Summary Report

Fourth quarter and Full year 2019

Ahold Delhaize reports strong EPS growth and free cash flow generation in the fourth quarter

- EPS of €0.50 with underlying EPS of €0.52 in Q4; underlying EPS up 17.1% in Q4 and 8.4% in 2019
- Net sales were €17.4 billion, up 3.1% in Q4 and up 2.3% in 2019 at constant exchange rates
- Net consumer online sales grew 30.1% in Q4 and 28.6% in 2019 at constant exchange rates
- Operating income was €749 million in Q4 and €2.7 billion in 2019
- Underlying operating margin was 4.4% in Q4 and 4.2% in 2019
- U.S. comp sales growth excl. gas accelerated to +2.3%, with online sales growth of 42.7%* in Q4
- 2019 free cash flow was €1.8 billion, in line with our guidance outlook

* at constant exchange rates

Zaandam, the Netherlands, February 12, 2020 – Ahold Delhaize, one of the world's largest food retail groups and a leader in both supermarkets and eCommerce, reports fourth quarter results today.

Frans Muller, President and CEO of Ahold Delhaize, said: "We ended the year on a high note, with strong group performance in the fourth quarter. We exceeded our full-year 2019 guidance outlook for underlying earnings per share and met our free cash flow guidance. We posted 17.1% growth in underlying earnings per share from continuing operations in the fourth quarter, resulting in an increase of 8.4% for the full year, above our full-year guidance of low-single-digit growth. We also generated €1.8 billion in free cash flow in 2019, achieving our guidance outlook, despite significantly stepping up capital investments in order to drive long-term growth in our business.

"In the U.S., comparable sales growth excluding gasoline accelerated to 2.3% during the quarter, and was 2.6% excluding the net impact from a weather benefit last year. We were encouraged to see the two-year stacked comparable sales growth, adjusted for weather, also accelerated to 5.0% in the fourth quarter versus 4.5% in the third quarter of 2019. Our online sales growth in the U.S. accelerated to 42.7% at constant exchange rates in the fourth quarter, and we met our 2019 guidance outlook of over 20% growth, building upon our position as the leading omnichannel operator on the East Coast. Performance at Food Lion and Hannaford was particularly strong. While Stop & Shop's comparable sales excluding gasoline improved over the last quarter, they remained slightly negative due to a challenging sales environment. That said, our 'Re-imagine Stop & Shop' program continues to build momentum with sales in Long Island, and now Hartford, performing in line with our expectations. In 2020, we expect to remodel another 65 Stop & Shop stores across the brand's footprint.

"In the Netherlands, we saw strong comparable sales growth of 4.3% during the quarter. Market share at Albert Heijn was up significantly year over year in the fourth quarter, an improving trend over previous quarters. Net consumer online sales for the segment were up 27.5%. At bol.com, our online retail platform in the Benelux, net consumer sales grew by 28.7%. In Belgium, comparable sales excluding calendar impacts were up modestly, and we gained market share during the quarter. Our Central and Southeastern Europe segment saw 3.6% comparable sales growth excluding gasoline.

"We continue to make progress on the execution of our Leading Together strategy. We exceeded our guidance for our Save for Our Customers program in 2019, generating €709 million in savings compared to our guidance of €600 million. As a result, we have raised our goal to €1.9 billion in cumulative savings through 2021, compared to our previous target of €1.8 billion. We remain on track to reach our goal of doubling net consumer online sales to €7 billion by 2021. As detailed in a separate press release, we have decided to discontinue our small U.S. Midwest online grocery sales operation, though we remain committed to extending our leading position in the larger East Coast omnichannel operation. We expect U.S. online sales growth to accelerate to 30% or more in 2020, with a total of nearly 1,000 click-and-collect points by the end of 2020, up from 692 in 2019.

"Although we will make significant investments in 2020 to drive long-term growth, we expect group underlying operating margin in 2020 to be broadly in line with 2019. We expect mid-single-digit growth in underlying EPS in 2020."

Group performance

€ million, except per share data	Q4 2019	Q4 2018 restated	% change	% change constant rates	2019	2018 restated	% change	% change constant rates
Net sales	17,378	16,547	5.0%	3.1%	66,260	62,791	5.5 %	2.3 %
Of which: online sales	1,088	866	25.7%	24.8%	3,493	2,817	24.0 %	22.3 %
Net consumer online sales[1]	1,435	1,097	30.9%	30.1%	4,547	3,494	30.1 %	28.6 %
Operating income	749	685	9.4%	7.4%	2,662	2,623	1.5 %	(1.7)%
Income from continuing operations	544	509	6.9%	5.3%	1,767	1,797	(1.7)%	(4.7)%
Net income	544	509	6.9%	5.3%	1,766	1,780	(0.8)%	(3.8)%
Basic income per share from continuing operations (EPS)	0.50	0.45	11.3%	9.7%	1.60	1.53	4.5 %	1.3 %
Underlying EBITDA[1]	1,476	1,399	5.5%	3.6%	5,510	5,363	2.7 %	(0.5)%
Underlying EBITDA margin[1]	8.5%	8.5%			8.3%	8.5%		
Underlying operating income[1]	765	743	3.0%	1.1%	2,777	2,761	0.6 %	(2.6)%
Underlying operating margin[1]	4.4%	4.5%			4.2%	4.4%		
Underlying income per share from continuing operations (underlying EPS)[1]	0.52	0.44	17.1%	15.3%	1.71	1.57	8.4 %	5.0 %
Free cash flow[1]	1,008	625	61.5%	59.9%	1,843	2,165	(14.9)%	(17.4)%

1. *Net consumer online sales, underlying EBITDA, underlying operating income, underlying income per share from continuing operations 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

	Q4 2019	Q4 2018 restated	% change	% change constant rates	2019	2018 restated	% change	% change constant rates
$ million								
Net sales	11,473	11,173	2.7 %		44,841	44,174	1.5 %	
Of which: online sales	330	232	42.7 %		1,101	886	24.3 %	
€ million								
Net sales	10,368	9,798	5.8 %	2.7 %	40,066	37,460	7.0 %	1.5 %
Of which: online sales	299	203	47.0 %	42.7 %	985	751	31.2 %	24.3 %
Operating income	443	436	1.5 %	(1.5)%	1,668	1,633	2.1 %	(3.0)%
Underlying operating income	442	460	(4.1)%	(6.9)%	1,712	1,699	0.7 %	(4.3)%
Underlying operating margin	4.3%	4.7%			4.3%	4.5%		
Comparable sales growth	2.1%	2.6%			1.1%	2.3%		
Comparable sales growth excluding gasoline	2.3%	2.7%			1.4%	2.1%		

In the fourth quarter of 2019, net sales in the United States grew by 2.7% at constant exchange rates to €10,368 million. Comparable sales excluding gasoline increased by 2.3%. Comparable sales growth excluding gasoline would have been approximately 2.6% adjusting out year-over-year weather impacts, due to a net benefit primarily resulting from winter storms in the prior year. Online sales increased by 42.7% at constant exchange rates to €299 million.

During the quarter, we announced a supply chain transformation initiative, which is a three-year strategy to move the U.S. supply chain into a fully integrated, self-distribution model. The new self-distribution supply chain will enable the U.S. businesses to reduce costs, improve speed to shelf, enhance relationships with vendors, and improve product availability and freshness for customers.

We ended the year with 692 click-and-collect points in the United States, exceeding our target of 600 points by year end.

Underlying operating margin was 4.3%, down 0.4% points from the same quarter last year. A challenging sales environment for Stop & Shop, as well as additional investments in the brand, created margin pressure, which was offset in part by growing margins at Food Lion, Giant/Martin's and Hannaford.

The Netherlands

€ million	Q4 2019	Q4 2018 restated	% change	2019	2018 restated	% change
Net sales	3,976	3,805	4.5%	14,810	14,218	4.2 %
Of which: online sales	768	643	19.4%	2,432	1,999	21.6 %
Net consumer online sales	1,115	874	27.5%	3,486	2,677	30.2 %
Operating income	197	181	8.4%	765	731	4.7 %
Underlying operating income	207	193	8.2%	776	748	3.8 %
Underlying operating margin	5.2%	5.0%		5.2%	5.3%	
Comparable sales growth	4.3%	3.3%		3.5%	3.8%	

Net sales in the Netherlands increased by 4.5% to €3,976 million. Comparable sales grew by 4.3%, driven by strong market share gains mainly due to a successful holiday period as well as the positive response to Albert Heijn's new commercial campaign. Net consumer online sales for the segment increased by 27.5% compared to last year, driven by the strong growth of both ah.nl and bol.com. In the quarter, bol.com realized net consumer online sales growth of 28.7%, with third-party sales as the primary growth driver.

