



DELHAIZE  GROUP

Q3 2014 results

November 6, 2014

Forward looking statements

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

Delhaize Group has clear priorities...

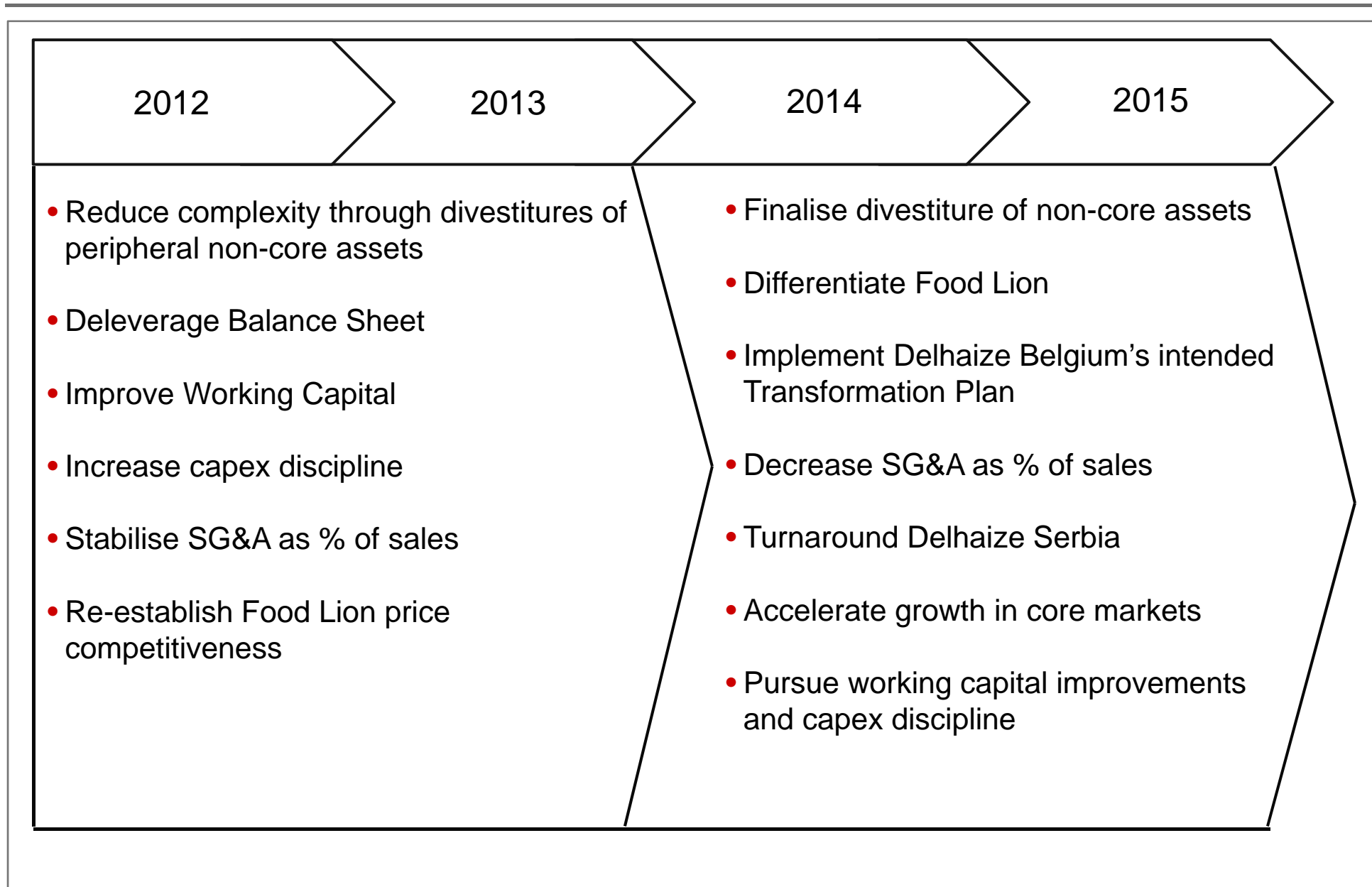
Who we are

Principles

Priorities

- Preferred food retailer
- Differentiated concept
- Fresh specialist, Private Label expertise
- Multinational
- Strong local identity
- Respectful of all Stakeholders
- The **customer** is at the center
- Business is local and **market share** matters
- Strengthen our **core capabilities** and **improve** those needed to succeed
- Exercise **discipline in capital allocation**
- Use **scale** to **reduce costs**
- Respond to **industry dynamics and trends**
- **Put the customer back at the center**
- **Focus on core markets**
- **Realize more operating efficiencies**
- **Execute with speed**

