was $498 million for the United States.

Q3 2018, restated

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Global Support Office	Ahold Delhaize Group
Operating income (loss)	**415**	**183**	**35**	**61**	**(23)**	**671**
Impairments	5	1	—	3	—	9
(Gains) losses on leases and the sale of assets	(8)	(1)	—	—	—	(9)
Restructuring and related charges and other	18	1	4	—	4	27
Adjustments to operating income	*15*	*1*	*4*	*3*	*4*	*27*
Underlying operating income (loss)	**430**	**184**	**39**	**64**	**(19)**	**698**

Restated underlying operating income in local currency for Q3 2018 was $500 million for the United States.

First three quarters 2019

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Global Support Office	Ahold Delhaize Group
Operating income (loss)	**1,225**	**569**	**90**	**152**	**(122)**	**1,913**
Impairments	35	1	—	15	—	51
(Gains) losses on leases and the sale of assets	(13)	(8)	4	(2)	—	(21)
Restructuring and related charges and other	24	8	8	16	14	68
Adjustments to operating income	*45*	*1*	*12*	*28*	*13*	*99*
Underlying operating income (loss)	**1,270**	**569**	**101**	**180**	**(109)**	**2,012**

Underlying operating income in local currency for the first three quarters of 2019 was $1,428 million for the United States.

First three quarters 2018, restated

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Global Support Office	Ahold Delhaize Group
Operating income (loss)	**1,197**	**550**	**96**	**178**	**(83)**	**1,938**
Impairments	8	4	—	4	—	16
(Gains) losses on leases and the sale of assets	(9)	(3)	(1)	(1)	—	(14)
Restructuring and related charges and other	43	4	8	—	23	78
Adjustments to operating income	*42*	*5*	*7*	*3*	*23*	*80*
Underlying operating income (loss)	**1,239**	**555**	**103**	**181**	**(60)**	**2,018**

Restated underlying operating income in local currency for the first three quarters of 2018 was $1,477 million for the United States.

Underlying EBITDA[1]

€ million	Q3 2019	Q3 2018 restated	Q3 YTD 2019	Q3 YTD 2018 restated
Underlying operating income	**724**	**698**	**2,012**	**2,018**
Depreciation and amortization[2]	686	650	2,021	1,946
Underlying EBITDA	**1,410**	**1,348**	**4,034**	**3,964**

1. *Underlying EBITDA is an alternative performance measure. For a description of this alternative performance measure refer to section* Use of alternative performance measures *at the end of this report.*
2. *The difference between the total amount of depreciation and amortization for Q3 2019 of €702 million (Q3 YTD 2019: €2,046 million) and the €686 million (Q3 YTD 2019: €2,021 million) mentioned here relates to items that were excluded from underlying operating income.*

Underlying income from continuing operations[1]

€ million, except per share data	Q3 2019	Q3 2018 restated	Q3 YTD 2019	Q3 YTD 2018 restated
Income from continuing operations	**453**	**477**	**1,223**	**1,288**
Adjustments to operating income	45	27	99	80
Unusual items in net financial expenses	—	—	24	22
Tax effect on unusual items and unusual tax items	(11)	(14)	(24)	(43)
Underlying income from continuing operations	**488**	**490**	**1,322**	**1,347**
Basic income per share from continuing operations[2]	0.41	0.41	1.10	1.08
Underlying income per share from continuing operations[2]	0.44	0.42	1.19	1.13

1. *Underlying income from continuing operations is an alternative performance measure. For a description of this alternative performance measure refer to section* Use of alternative performance measures *at the end of this report.*
2. *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 Q3 2019 is 1,100 million (Q3 2018: 1,163 million).*

Store portfolio (including franchise and affiliate stores)

	End of 2018	Opened / acquired	Closed / sold	End of Q3 2019
The United States	1,961	11	(1)	1,971
The Netherlands[1]	2,151	16	(19)	2,148
Belgium	777	15	(5)	787
Central and Southeastern Europe	1,880	98	(6)	1,972
Total	**6,769**	**140**	**(31)**	**6,878**

1. *The number of stores at the end of Q3 2019 includes 1,129 specialty stores (Etos and Gall & Gall); (end of 2018: 1,139).*

Use of alternative performance measures

This interim report includes alternative performance measures (also known as non-GAAP measures). The descriptions of the alternative performance measures are included on pages 50 and 51 of Ahold Delhaize's Annual Report 2018.

Due to the implementation of IFRS 16, Ahold Delhaize has updated some of its definitions of alternative performance measures. The updated definitions are provided below.

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.

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 leases and subleases were not adjusted for when determining underlying operating income, but the amounts were not significant.

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 leases and subleases were not adjusted for when determining underlying income from continuing operations, but amounts were not significant.

The adoption of IFRS 16 has resulted in restatements of Ahold Delhaize's 2018 comparative amounts for the alternative performance measures, as presented in the section *Alternative performance measures: restatement of 2018 comparatives*.

Alternative performance measures: restatement of 2018 comparatives

Following the update of some definitions of alternative performance measures, as mentioned above, the comparative figures for the 2018 financial year have been restated.