Albert Heijn continues to rapidly convert stores to its new fresh- and technology-focused concept, with 123 stores converted in 2019, exceeding its goal of 120 by year end. The performance is in line with expectations and we are planning to convert around 120 more stores in 2020.

Our underlying operating margin in the Netherlands was 5.2%, up 0.2% points compared to the same quarter last year. Excluding bol.com, the margin was 5.6%, or 0.2% points higher. Operating leverage from strong sales growth as well as tight cost control benefited margin. The margin at bol.com also improved compared to last year.

Belgium

€ million	Q4 2019	Q4 2018 restated	% change	2019	2018 restated	% change
Net sales	1,341	1,338	0.2%	5,096	5,095	0.0 %
Of which: online sales	16	15	10.5%	57	51	14.4 %
Operating income	39	34	13.1%	128	130	(1.5)%
Underlying operating income	47	39	19.4%	149	142	4.4 %
Underlying operating margin	3.5%	3.0%		2.9 %	2.8%	
Comparable sales growth	0.1%	3.0%		(0.1)%	2.2%	

Net sales in Belgium were €1,341 million, up 0.2% versus the same quarter last year. Comparable sales were up 0.1%. Adjusted for the calendar impact, comparable sales were up 0.4%. Online sales growth for the quarter at Delhaize.be was 10.5%. Delhaize gained market share during the quarter, closing 2019 with its second consecutive year of market share growth.

Delhaize helped customers to eat better and make healthier choices with relevant promotions during the quarter, such as Nutri-Plus, a four-month program providing discounts on thousands of healthy products.

Underlying operating margin in Belgium was up 0.5% points at 3.5% in the quarter, driven mainly by lower operating costs.

Central and Southeastern Europe (CSE)

€ million	Q4 2019	Q4 2018 restated	% change	% change constant rates	2019	2018 restated	% change	% change constant rates
Net sales	1,694	1,606	5.4%	5.4%	6,288	6,018	4.5 %	4.9 %
Operating income	94	84	13.5%	13.8%	246	262	(5.9)%	(5.4)%
Underlying operating income	100	93	6.7%	6.9%	280	274	2.2 %	2.6 %
Underlying operating margin	5.9%	5.8%			4.5%	4.6%		
Comparable sales growth	3.4%	1.9%			3.0%	0.9%		
Comparable sales growth excluding gasoline	3.6%	2.0%			3.1%	0.9%		

Net sales in Central and Southeastern Europe increased by 5.4% at constant exchange rates to €1,694 million. Net sales growth in the fourth quarter resulted from comparable sales growth excluding gasoline of 3.6%, driven in part by a strong performance in the Czech Republic and Romania. Net sales also benefited from the net addition of 162 stores, most of them convenience stores.

CSE's underlying operating margin was 5.9%, up 0.1% points in the quarter, driven by a higher performance across most regions.

Global Support Office

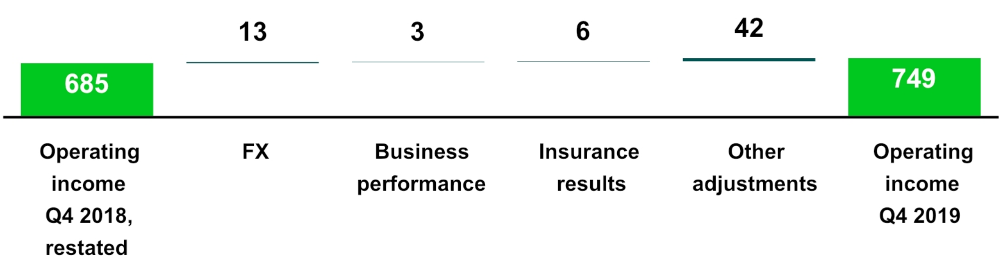
€ million	Q4 2019	Q4 2018 restated	% change	% change constant rates	2019	2018 restated	% change	% change constant rates
Underlying operating loss	(31)	(42)	(27.4)%	(27.5)%	(140)	(102)	35.9 %	37.6 %
Underlying operating loss excluding insurance results	(45)	(50)	(9.0)%	(9.5)%	(143)	(153)	(6.2)%	(7.2)%

In the quarter, underlying Global Support Office costs were €31 million, which was €11 million lower than the prior year, partly as a result of the positive impact of €6 million from insurance. Underlying costs excluding insurance results were €45 million, compared to €50 million in Q4 2018.

Financial review

Fourth quarter 2019 (compared to fourth quarter 2018, restated)

Operating income increased by €64 million to €749 million, which can be explained by:



Other adjustments to operating income compared to Q4 2018 consist of an increase in impairments (€1 million), a decrease in restructuring and related charges and other items (€20 million) and an increase in gains on leases and the sale of assets (€23 million).

To arrive at an underlying operating income of €765 million (up €22 million over Q4 2018), operating income is adjusted for:

- Impairments of €38 million
- Gains on leases and the sale of assets of €32 million
- Restructuring and related charges and other items of €10 million

Income from continuing operations was €544 million, which was €35 million higher than last year. This follows mainly from the increase in operating income of €64 million and higher income from joint ventures of €9 million, offset by higher net financial expenses of €35 million and higher income taxes of €4 million.

Free cash flow, under the new definition following the implementation of IFRS 16, was €1,008 million, which represents an increase of €383 million compared to Q4 2018. The main drivers for this improvement are the lower income taxes paid of €124 million, lower net investments of €111 million, and a higher operating cash flow and change in working capital.

Net debt decreased in Q4 2019 by €701 million to €11,581 million, mainly as a result of the free cash flow of €1,008 million, partially offset by the share buyback of €228 million.

Full year 2019 (compared to full year 2018, restated)

Operating income increased by €39 million to €2,662 million. Recorded in operating income are:

- Impairments of €89 million (2018: €53 million)
- Gains on leases and the sale of assets of €53 million (2018: €23 million)
- Restructuring and related charges and other items of €78 million (2018: €108 million)

These total €115 million (2018: €138 million) and are adjusted to arrive at underlying operating income of €2,777 million (2018: €2,761 million).

Income from continuing operations was €1,767 million, which was €30 million lower than last year. This reflects higher net financial expenses of €41 million and higher income taxes of €44 million, partially offset by the increase in operating income of €39 million and higher income from joint ventures of €16 million.

Free cash flow, under the new definition, was €1,843 million, or €322 million lower than last year. This decrease is mainly due to higher net investments of €321 million. The better operating cash flow of €294 million was offset by lower changes in working capital, higher income taxes paid, and higher repayments of lease liabilities. The repayments on lease liabilities increased mainly as a result of the strengthening of the U.S. dollar against the euro and timing differences of payables at year end.

Outlook

We anticipate that underlying operating margin for the group in 2020 will be broadly in line with 2019, and note that the 53rd week does not significantly impact underlying operating margin. While group margin should benefit from lapping the effect of the U.S. strike in 2019, this is offset by the margin dilution related to transition expenses from the U.S. supply chain initiative announced in December, as well as an increased non-cash service charge for the Netherlands employee pension plan, resulting from lower discount rates in the Netherlands. Excluding the impact of the U.S. supply chain transition expenses and non-cash service charge for the Netherlands employee pension plan, underlying operating margin would be up from the prior year.

Additionally, we expect underlying earnings per share growth for the year to be in the mid-single-digit range.

We expect group free cash flow of around €1.5 billion for the full year 2020, affected by the cash impact of €270 million in capital expenditure related to the U.S. supply chain transformation. We expect to spend €2.5 billion in capital expenditures in 2020, impacted by the aforementioned investment in the U.S. supply chain transformation. The free cash flow and capital expenditure guidance expressly excludes M&A activity. Also, as announced in December 2019, a new €1 billion share buyback program is in place for 2020.

Dividend per share

We propose a cash dividend of €0.76 for the financial year 2019, an increase of 8.6% compared to 2018, reflecting our ambition of sustainable growth of the dividend per share. This represents a payout ratio of 44%, based on the expected dividend payment on underlying income from continuing operations.

If approved by the General Meeting of Shareholders, a final dividend of €0.46 per share will be paid on April 23, 2020. This is in addition to the interim dividend of €0.30 per share, which was paid on August 29, 2019. The total dividend payment for the full year 2019 would therefore total €0.76 per share.

The interim dividend per share for 2020 will be announced on August 5, 2020, the date of the release of the second quarter results, and will be equal to 40% of the year-to-date underlying income per share from continuing operations.

Related party transactions

Ahold Delhaize has entered into arrangements with a number of its subsidiaries and affiliated companies in the course of its business. These arrangements relate to service transactions and financing agreements. Furthermore, Ahold Delhaize considers transactions with key management personnel to be related party transactions. As of the balance sheet date, December 29, 2019, there have been no significant changes in the related party transactions from those described in Ahold Delhaize's 2018 Annual Report.