... and is executing on its action plan



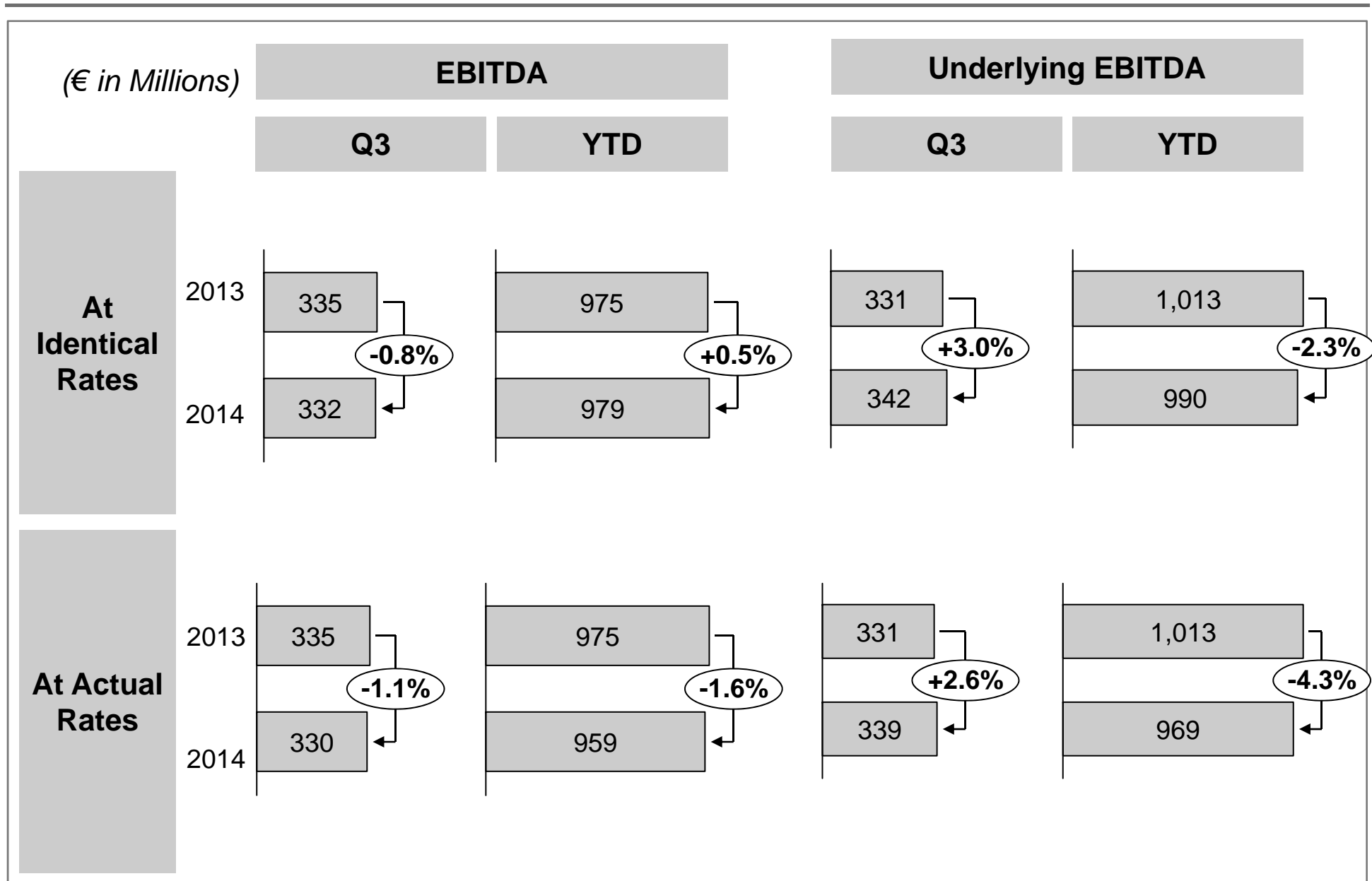
Q3 2014 : decidedly mixed performance between the US and Belgium