Free cash flow

€ million	Q3 2018 as reported	Effect of IFRS 16 adoption	Q3 2018 restated
Operating cash flows from continuing operations before changes in working capital and income taxes paid	995	268	1,263
Changes in working capital	27	3	30
Income taxes paid – net	(38)	—	(38)
Purchase of non-current assets	(415)	—	(415)
Divestments of assets / disposal groups held for sale	3	—	3
Dividends received from joint ventures	1	—	1
Interest received	16	—	16
Interest paid	(51)	24	(27)
Free cash flow – old definition	**538**	**295**	**833**
Lease payments received on lease receivables	—	23	23
Repayment of lease liabilities	(44)	(318)	(362)
Free cash flow – new definition	**494**	**—**	**494**

Underlying operating income

€ million	Q3 2018 as reported	Effect of IFRS 16 adoption	Q3 2018 restated
Operating income	**612**	**59**	**671**
Impairments	10	(1)	9
(Gains) losses on leases and the sale of assets	(2)	(7)	(9)
Restructuring and related charges and other	27	—	27
Adjustments to operating income	*35*	*(8)*	*27*
Underlying operating income	**647**	**51**	**698**

Underlying EBITDA

€ million	Q3 2018 as reported	Effect of IFRS 16 adoption	Q3 2018 restated
Underlying operating income	**647**	**51**	**698**
Depreciation and amortization	433	217	650
Underlying EBITDA	**1,080**	**268**	**1,348**

Underlying income from continuing operations

€ million, except per share data	Q3 2018 as reported	Effect of IFRS 16 adoption	Q3 2018 restated
Income from continuing operations	**475**	**2**	**477**
Adjustments to operating income	35	(8)	27
Tax effect of unusual items and unusual tax items	(13)	(1)	(14)
Underlying income from continuing operations	**497**	**(7)**	**490**
Basic income per share from continuing operations[1]	0.41	—	0.41
Underlying income per share from continuing operations[1]	0.43	(0.01)	0.42

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 Q3 2018 is 1,163 million.*

Financial calendar

Ahold Delhaize's financial year consists of 52 or 53 weeks and ends on the Sunday nearest to December 31.

Ahold Delhaize's 2019 financial year consists of 52 weeks and ends on December 29, 2019. The quarters in 2019 are:

First quarter	December 31, 2018 through March 31, 2019
Second quarter	April 1 through June 30, 2019
Third quarter	July 1 through September 29, 2019
Fourth quarter	September 30 through December 29, 2019

Cautionary notice

This press release contains information that qualifies as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words and expressions such as expectations, can achieve, continue to make progress, strategy, well underway, expected to deliver, target, will, continue to innovate, remain focused, purpose, goal, by 2030, 2019 outlook, remains on track, planned for next year, continue to anticipate, will be, continue to expect, to be, expected to be, will continue to, 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 the 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 the Company’s inability to successfully implement its strategy, manage the growth of its business or realize the anticipated benefits of acquisitions; risks relating to competition and pressure on profit margins in the food retail industry; the impact of economic conditions on consumer spending; turbulence in the global capital markets; natural disasters and geopolitical events; climate change; raw material scarcity and human rights developments in the supply chain; disruption of operations and other factors negatively affecting the Company’s suppliers; the unsuccessful operation of the Company’s franchised and affiliated stores; changes in supplier terms and the inability to pass on cost increases to prices; risks related to corporate responsibility and sustainable retailing; food safety issues resulting in product liability claims and adverse publicity; environmental liabilities associated with the properties that the Company owns or leases; competitive labor markets, changes in labor conditions and labor disruptions; increases in costs associated with the Company’s defined benefit pension plans; the failure or breach of security of IT systems; the Company’s inability to successfully complete divestitures and the effect of contingent liabilities arising from completed divestitures; antitrust and similar legislation; unexpected outcomes in the Company’s legal proceedings; additional expenses or capital expenditures associated with compliance with federal, regional, state and local laws and regulations; unexpected outcomes with respect to tax audits; the impact of the Company’s outstanding financial debt; the Company’s ability to generate positive cash flows; fluctuation in interest rates; the change in reference interest rate; the impact of downgrades of the Company’s credit ratings and the associated increase in the Company’s cost of borrowing; exchange rate fluctuations; inherent limitations in the Company’s control systems; changes in accounting standards; adverse results arising from the Company’s claims against its self-insurance program; the Company’s inability to locate appropriate real estate or enter into real estate leases on commercially acceptable terms; 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.

For more information:

Press office: +31 88 659 5134 Investor relations: +31 88 659 5213 Social media: Twitter: @AholdDelhaize
YouTube: @AholdDelhaize
LinkedIn: @Ahold-Delhaize

Ahold Delhaize is one of the world's largest food retail groups and a leader in both supermarkets and eCommerce. Its family of great local brands serves more than 50 million customers each week in Europe, the United States and Indonesia. Together, these brands employ more than 372,000 associates in more than 6,700 grocery and specialty stores and include the top online retailer in the Benelux and the leading online grocers in the Benelux and the United States. Ahold Delhaize brands are at the forefront of sustainable retailing, sourcing responsibly, supporting local communities and helping customers make healthier choices. Headquartered in Zaandam, the Netherlands, Ahold Delhaize is listed on the Euronext Amsterdam and Brussels stock exchanges (ticker: AD) and its American Depositary Receipts are traded on the over-the-counter market in the U.S. and quoted on the OTCQX International marketplace (ticker: ADRNY). For more information, please visit www.aholddelhaize.com.

Proud companies of Ahold Delhaize