Risks and uncertainties

Ahold Delhaize's enterprise risk management program provides executive management with a periodic and holistic understanding of Ahold Delhaize's key business risks and the management practices in place to mitigate these risks. Ahold Delhaize recognizes strategic, operational, financial and compliance / regulatory risk categories. The principal risks faced by Ahold Delhaize during the 2019 financial year were substantially the same as those disclosed in the 2018 Annual Report. The reported risks relating to Labor materialized within the Stop & Shop brand in April 2019, as disclosed in our Q2 2019 Interim report. The updated integrated comprehensive analysis of the principal risks faced by Ahold Delhaize will be included in the "How we manage risk" section of Ahold Delhaize's 2019 Annual Report, which will be published on February 26, 2020.

Auditor's involvement

The summarized financial information and other reported data in this press release have not been audited.

Changes to reporting

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).

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.

2020 reporting

Starting in 2020, the segments "The Netherlands," "Belgium" and "Central and Southeastern Europe" will be combined into one reporting segment, "Europe," to align with the structure of the European organization, led by CEO Ahold Delhaize Europe and Indonesia, Wouter Kolk.

The 2020 financial year consists of a 53-week period, versus a 52-week period in 2019. We expect the 53rd week could benefit net sales for the full year by 1.5-2.0%. Comparable sales growth will be presented on a comparable 53-week basis. The 53rd week does not significantly impact underlying operating margin.

Consolidated income statement

€ million, except per share data	Note	Q4 2019	Q4 2018 restated	2019	2018 restated
Net sales	4/5	17,378	16,547	66,260	62,791
Cost of sales	6	(12,629)	(12,055)	(48,200)	(45,838)
Gross profit		**4,749**	**4,492**	**18,060**	**16,953**
Selling expenses		(3,408)	(3,164)	(13,021)	(12,030)
General and administrative expenses		(592)	(643)	(2,377)	(2,300)
Total operating expenses	6	(4,000)	(3,807)	(15,397)	(14,330)
Operating income	4	**749**	**685**	**2,662**	**2,623**
Interest income		13	25	65	85
Interest expense		(37)	(57)	(175)	(211)
Net interest expense on defined benefit pension plans		(4)	(5)	(18)	(19)
Interest accretion to lease liability		(93)	(91)	(366)	(355)
Other financial income (expense)		(10)	31	(35)	13
Net financial expenses		(132)	(97)	(528)	(487)
Income before income taxes		**617**	**588**	**2,134**	**2,136**
Income taxes	7	(96)	(92)	(417)	(373)
Share in income of joint ventures		22	13	50	34
Income from continuing operations		**544**	**509**	**1,767**	**1,797**
Loss from discontinued operations		—	—	(1)	(17)
Net income attributable to common shareholders		**544**	**509**	**1,766**	**1,780**
Net income per share attributable to common shareholders					
Basic		0.50	0.45	1.60	1.51
Diluted		0.50	0.44	1.59	1.49
Income from continuing operations per share attributable to common shareholders					
Basic		0.50	0.45	1.60	1.53
Diluted		0.50	0.44	1.59	1.51
Income from discontinued operations per share attributable to common shareholders					
Basic		—	—	—	(0.02)
Diluted		—	—	—	(0.02)
Weighted average number of common shares outstanding (in millions)					
Basic		1,092	1,137	1,107	1,176
Diluted		1,097	1,163	1,112	1,203
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.9037	0.8768	0.8934	0.8476

Consolidated statement of comprehensive income

€ million	Note	Q4 2019	Q4 2018 restated	2019	2018 restated
Net income		**544**	**509**	**1,766**	**1,780**
Remeasurements of defined benefit pension plans					
Remeasurements before taxes – income (loss)		67	(6)	(76)	66
Income taxes		(14)	2	18	(18)
Other comprehensive income (loss) that will not be reclassified to profit or loss		53	(4)	(58)	48
Currency translation differences in foreign interests:					
Continuing operations		(221)	145	241	475
Income taxes		(1)	—	(2)	—
Cash flow hedges:					
Fair value result for the period		—	—	(5)	1
Transfers to net income		—	—	3	1
Income taxes		—	—	1	—
Other comprehensive income (loss) reclassifiable to profit or loss		(221)	145	238	477
Total other comprehensive income (loss)		**(167)**	**141**	**180**	**525**
Total comprehensive income attributable to common shareholders		**376**	**650**	**1,945**	**2,305**
Attributable to:					
Continuing operations		376	650	1,946	2,322
Discontinued operations		—	—	(1)	(17)
Total comprehensive income attributable to common shareholders		**376**	**650**	**1,945**	**2,305**

Consolidated balance sheet

€ million	Note	December 29, 2019	December 30, 2018 restated
Assets			
Property, plant and equipment		10,519	10,046
Right-of-use asset		7,308	7,027
Investment property		883	963
Intangible assets		12,060	11,813
Investments in joint ventures and associates		229	213
Other non-current financial assets		661	636
Deferred tax assets		213	166
Other non-current assets		49	48
Total non-current assets		**31,920**	**30,912**
Assets held for sale		67	23
Inventories		3,347	3,196
Receivables		1,905	1,748
Other current financial assets		317	559
Income taxes receivable		39	53
Prepaid expenses and other current assets		178	217
Cash and cash equivalents	9	3,717	3,122
Total current assets		**9,570**	**8,918**
Total assets		**41,490**	**39,830**
Equity and liabilities			
Equity attributable to common shareholders	8	**14,083**	**14,205**
Loans		3,841	3,683
Other non-current financial liabilities		8,716	8,946
Pensions and other post-employment benefits		677	532
Deferred tax liabilities		786	682
Provisions		724	751
Other non-current liabilities		74	88
Total non-current liabilities		**14,818**	**14,682**
Accounts payable		6,311	5,815
Other current financial liabilities		3,257	2,227
Income taxes payable		82	110
Provisions		349	312
Other current liabilities		2,591	2,479
Total current liabilities		**12,590**	**10,943**
Total equity and liabilities		**41,490**	**39,830**
Year-end U.S. dollar exchange rate (euro per U.S. dollar)		0.8947	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		—	—	—	—	1,780	**1,780**
Other comprehensive income – restated		—	—	475	2	48	**525**
Total comprehensive income attributable to common shareholders – restated		—	—	475	2	1,828	**2,305**
Dividends		—	—	—	—	(757)	**(757)**
Share buyback		—	—	—	—	(1,997)	**(1,997)**
Cancellation of treasury shares		—	(1,176)	—	—	1,176	**—**
Share-based payments		—	—	—	—	63	**63**
Balance as of December 30, 2018, restated		**12**	**13,999**	**(80)**	**(2)**	**276**	**14,205**
Net income attributable to common shareholders		—	—	—	—	1,766	**1,766**
Other comprehensive income (loss)		—	—	239	(1)	(58)	**180**
Total comprehensive income (loss) attributable to common shareholders		—	—	239	(1)	1,708	**1,945**
Dividends	8	—	—	—	—	(1,114)	**(1,114)**
Share buyback	8	—	—	—	—	(1,002)	**(1,002)**
Cancellation of treasury shares		(1)	(1,753)	—	—	1,753	**—**
Share-based payments		—	—	—	—	47	**47**
Other items		—	—	—	—	1	**1**
Balance as of December 29, 2019		**11**	**12,246**	**159**	**(3)**	**1,670**	**14,083**