- **U.S.**
 - Further positive CSS and real growth at both Food Lion and Hannaford
 - Hannaford sales helped by temporary competitive dynamics
 - Positive sales leverage and UOP margin evolution
- **Belgium**
 - Revenues negatively impacted by Transformation Plan, weak summer, competition and downward pressure on inflation
 - Margin pressure due to negative sales leverage and deflation in fruits and vegetables
- **SEE**
 - Deflation in Serbia
 - Alfa Beta and Mega Image continued to expand network
 - Profitability supported by a resilient gross margin

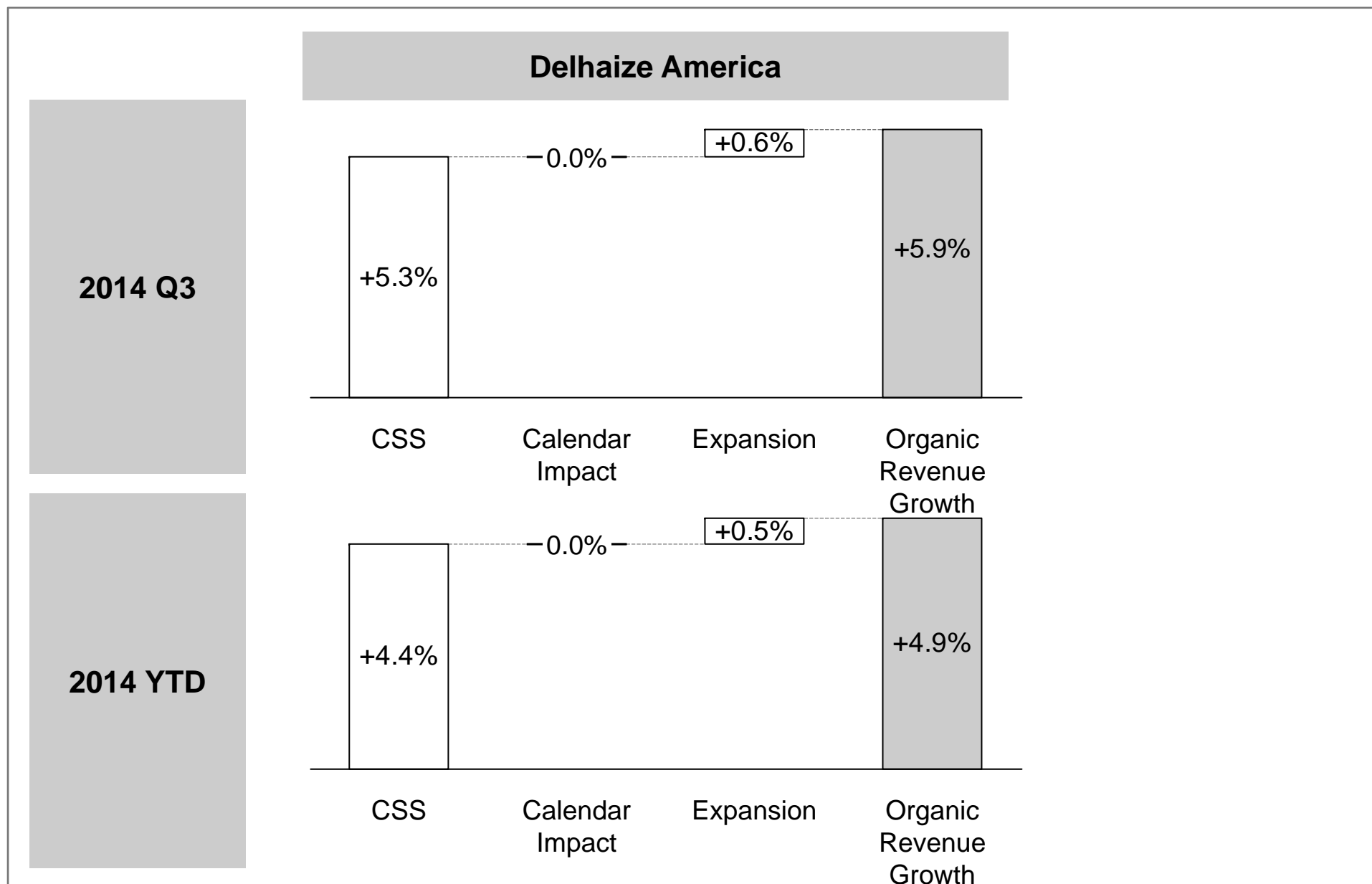
Financial results – Q3 2014

<i>(€ in Millions)</i>	Q3		% Growth	
	2013	2014	Actual Rates	Identical Rates
Revenues	5,299	5,462	3.1%	3.3%
Gross Margin	24.0%	24.0%	(2 bps)	(2 bps)
SG&A as % of revenues	21.1%	20.9%	(16 bps)	(17 bps)
Underlying Operating Profit	188	192	2.4%	3.0%
Underlying Operating Margin	3.5%	3.5%	(2 bps)	(1 bps)
Operating Profit / (Loss)	(3)	182	N/A	N/A
Operating Free Cash Flow	142	127	(10.3%)	(9.4%)

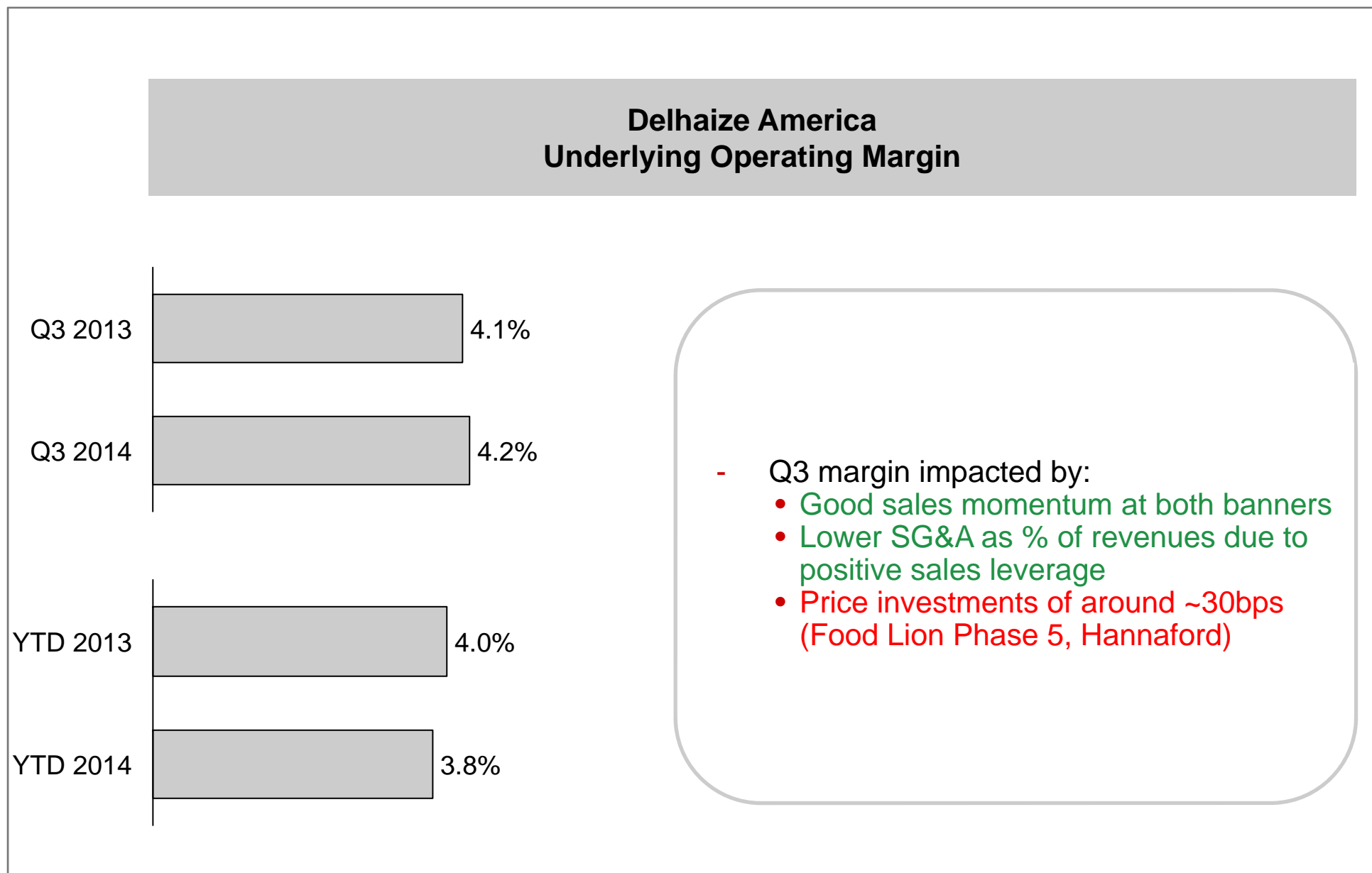
EBITDA



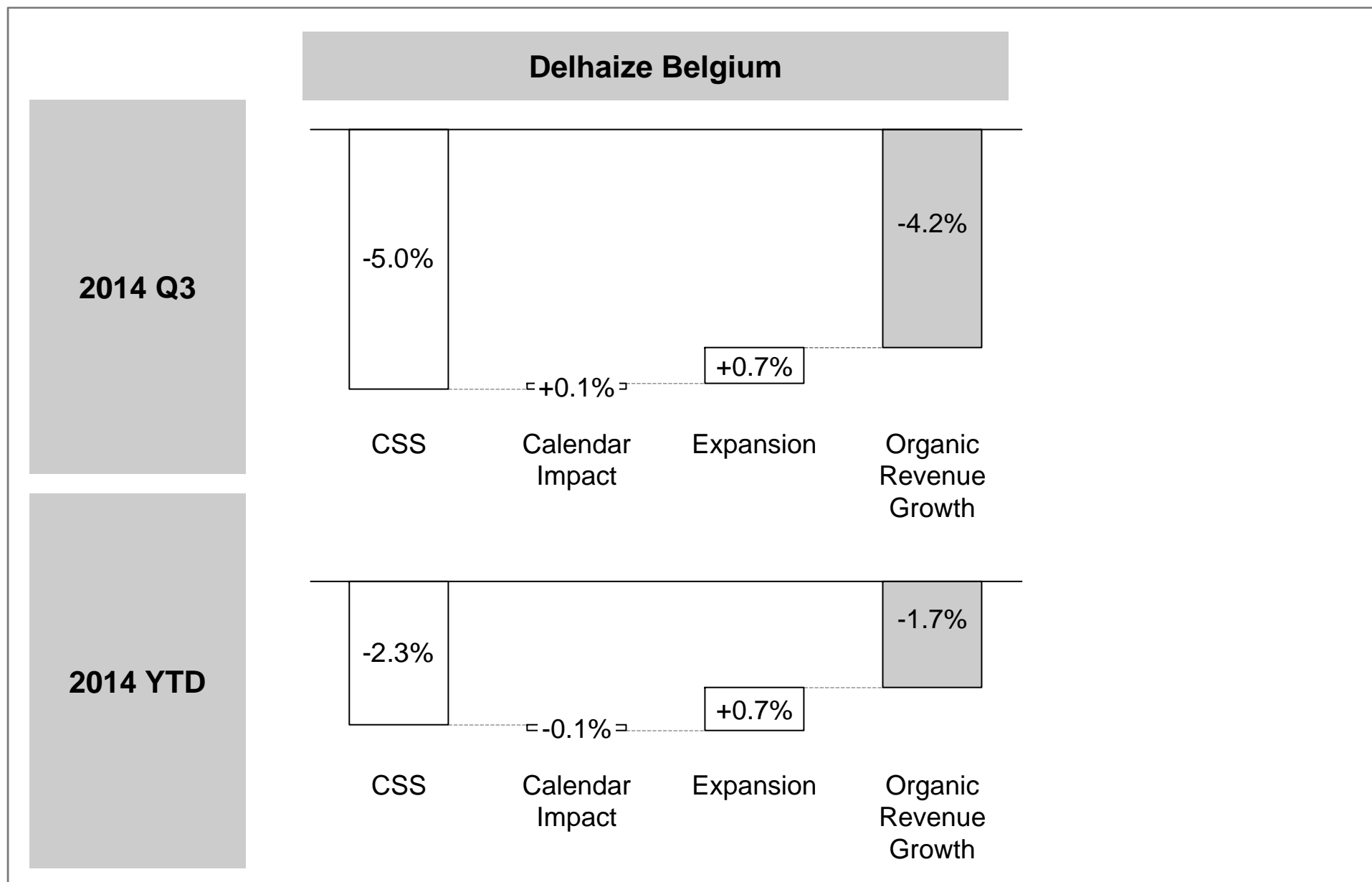
Delhaize America - organic revenue growth and comparable store sales growth