Consolidated statement of cash flow

€ million	Note	Q4 2019	Q4 2018 restated	2019	2018 restated
Income from continuing operations		544	509	1,767	1,797
Adjustments for:					
Net financial expenses		132	97	528	487
Income taxes		96	92	417	373
Share in income of joint ventures		(22)	(13)	(50)	(34)
Depreciation, amortization and impairments	6	751	698	2,848	2,660
(Gains) losses on leases and the sale of assets / disposal groups held for sale		(31)	(9)	(53)	(28)
Share-based compensation expenses		4	13	51	60
Operating cash flows before changes in operating assets and liabilities		1,473	1,387	5,508	5,315
Changes in working capital:					
Changes in inventories		(14)	(76)	(104)	(35)
Changes in receivables and other current assets		(190)	(71)	(107)	(42)
Changes in payables and other current liabilities		737	603	535	528
Changes in other non-current assets, other non-current liabilities and provisions		(27)	(15)	(25)	(126)
Cash generated from operations		1,978	1,828	5,807	5,640
Income taxes paid – net		(24)	(148)	(358)	(280)
Operating cash flows from continuing operations		1,954	1,680	5,449	5,360
Operating cash flows from discontinued operations		—	(2)	—	(2)
Net cash from operating activities		**1,954**	**1,678**	**5,449**	**5,358**
Purchase of non-current assets		(657)	(698)	(2,218)	(1,780)
Divestments of assets / disposal groups held for sale		77	7	144	27
Acquisition of businesses, net of cash acquired	3	(20)	(17)	(43)	(30)
Divestment of businesses, net of cash divested		(1)	(1)	(11)	(3)
Changes in short-term deposits and similar instruments		88	202	253	(242)
Dividends received from joint ventures		20	—	36	17
Interest received		10	22	56	74
Lease payments received on lease receivables		25	23	94	86
Other		—	40	1	38
Investing cash flows from continuing operations		(457)	(422)	(1,687)	(1,813)
Investing cash flows from discontinued operations		—	1	—	1
Net cash from investing activities		**(457)**	**(421)**	**(1,687)**	**(1,812)**
Proceeds from long-term debt		—	1	596	798
Interest paid		(50)	(90)	(189)	(227)
Repayments of loans		(41)	(759)	(656)	(783)
Changes in short-term loans		(521)	(1,630)	689	(733)
Repayment of lease liabilities		(371)	(319)	(1,530)	(1,392)
Dividends paid on common shares	8	—	—	(1,114)	(757)
Share buyback	8	(228)	(356)	(1,002)	(2,003)
Other cash flows from derivatives		—	(25)	(5)	(29)
Other		—	—	(17)	(3)
Financing cash flows from continuing operations		(1,211)	(3,178)	(3,227)	(5,129)
Financing cash flows from discontinued operations		—	(1)	—	(4)
Net cash from financing activities		**(1,211)**	**(3,179)**	**(3,227)**	**(5,133)**
Net cash from operating, investing and financing activities		**286**	**(1,922)**	**535**	**(1,587)**
Cash and cash equivalents at the beginning of the period (excluding restricted cash)		3,453	4,974	3,110	4,542
Effect of exchange rates on cash and cash equivalents		(38)	58	56	155
Cash and cash equivalents at the end of the period (excluding restricted cash)	9	**3,701**	**3,110**	**3,701**	**3,110**
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.9037	0.8768	0.8934	0.8476

Notes to the summarized financial information

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.

This summarized financial information is unaudited.

2. Accounting policies

Basis of preparation

This summarized financial information has been prepared in accordance with the accounting policies as applied by Ahold Delhaize and consistent with those applied in Ahold Delhaize’s 2018 Financial Statements, except as otherwise indicated below under "New and revised IFRSs effective in 2019."

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.

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.

This summarized financial information does not constitute the full financial statements within the meaning of Part 9 of Book 2 of the Dutch Civil Code. The full-year 2019 numbers included in the summarized financial information in this communication are derived from Ahold Delhaize's 2019 Financial Statements as included in the 2019 Annual Report. This Annual Report has not been authorized for issue and the Company has the ability to amend the financial statements up to the moment the financial statements have been adopted by the General Meeting of Shareholders. The Annual Report has not yet been published by law and still has to be adopted by the annual General Meeting of Shareholders on April 8, 2020.

The full 2019 Annual Report will be available for download on the Ahold Delhaize website (www.aholddelhaize.com) as of February 26, 2020.

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, macro-economic environment 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 its relative stand-alone price.

The Company applies the recognition exemptions for short-term leases (less than 12 months) and leases of low-value items, defined by the Company to be below $5,000 per item (on acquisition). The payments for these exempted leases are recognized in the income statement on a straight-line basis over the 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, at the lease commencement date.

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 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 measured at amortized cost using the effective interest rate method. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. 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. As part of this assessment, the Company considers certain indicators, such as whether the lease is for the majority of the economic life of the 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.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

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

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, "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*).

Sale and leaseback

Sale and leaseback transactions are defined as transactions that lead to a sale according to IFRS 15 “Revenue from Contracts with Customers.” Under IFRS 15, the seller-lessee must determine if the transaction qualifies as a sale for which revenue is recognized (i.e., if the transaction is a genuine sale, where all performance obligations are satisfied and control has transferred to the buyer-lessor), or whether the transaction is a collateralized borrowing. More specifically, a sale is considered as such if there is no repurchase option on the asset at the end of the lease term.

If the sale by the Company as seller-lessee qualifies as a sale, the Company derecognizes the asset and recognizes a gain (or loss) that is limited to the proportion of the total gain (or loss) relating to the rights transferred to the buyer-lessor. In addition, the Company recognizes a right-of-use asset arising from the leaseback and measures it at the proportion of the previous carrying amount of the asset relating to the right of use retained. In addition, the Company recognizes the lease liability.

If the fair value of the consideration for the sale does not equal the fair value of the asset, or if the payments for the lease are not at market rates, adjustments are made to measure the sales proceeds at fair value as follows:

a. Any below-market terms should be accounted for as a prepayment of lease payments.
b. Any above-market terms should be accounted for as additional financing provided by the buyer-lessor.

If the sale by the Company does not qualify as a sale, the Company keeps the asset transferred on its balance sheet and recognizes a financing obligation (financing) equal to the transferred proceeds or cash received.

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.

Amendments to IFRS 3, "Business Combinations"

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 3 apply prospectively for annual periods beginning on or after January 1, 2019. 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, while 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

During 2019, Ahold Delhaize completed various store acquisitions for a total purchase consideration of €43 million. The allocation of the fair values of the identifiable assets acquired, liabilities assumed, and the goodwill arising from the acquisitions during 2019 is as follows:

€ million	The United States	Central and Southeastern Europe	Other	Total
Goodwill	19	10	3	32
Other intangible assets	—	—	5	5
Property, plant and equipment	6	1	1	8
Right-of-use asset	35	12	—	47
Other current assets	—	—	1	1
Lease liabilities	(33)	(12)	—	(45)
Current liabilities	—	—	(1)	(1)
Fair value of assets and liabilities recognized	**27**	**11**	**9**	**47**
Gain on bargain purchase (negative goodwill)	(4)	—	—	(4)
Total purchase consideration	**23**	**11**	**9**	**43**
Cash acquired	—	—	—	—
Acquisition of businesses, net of cash	**23**	**11**	**9**	**43**

Goodwill is attributable to the profitability of the acquired businesses and the synergies that are expected to result. The goodwill resulting from the acquisitions are deductible for tax purposes except for €10 million within Central and Southeastern Europe.

The gain on bargain purchases was the result of favorable purchase terms on stores that competitors were selling at discounts as they exited local markets. The gain has been reported as (gains) losses on the sale of assets within general and administrative expenses.

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	32
Exchange rate differences	108
Closing carrying amount	**7,233**
As of December 29, 2019	
At cost	7,242
Accumulated impairment losses	(8)
Closing carrying amount	**7,233**

On January 4, 2019, Ahold Delhaize announced that Stop & Shop agreed to acquire King Kullen Grocery Co., based in Long Island, New York. The acquisition includes King Kullen's 29 supermarkets, five Wild by Nature stores and the use of its corporate offices located in Bethpage, New York. The transaction is currently expected to close during the first half of 2020, subject to customary closing conditions.

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, is presented separately. The accounting policies used for the segments are the same as the accounting policies used for this summarized financial information 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 Le Lion (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:

	Q4 2019	Q4 2018	2019	2018
$ million				
The United States	11,473	11,173	44,841	44,174
Average U.S. dollar exchange rate (euro per U.S. dollar)	*0.9037*	*0.8768*	*0.8934*	*0.8476*
€ million				
The United States	10,368	9,798	40,066	37,460
The Netherlands	3,976	3,805	14,810	14,218
Belgium	1,341	1,338	5,096	5,095
Central and Southeastern Europe	1,694	1,606	6,288	6,018
Ahold Delhaize Group	**17,378**	**16,547**	**66,260**	**62,791**

Operating income

Operating income (loss) per segment is as follows:

	Q4 2019	Q4 2018 restated	2019	2018 restated
$ million				
The United States	490	497	1,867	1,924
Average U.S. dollar exchange rate (euro per U.S. dollar)	*0.9037*	*0.8768*	*0.8934*	*0.8476*
€ million				
The United States	443	436	1,668	1,633
The Netherlands	197	181	765	731
Belgium	39	34	128	130
Central and Southeastern Europe	94	84	246	262
Global Support Office	(23)	(50)	(146)	(133)
Ahold Delhaize Group	**749**	**685**	**2,662**	**2,623**

5. Net sales

Q4 2019

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Ahold Delhaize Group
Sales from owned stores	9,993	2,403	642	1,640	14,677
Sales to and fees from franchisees and affiliates	—	797	674	39	1,511
Online sales	299	768	16	6	1,088
Wholesale sales	38	—	4	9	51
Other sales	39	7	5	—	51
Net sales	**10,368**	**3,976**	**1,341**	**1,694**	**17,378**

Q4 2018

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Ahold Delhaize Group
Sales from owned stores	9,524	2,377	654	1,555	14,110
Sales to and fees from franchisees and affiliates	—	776	662	36	1,474
Online sales	203	643	15	5	866
Wholesale sales	34	—	4	9	47
Other sales	37	9	3	1	50
Net sales	**9,798**	**3,805**	**1,338**	**1,606**	**16,547**

Full year 2019

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Ahold Delhaize Group
Sales from owned stores	38,803	9,263	2,432	6,064	56,562
Sales to and fees from franchisees and affiliates	—	3,087	2,580	169	5,837
Online sales	985	2,432	57	19	3,493
Wholesale sales	149	—	13	35	197
Other sales	128	27	13	2	170
Net sales	**40,066**	**14,810**	**5,096**	**6,288**	**66,260**

Full year 2018

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Ahold Delhaize Group
Sales from owned stores	36,459	9,204	2,478	5,812	53,953
Sales to and fees from franchisees and affiliates	—	2,983	2,539	153	5,675
Online sales	751	1,999	51	16	2,817
Wholesale sales	135	—	15	35	185
Other sales	115	32	12	2	161
Net sales	**37,460**	**14,218**	**5,095**	**6,018**	**62,791**

6. Expenses by nature

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

€ million	Q4 2019	Q4 2018 restated	2019	2018 restated
Cost of product	12,052	11,529	46,014	43,846
Labor costs	2,514	2,344	9,665	9,014
Other operational expenses	1,377	1,333	5,244	4,796
Depreciation and amortization	713	661	2,758	2,607
Rent expenses	14	17	66	64
Rent income	(47)	(50)	(187)	(189)
Impairment losses and reversals – net	38	37	89	53
(Gains) losses on leases and the sale of assets – net	(32)	(9)	(53)	(23)
Total expenses by nature	**16,629**	**15,862**	**63,598**	**60,168**

7. Income taxes

Ahold Delhaize’s effective tax rate in its consolidated income statement differed from the Netherlands’ statutory income tax rate of 25.0%. The following table reconciles the statutory income tax rate with the effective income tax rate in the consolidated income statement:

€ million	2019	Tax rate	2018 restated	Tax rate
Income before income taxes	2,134		2,136	
Income tax expense at statutory tax rate	(534)	25.0 %	(534)	25.0 %
Adjustments to arrive at effective income tax rate:				
Rate differential (local rates versus the statutory rate of the Netherlands)	63	(3.0)%	66	(3.1)%
Deferred tax income (expense) related to recognition of deferred tax assets – net	15	(0.7)%	3	(0.1)%
Non-taxable income (expense)	(6)	0.3 %	16	(0.7)%
Other	50	(2.3)%	57	(2.7)%
Subtotal income taxes[1]	(412)	19.3 %	(392)	18.4 %
Tax rate changes as a result of local tax reforms	(5)	0.2 %	19	(0.9)%
Total income taxes	**(417)**	**19.6 %**	**(373)**	**17.5 %**

1 Excluding the impact of tax rate changes due to local tax reforms.

Rate differential indicates the effect of Ahold Delhaize’s taxable income being generated and taxed in jurisdictions where tax rates differ from the statutory tax rate in the Netherlands. Other includes discrete items and one-time transactions. For 2019, it includes €26 million tax income related to releases of uncertain tax positions in several jurisdictions for which tax audits were finalized or the statute of limitations expired. For 2018, it includes €41 million deferred tax income related to restructuring.

In 2019, new statutory corporate income tax rates were (substantively) enacted for the Netherlands (25% in 2020 and 21.7% as of 2021), Greece (24% as of 2019), Switzerland (13.99% as of 2020) and Luxembourg (24.94% or 27.19%, depending on the municipality, as of 2019). These new statutory corporate income tax rates affected Ahold Delhaize’s deferred and current (for Greece and Luxembourg only) income tax positions as of December 29, 2019. The tax rate changes show the effect of applying the new statutory corporate income tax rates to the calculation of Ahold Delhaize's Dutch, Greek, Swiss and Luxembourgish deferred income tax positions, as well as the 2019 effect related to the Belgian statutory corporate income tax rate change.

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

The share buyback program of €1 billion that started on January 2, 2019, was successfully completed on December 11, 2019. In total, 45,621,384 of the Company's own shares were repurchased at an average price of €21.92 per share. On January 2, 2020, the Company commenced the €1 billion share buyback program that was announced on December 4, 2019. The program is expected to be completed before the end of 2020.

The number of outstanding common shares as of December 29, 2019, was 1,087,955,597 (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	December 29, 2019	December 30, 2018
Cash and cash equivalents as presented in the statement of cash flows	3,701	3,110
Restricted cash	17	12
Cash and cash equivalents as presented on the balance sheet[1]	**3,717**	**3,122**

1. *Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €1,391 million (December 30, 2018: €695 million), which is fully 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 value of financial instruments, based on Ahold Delhaize's categories of financial instruments, including current portions, compared to the carrying amount at which these instruments are included on the balance sheet:

	December 29, 2019		December 30, 2018, restated	
€ million	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortized cost				
Loans receivable	59	65	69	72
Trade and other (non-)current receivables	1,914	1,914	1,756	1,756
Lease receivable	444	473	453	454
Cash and cash equivalents	3,717	3,717	3,122	3,122
Short-term deposits and similar instruments	15	15	266	266
	6,150	6,185	5,666	5,670
Financial assets at fair value through profit or loss (FVPL)				
Reinsurance assets	236	236	218	218
Investments in debt instruments	141	141	128	128
	377	377	346	346
Derivative financial instruments				
Derivatives	—	—	1	1
Total financial assets	**6,527**	**6,562**	**6,014**	**6,017**

€ million	December 29, 2019		December 30, 2018 restated	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities at amortized cost				
Notes	(3,962)	(4,246)	(3,476)	(3,500)
Other loans	(3)	(3)	(3)	(3)
Financing obligations	(263)	(216)	(277)	(235)
Mortgages payable	(66)	(65)	(89)	(103)
Cumulative preferred financing shares	—	—	(455)	(481)
Dividend cumulative preferred financing shares	—	—	(17)	(17)
Accounts payable	(6,311)	(6,311)	(5,815)	(5,815)
Short-term borrowings	(1,455)	(1,455)	(753)	(753)
Interest payable	(37)	(37)	(38)	(38)
Other	(92)	(97)	(93)	(95)
	(12,190)	(12,430)	(11,016)	(11,040)
Financial liabilities at fair value through profit or loss				
Reinsurance liabilities	(238)	(238)	(223)	(223)
Derivative financial instruments				
Derivatives	(1)	(1)	—	—
Total financial liabilities excluding lease liabilities	**(12,429)**	**(12,669)**	**(11,239)**	**(11,263)**
Lease liabilities	(9,696)	N/A	(9,432)	N/A
Total financial liabilities	**(22,125)**	**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 EUR 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 0.25%.

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 counterparty and Ahold Delhaize's own non-performance risk on the value of the instrument. The portion of outstanding derivatives that was collateralized as of December 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 is 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.

A comprehensive overview of commitments and contingencies as of December 29, 2019, will be provided in Ahold Delhaize's 2019 Financial Statements, as included in the 2019 Annual Report, which will be published on February 26, 2020. The most significant updates are presented below.

On December 10, 2019, Ahold Delhaize announced that it is investing $480 million to transform and expand its supply chain operations on the U.S. East Coast. This investment supports the new three-year strategy to move the U.S. supply chain into a fully integrated, self-distribution model. The $480 million capital outlay will cover a three-year transition period, which will support the acquisition of three distribution facilities by Ahold Delhaize USA from C&S Wholesale Grocers and leases on two additional facilities. It also includes investment in two new fully automated Ahold Delhaize USA frozen facilities to be constructed in the U.S. Northeast and Mid-Atlantic regions. This transaction will be accounted for as asset acquisition.

Albert Heijn Franchising

In the Albert Heijn Franchising litigation, on July 23, 2019, the Court of Appeal issued a judgment 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.

National prescription opiate litigation

Several U.S. brands and subsidiaries of Ahold Delhaize have been sued in a number of lawsuits included in *In re: National Prescription Opiate Litigation* (MDL No. 2804), a multi-district litigation (MDL) matter pending in the United States District Court in the Northern District of Ohio. The MDL contains cases filed against hundreds of defendants by counties, cities, hospitals and others concerning the impact of opioid abuse. The suits name Ahold Delhaize as a defendant, as well as various subsidiaries, including American Sales Company, LLC, which ceased operations prior to being named as a defendant in any MDL-related case. All of the matters in which Ahold Delhaize or its subsidiaries have been named have been stayed by the court and, therefore, are not being actively litigated at this time. Ahold Delhaize and its affected subsidiaries believe that the plaintiffs' claims are without merit and we will defend ourselves against the claims in all these matters, if and when the stay is lifted. Ahold Delhaize is not currently able to predict the outcome of these claims.