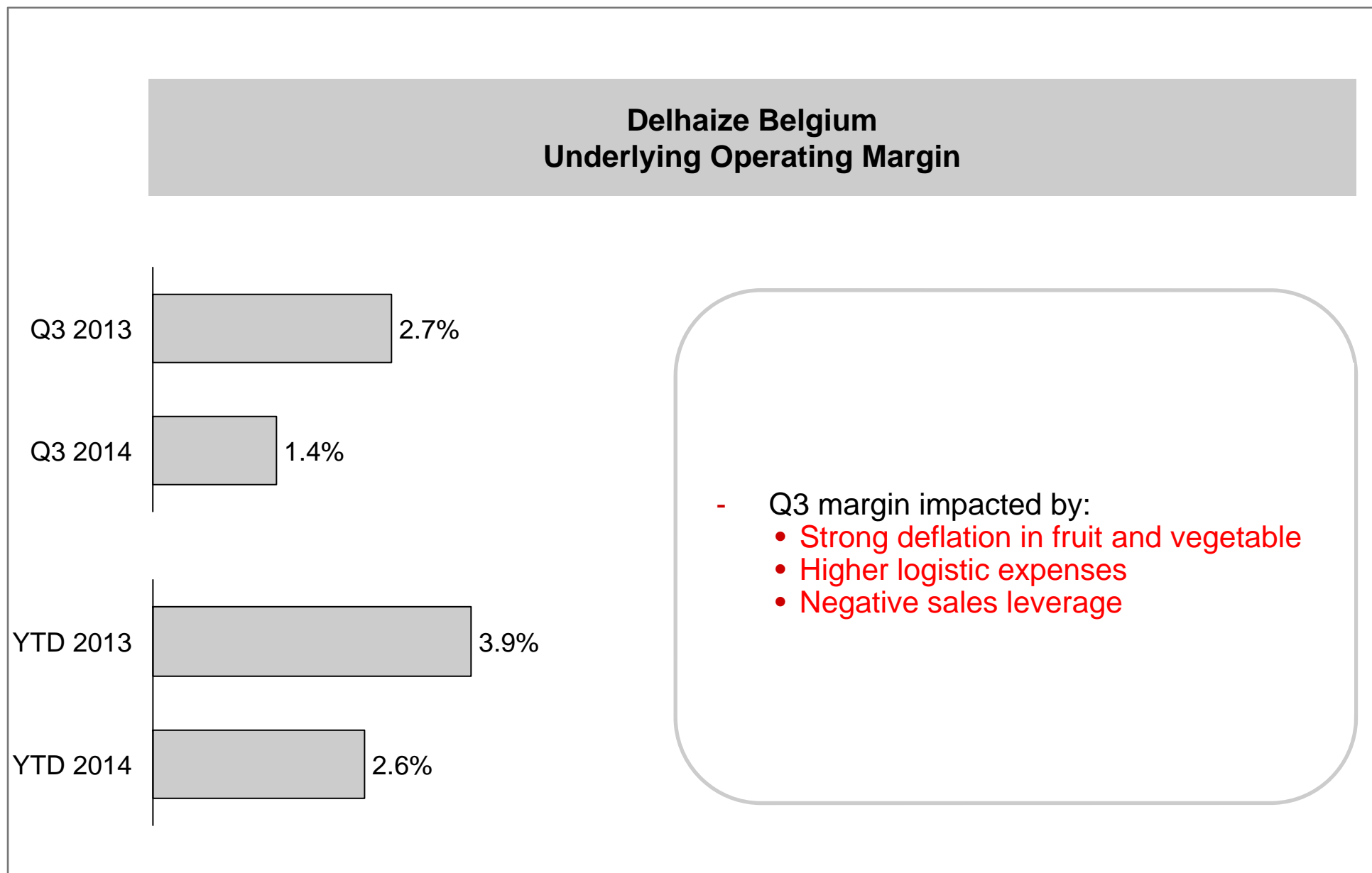
Delhaize America – underlying operating margin