Pharmacy regulatory investigation

The Ahold Delhaize USA brands are responding to a civil investigative demand (CID) from the U.S. Department of Justice (DOJ), working together with several state Attorneys General, concerning pharmacy customer-retention programs. The brands are cooperating with this investigation and communicating with the DOJ regarding the CID. Ahold Delhaize USA is not currently able to predict the timing or outcome of the investigation.

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.

Full year 2018 restatement

€ million, except per share data	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Consolidated income statement			
Net sales	62,791	—	62,791
Cost of sales	(45,839)	1	(45,838)
Gross profit	**16,952**	**1**	**16,953**
Selling expenses	(12,236)	206	(12,030)
General and administrative expenses	(2,321)	21	(2,300)
Total operating expenses	(14,557)	227	(14,330)
Operating income	**2,395**	**228**	**2,623**
Interest income	70	15	85
Interest expense	(310)	99	(211)
Net interest expense on defined benefit pension plans	(19)	—	(19)
Interest accretion to lease liability	—	(355)	(355)
Other financial income (expense)	13	—	13
Net financial expenses	(246)	(241)	(487)
Income before income taxes	**2,149**	**(13)**	**2,136**
Income taxes	(372)	(1)	(373)
Share in income of joint ventures	32	2	34
Income from continuing operations	**1,809**	**(12)**	**1,797**
Income (loss) from discontinued operations	(16)	(1)	(17)
Net income attributable to common shareholders	**1,793**	**(13)**	**1,780**
Net income per share attributable to common shareholders			
Basic	1.52	(0.01)	1.51
Diluted	1.50	(0.01)	1.49
Income from continuing operations per share attributable to common shareholders			
Basic	1.54	(0.01)	1.53
Diluted	1.52	(0.01)	1.51
Weighted average number of common shares outstanding (in millions)			
Basic	1,176		1,176
Diluted	1,203		1,203
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8476		0.8476

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Consolidated statement of comprehensive income			
Net income	**1,793**	**(13)**	**1,780**
Remeasurements of defined benefit pension plans			
Remeasurements before taxes – income (loss)	66	—	66
Income taxes	(18)	—	(18)
Other comprehensive income (loss) that will not be reclassified to profit or loss	48	—	48
Currency translation differences in foreign interests:			
Currency translation differences before taxes from continuing operations	495	(20)	475
Cash flow hedges:			
Fair value result for the period	1	—	1
Transfers to net income	1	—	1
Other comprehensive income (loss) reclassifiable to profit or loss	497	(20)	477
Total other comprehensive income (loss)	**545**	**(20)**	**525**
Total comprehensive income attributable to common shareholders	**2,338**	**(33)**	**2,305**
Attributable to:			
Continuing operations	2,354	(32)	2,322
Discontinued operations	(16)	(1)	(17)
Total comprehensive income attributable to common shareholders	**2,338**	**(33)**	**2,305**

€ 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
Right-of-use asset	—	7,027	7,027
Investment property	629	334	963
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]	1,759	(11)	1,748
Other current financial assets[1]	461	98	559
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[2]	1,232	995	2,227
Income taxes payable	110	—	110
Provisions	326	(14)	312
Other current liabilities[2]	2,537	(58)	2,479
Total current liabilities	**10,021**	**922**	**10,943**
Total equity and liabilities	**33,331**	**6,499**	**39,830**
Year-end U.S. dollar exchange rate (euro per U.S. dollar)	0.8738		0.8738

1. *Compared to the IFRS 16 Restatement booklet dated March 25, 2019, the restated amounts include the reclassification of the current portion of the net investment in leases of €81 million and short-term loans receivables of €17 million from Receivables to Other current financial assets.*
2. *Compared to the IFRS 16 Restatement booklet dated March 25, 2019, the restated amounts include the reclassification of deposit liabilities of €12 million from Other current liabilities to Other current financial liabilities, to properly reflect the nature of the underlying item.*

€ 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
Right-of-use asset	—	6,970	6,970
Investment property	650	366	1,016
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]	1,605	—	1,605
Other current financial assets[1]	238	78	316
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]	2,210	922	3,132
Income taxes payable	136	—	136
Provisions	355	(18)	337
Other current liabilities[2]	2,327	(55)	2,272
Total current liabilities	**10,305**	**848**	**11,153**
Total equity and liabilities	**33,870**	**6,399**	**40,269**
Year-end U.S. dollar exchange rate (euro per U.S. dollar)	0.8330		0.8330

1. *Compared to the IFRS 16 Restatement booklet dated March 25, 2019, the restated amounts include the reclassification of the current portion of the net investment in leases of €74 million and short-term loans receivables of €4 million from Receivables to Other current financial assets.*
2. *Compared to the IFRS 16 Restatement booklet dated March 25, 2019, the restated amounts include the reclassification of deposit liabilities of €10 million from Other current liabilities to Other current financial liabilities, to properly reflect the nature of the underlying item.*

€ million	Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserve	Other reserves including retained earnings	Equity attributable to common shareholders
Consolidated statement of changes in equity						
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	—	—	—	—	1,780	1,780
Other comprehensive income - restated	—	—	475	2	48	525
Total comprehensive income attributable to common shareholders - restated	—	—	475	2	1,828	2,305
Dividends	—	—	—	—	(757)	(757)
Share buyback	—	—	—	—	(1,997)	(1,997)
Cancellation of treasury shares	—	(1,176)	—	—	1,176	—
Share-based payments	—	—	—	—	63	63
Balance as of December 30, 2018, restated	**12**	**13,999**	**(80)**	**(2)**	**276**	**14,205**

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Consolidated statement of cash flow			
Income from continuing operations	1,809	(12)	1,797
Adjustments for:			
Net financial expenses	246	241	487
Income taxes	372	1	373
Share in income of joint ventures	(32)	(2)	(34)
Depreciation, amortization and impairments	1,816	844	2,660
Gains (losses) on leases and the sale of assets / disposal groups held for sale	(11)	(17)	(28)
Share-based compensation expenses	60	—	60
Operating cash flows before changes in operating assets and liabilities	4,260	1,055	5,315
Changes in working capital:			
Changes in inventories	(35)	—	(35)
Changes in receivables and other current assets	(6)	(36)	(42)
Changes in payables and other current liabilities	525	3	528
Changes in other non-current assets, other non-current liabilities and provisions	(136)	10	(126)
Cash generated from operations	4,608	1,032	5,640
Income taxes paid - net	(280)	—	(280)
Operating cash flows from continuing operations	4,328	1,032	5,360
Operating cash flows from discontinued operations	(5)	3	(2)
Net cash from operating activities	**4,323**	**1,035**	**5,358**
Purchase of non-current assets	(1,780)	—	(1,780)
Divestments of assets / disposal groups held for sale	27	—	27
Acquisition of businesses, net of cash acquired	(30)	—	(30)
Divestment of businesses, net of cash divested	(3)	—	(3)
Changes in short-term deposits and similar instruments	(242)	—	(242)
Dividends received from joint ventures	17	—	17
Interest received	74	—	74

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Lease payments received on lease receivables	—	86	86
Other	38	—	38
Investing cash flows from continuing operations	(1,899)	86	(1,813)
Investing cash flows from discontinued operations	—	1	1
Net cash from investing activities	**(1,899)**	**87**	**(1,812)**
Proceeds from long-term debt	798	—	798
Interest paid	(324)	97	(227)
Repayments of loans	(783)	—	(783)
Changes in short-term loans	(733)	—	(733)
Repayment of lease liabilities	(177)	(1,215)	(1,392)
Dividends paid on common shares	(757)	—	(757)
Share buyback	(2,003)	—	(2,003)
Other cash flows from derivatives	(29)	—	(29)
Other	(3)	—	(3)
Financing cash flows from continuing operations	(4,011)	(1,118)	(5,129)
Financing cash flows from discontinued operations	—	(4)	(4)
Net cash from financing activities	**(4,011)**	**(1,122)**	**(5,133)**
Net cash from operating, investing and financing activities	**(1,587)**	**—**	**(1,587)**
Cash and cash equivalents at the beginning of the period (excluding restricted cash)	4,542	—	4,542
Effect of exchange rates on cash and cash equivalents	155	—	155
Cash and cash equivalents at the end of the period (excluding restricted cash)	**3,110**	**—**	**3,110**
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8476		0.8476

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Note 6. Expenses by nature			
Cost of product	43,846	—	43,846
Labor costs	9,014	—	9,014
Other operational expenses	4,798	(2)	4,796
Depreciation and amortization	1,758	849	2,607
Rent expenses	1,196	(1,132)	64
Rent income	(267)	78	(189)
Impairment losses and reversals – net	58	(5)	53
(Gains) losses on leases and the sale of assets – net	(7)	(16)	(23)
Total expenses by nature	**60,396**	**(228)**	**60,168**

Q4 2018 restatement

€ million, except per share data	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
Consolidated income statement			
Net sales	16,547	—	16,547
Cost of sales	(12,055)	—	(12,055)
Gross profit	**4,492**	**—**	**4,492**
Selling expenses	(3,216)	52	(3,164)
General and administrative expenses	(649)	6	(643)
Total operating expenses	(3,865)	58	(3,807)
Operating income	**627**	**58**	**685**
Interest income	21	4	25
Interest expense	(81)	24	(57)
Net interest expense on defined benefit pension plans	(5)	—	(5)
Interest accretion to lease liability	—	(91)	(91)
Other financial income (expense)	32	(1)	31
Net financial expenses	(33)	(64)	(97)
Income before income taxes	**594**	**(6)**	**588**
Income taxes	(90)	(2)	(92)
Share in income of joint ventures	13	—	13
Income from continuing operations	**517**	**(8)**	**509**
Loss from discontinued operations	—	—	—
Net income attributable to common shareholders	**517**	**(8)**	**509**
Net income per share attributable to common shareholders			
Basic	0.45	—	0.45
Diluted	0.45	(0.01)	0.44
Income from continuing operations per share attributable to common shareholders			
Basic	0.45	—	0.45
Diluted	0.45	(0.01)	0.44
Weighted average number of common shares outstanding (in millions)			
Basic	1,137		1,137
Diluted	1,163		1,163
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8768		0.8768

€ million	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
Consolidated statement of comprehensive income			
Net income	**517**	**(8)**	**509**
Remeasurements of defined benefit pension plans			
Remeasurements before taxes – income (loss)	(6)	—	(6)
Income taxes	2	—	2
Other comprehensive income (loss) that will not be reclassified to profit or loss	(4)	—	(4)
Currency translation differences in foreign interests:			
Currency translation differences before taxes from continuing operations	150	(5)	145
Other comprehensive income (loss) reclassifiable to profit or loss	150	(5)	145
Total other comprehensive income (loss)	**146**	**(5)**	**141**
Total comprehensive income attributable to common shareholders	**663**	**(13)**	**650**
Attributable to:			
Continuing operations	663	(13)	650
Discontinued operations	—	—	—
Total comprehensive income attributable to common shareholders	**663**	**(13)**	**650**

€ million	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
Consolidated statement of cash flow			
Income from continuing operations	517	(8)	509
Adjustments for:			
Net financial expenses	33	64	97
Income taxes	90	2	92
Share in income of joint ventures	(13)	—	(13)
Depreciation, amortization and impairments	482	216	698
Gains (losses) on leases and the sale of assets / disposal groups held for sale	(7)	(2)	(9)
Share-based compensation expenses	13	—	13
Operating cash flows before changes in operating assets and liabilities	1,115	272	1,387
Changes in working capital:			
Changes in inventories	(76)	—	(76)
Changes in receivables and other current assets	(29)	(42)	(71)
Changes in payables and other current liabilities	603	—	603
Changes in other non-current assets, other non-current liabilities and provisions	(11)	(4)	(15)
Cash generated from operations	1,602	226	1,828
Income taxes paid – net	(148)	—	(148)
Operating cash flows from continuing operations	1,454	226	1,680
Operating cash flows from discontinued operations	(2)	—	(2)
Net cash from operating activities	**1,452**	**226**	**1,678**
Purchase of non-current assets	(698)	—	(698)
Divestments of assets / disposal groups held for sale	7	—	7
Acquisition of businesses, net of cash acquired	(17)	—	(17)
Divestment of businesses, net of cash divested	(1)	—	(1)
Changes in short-term deposits and similar instruments	202	—	202
Interest received	22	—	22
Lease payments received on lease receivables	—	23	23

€ million	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
Other	40	—	40
Investing cash flows from continuing operations	(445)	23	(422)
Investing cash flows from discontinued operations	—	1	1
Net cash from investing activities	**(445)**	**24**	**(421)**
Proceeds from long-term debt	1	—	1
Interest paid	(115)	25	(90)
Repayments of loans	(759)	—	(759)
Changes in short-term loans	(1,630)	—	(1,630)
Repayment of lease liabilities	(45)	(274)	(319)
Share buyback	(356)	—	(356)
Other cash flows from derivatives	(25)	—	(25)
Financing cash flows from continuing operations	(2,929)	(249)	(3,178)
Financing cash flows from discontinued operations	—	(1)	(1)
Net cash from financing activities	**(2,929)**	**(250)**	**(3,179)**
Net cash from operating, investing and financing activities	**(1,922)**	**—**	**(1,922)**
Cash and cash equivalents at the beginning of the period (excluding restricted cash)	4,974	—	4,974
Effect of exchange rates on cash and cash equivalents	58	—	58
Cash and cash equivalents at the end of the period (excluding restricted cash)	**3,110**	**—**	**3,110**
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8768		0.8768

€ million	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
Note 6. Expenses by nature			
Cost of product	11,529	—	11,529
Labor costs	2,344	—	2,344
Other operational expenses	1,332	1	1,333
Depreciation and amortization	445	216	661
Rent expenses	305	(288)	17
Rent income	(68)	18	(50)
Impairment losses and reversals – net	37	—	37
(Gains) losses on leases and the sale of assets – net	(4)	(5)	(9)
Total expenses by nature	**15,920**	**(58)**	**15,862**

Zaandam, the Netherlands, February 11, 2020

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	Q4 2019	Q4 2018 restated	2019	2018 restated
Operating cash flows from continuing operations before changes in working capital and income taxes paid	1,446	1,372	5,483	5,189
Changes in working capital	532	456	325	451
Income taxes paid – net	(24)	(148)	(358)	(280)
Purchase of non-current assets	(657)	(698)	(2,218)	(1,780)
Divestments of assets / disposal groups held for sale	77	7	144	27
Dividends received from joint ventures	20	—	36	17
Interest received	10	22	56	74
Lease payments received on lease receivables	25	23	94	86
Interest paid	(50)	(90)	(189)	(227)
Repayment of lease liabilities	(371)	(319)	(1,530)	(1,392)
Free cash flow	**1,008**	**625**	**1,843**	**2,165**

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	December 29, 2019	September 29, 2019	December 30, 2018 restated
Loans	3,841	3,923	3,683
Lease liabilities	8,484	8,450	8,270
Cumulative preferred financing shares	—	—	455
Non-current portion of long-term debt	12,325	12,373	12,408
Short-term borrowings and current portion of long-term debt	3,119	3,618	2,077
Gross debt	15,445	15,991	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]	3,863	3,709	3,507
Net debt	**11,581**	**12,282**	**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 December 29, 2019, was €15 million (September 29, 2019: €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 €130 million (September 29, 2019: €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 December 29, 2019, was €277 million (September 29, 2019: €207 million, December 30, 2018: €292 million).*
5. *Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €1,391 million (September 29, 2019: €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:

Q4 2019

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Global Support Office	Ahold Delhaize Group
Operating income (loss)	**443**	**197**	**39**	**94**	**(23)**	**749**
Impairments	32	1	2	3	—	38
(Gains) losses on leases and the sale of assets	(26)	(4)	1	1	(4)	(32)
Restructuring and related charges and other items	(7)	14	5	2	(4)	10
Adjustments to operating income	*(1)*	*10*	*9*	*6*	*(7)*	*16*
Underlying operating income (loss)	**442**	**207**	**47**	**100**	**(31)**	**765**

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 Q4 2019 was $489 million for the United States.

Q4 2018, restated

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Global Support Office	Ahold Delhaize Group
Operating income (loss)	**436**	**181**	**34**	**84**	**(50)**	**685**
Impairments	18	9	—	10	—	37
(Gains) losses on leases and the sale of assets	(8)	2	(1)	(2)	—	(9)
Restructuring and related charges and other items	14	1	6	1	8	30
Adjustments to operating income	*24*	*12*	*5*	*9*	*8*	*58*
Underlying operating income (loss)	**460**	**193**	**39**	**93**	**(42)**	**743**

Restated underlying operating income in local currency for Q4 2018 was $525 million for the United States.

Full year 2019

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Global Support Office	Ahold Delhaize Group
Operating income (loss)	**1,668**	**765**	**128**	**246**	**(146)**	**2,662**
Impairments	67	2	2	18	—	89
(Gains) losses on leases and the sale of assets	(39)	(13)	5	(2)	(4)	(53)
Restructuring and related charges and other items	16	22	13	18	10	78
Adjustments to operating income	*44*	*11*	*20*	*34*	*6*	*115*
Underlying operating income (loss)	**1,712**	**776**	**149**	**280**	**(140)**	**2,777**

Underlying operating income in local currency for the full year 2019 was $1,916 million for the United States.