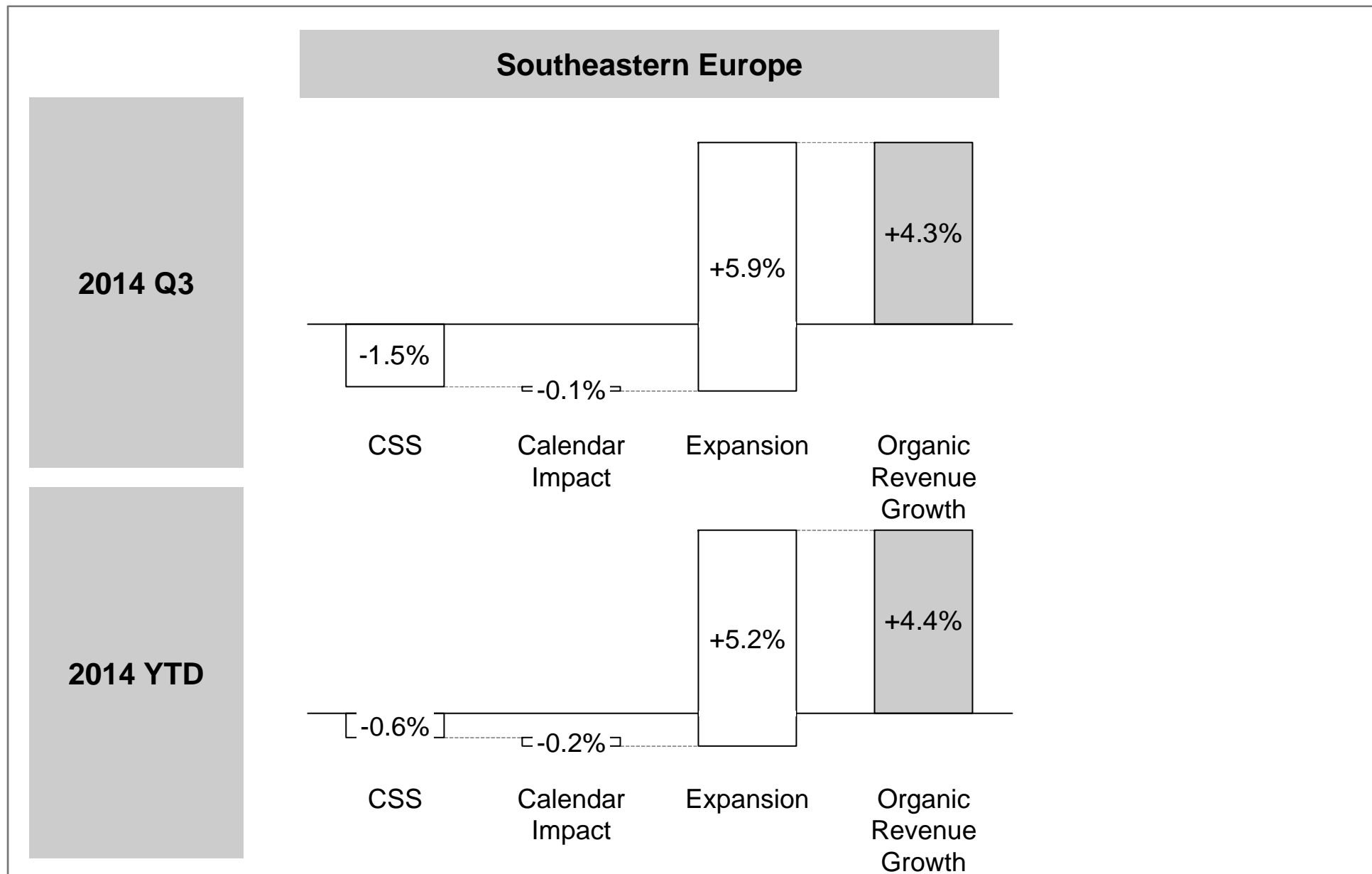
Delhaize Belgium - organic revenue growth and comparable store sales growth