Full year 2018, restated

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Global Support Office	Ahold Delhaize Group
Operating income (loss)	**1,633**	**731**	**130**	**262**	**(133)**	**2,623**
Impairments	26	13	—	14	—	53
(Gains) losses on leases and the sale of assets	(17)	(1)	(2)	(3)	—	(23)
Restructuring and related charges and other items	57	5	14	1	31	108
Adjustments to operating income	*66*	*17*	*12*	*12*	*31*	*138*
Underlying operating income (loss)	**1,699**	**748**	**142**	**274**	**(102)**	**2,761**

Restated underlying operating income in local currency for the full year 2018 was $2,002 million for the United States.

Underlying EBITDA[1]

€ million	Q4 2019	Q4 2018 restated	2019	2018 restated
Underlying operating income	**765**	**743**	**2,777**	**2,761**
Depreciation and amortization[2]	711	656	2,732	2,602
Underlying EBITDA	**1,476**	**1,399**	**5,510**	**5,363**

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 2019 of €2,758 million (2018: €2,607 million), and the €2,732 million (2018: €2,602 million) mentioned here relates to items that were excluded from underlying operating income.*

Underlying income from continuing operations[1]

€ million, except per share data	Q4 2019	Q4 2018 restated	2019	2018 restated
Income from continuing operations	**544**	**509**	**1,767**	**1,797**
Adjustments to operating income	16	58	115	138
Unusual items in net financial expenses	13	(29)	37	(7)
Tax effect on adjusted and unusual items	(6)	(16)	(30)	(59)
Tax rate changes due to local tax reforms[2]	—	(17)	—	(17)
Underlying income from continuing operations	**566**	**505**	**1,888**	**1,852**
Basic income per share from continuing operations[3]	0.50	0.45	1.60	1.53
Underlying income per share from continuing operations[3]	0.52	0.44	1.71	1.57

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. *The statutory corporate income tax rate changes as a result of local tax reforms show the impact of recalculating the Netherlands' deferred tax positions and applying the reduced statutory Dutch corporate income tax rates (see* Note 7 to the summarized financial information *for more information).*
3. *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 Q4 2019 is 1,092 million (Q4 2018: 1,137 million).*

Store portfolio (including franchise and affiliate stores)

	End of 2018	Opened / acquired	Closed / sold	End of Q4 2019
The United States	1,961	19	(7)	1,973
The Netherlands[1]	2,151	28	(23)	2,156
Belgium	777	25	(6)	796
Central and Southeastern Europe	1,880	170	(8)	2,042
Total	**6,769**	**242**	**(44)**	**6,967**

1. *The number of stores at the end of Q4 2019 includes 1,127 specialty stores (Etos and Gall & Gall); (end of 2018: 1,139).*

Use of alternative performance measures

This summary report includes alternative performance measures (also known as non-GAAP measures). The descriptions of the alternative performance measures are included in *Definitions: Performance measures* in 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 to determine 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 to determine underlying income from continuing operations, but the 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.

Full year 2018 restatement

Free cash flow

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Operating cash flows from continuing operations before changes in working capital and income taxes paid	4,124	1,065	5,189
Changes in working capital	484	(33)	451
Income taxes paid - net	(280)	—	(280)
Purchase of non-current assets	(1,780)	—	(1,780)
Divestments of assets / disposal groups held for sale	27	—	27
Dividends received from joint ventures	17	—	17
Interest received	74	—	74
Interest paid	(324)	97	(227)
Free cash flow - old definition	**2,342**	**1,129**	**3,471**
Lease payments received on lease receivables	—	86	86
Repayment of lease liabilities	(177)	(1,215)	(1,392)
Free cash flow - new definition	**2,165**	**—**	**2,165**

Net debt

€ million	December 30, 2018 as reported	Effect of IFRS 16 adoption	December 30, 2018 restated
Loans	3,683	—	3,683
Lease liabilities	1,379	6,891	8,270
Cumulative preferred financing shares	455	—	455
Non-current portion of long-term debt	5,517	6,891	12,408
Short-term borrowings and current portion of long-term debt	1,095	982	2,077
Gross debt	6,612	7,873	14,485
Less: Cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments	3,507	—	3,507
Net debt	**3,105**	**7,873**	**10,978**

Underlying operating income

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Operating income	**2,395**	**228**	**2,623**
Impairments	58	(5)	53
(Gains) losses on leases and the sale of assets	(7)	(16)	(23)
Restructuring and related charges and other items	108	—	108
Adjustments to operating income	*159*	*(21)*	*138*
Underlying operating income	**2,554**	**207**	**2,761**

Underlying EBITDA

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Underlying operating income	**2,554**	**207**	**2,761**
Depreciation and amortization[1]	1,751	851	2,602
Underlying EBITDA	**4,305**	**1,058**	**5,363**

1. *Underlying operating income was adjusted for depreciation and amortization in the amount of €1,751 million for 2018 as reported and €2,602 million for 2018 restated. The €7 million difference between the total amount of depreciation and amortization for 2018 as reported of €1,758 million and the €1,751 million mentioned above relates to an item that was excluded from underlying operating income. For 2018 restated, the difference is €5 million.*

Underlying income from continuing operations

€ million, except per share data	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Income from continuing operations	**1,809**	**(12)**	**1,797**
Adjustments to operating income	159	(21)	138
Unusual items in net financial expenses	(7)	—	(7)
Tax effect on adjusted and unusual items	(59)	—	(59)
Tax rate changes due to local tax reforms	(22)	5	(17)
Underlying income from continuing operations	**1,880**	**(28)**	**1,852**
Basic income from continuing operations per share[1]	1.54	(0.01)	1.53
Underlying income from continuing operations per share[1]	1.60	(0.03)	1.57

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 2018 is 1,176 million.*

Q4 2018 restatement

Free cash flow

€ million	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
Operating cash flows from continuing operations before changes in working capital and income taxes paid	1,104	268	1,372
Changes in working capital	498	(42)	456
Income taxes paid – net	(148)	—	(148)
Purchase of non-current assets	(698)	—	(698)
Divestments of assets / disposal groups held for sale	7	—	7
Interest received	22	—	22
Interest paid	(115)	25	(90)
Free cash flow – old definition	**670**	**251**	**921**
Lease payments received on lease receivables	—	23	23
Repayment of lease liabilities	(45)	(274)	(319)
Free cash flow – new definition	**625**	**—**	**625**

Underlying operating income

€ million	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
Operating income	**627**	**58**	**685**
Impairments	37	—	37
(Gains) losses on leases and the sale of assets	(4)	(5)	(9)
Restructuring and related charges and other items	31	(1)	30
Adjustments to operating income	*64*	*(6)*	*58*
Underlying operating income	**691**	**52**	**743**

Underlying EBITDA

€ million	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
Underlying operating income	**691**	**52**	**743**
Depreciation and amortization[1]	438	218	656
Underlying EBITDA	**1,129**	**270**	**1,399**

1. *Underlying operating income was adjusted for depreciation and amortization in the amount of €438 million for 2018 as reported and €656 million for 2018 restated. The €7 million difference between the total amount of depreciation and amortization for 2018 as reported of €445 million and the €438 million mentioned above relates to an item that was excluded from underlying operating income. For 2018 restated, the difference is €5 million.*

Underlying income from continuing operations

€ million, except per share data	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
Income from continuing operations	**517**	**(8)**	**509**
Adjustments to operating income	64	(6)	58
Unusual items in net financial expenses	(29)	—	(29)
Tax effect on adjusted and unusual items	(16)	—	(16)
Tax rate changes due to local tax reforms	(22)	5	(17)
Underlying income from continuing operations	**514**	**(9)**	**505**
Basic income per share from continuing operations[1]	0.45	—	0.45
Underlying income per share from continuing operations[1]	0.45	(0.01)	0.44

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 Q4 2018 is 1,137 million.*

Vesting of shares under the GRO plan

On April 9, 2020, a maximum of 0.3 million shares granted in 2017 to current and former members of the Management Board under the Ahold Delhaize GRO plan are expected to vest. Except to finance taxes and social security charges due on the vesting date, members of the Management Board cannot sell shares for a period of at least five years following the grant date, or until their date of resignation from the Management Board, if this period is shorter.

On April 9, 2020, a maximum of 2.7 million shares granted in 2017 to Ahold Delhaize employees under the Ahold Delhaize GRO plan are expected to vest. As of the vesting date, participants are allowed to sell all or part of the shares vested, subject to insider trading restrictions as applicable from time to time.

The Company will use treasury shares for the delivery of the vested shares.

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 2020 financial year consists of 53 weeks and ends on January 3, 2021.

The key publication dates for 2020 are as follows:

February 26	Annual Report 2019
May 7	Results Q1 2020
August 5	Results Q2 2020
November 4	Results Q3 2020

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: guidance, outlook, long-term, continues, expectations, 2020, expect, trend, strategy, goal, 2021, remain, on track, to be, constant, are planning, to arrive at, anticipate, is, should, would be, to be, will be, commitments and contingencies, if and when, due on, until, for a period of at least five years, from time to time, 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:

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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.

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