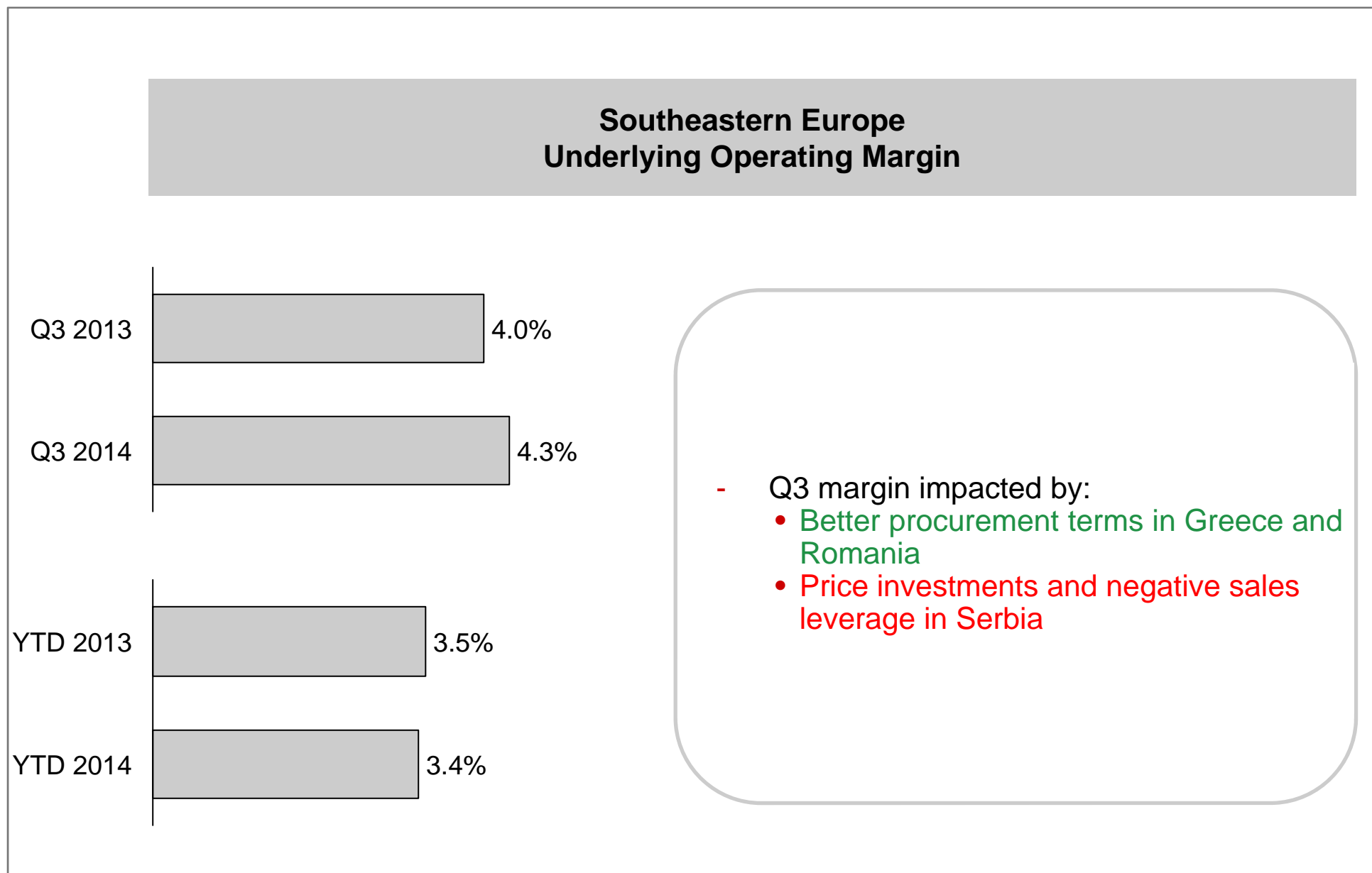
Delhaize Belgium – underlying operating margin



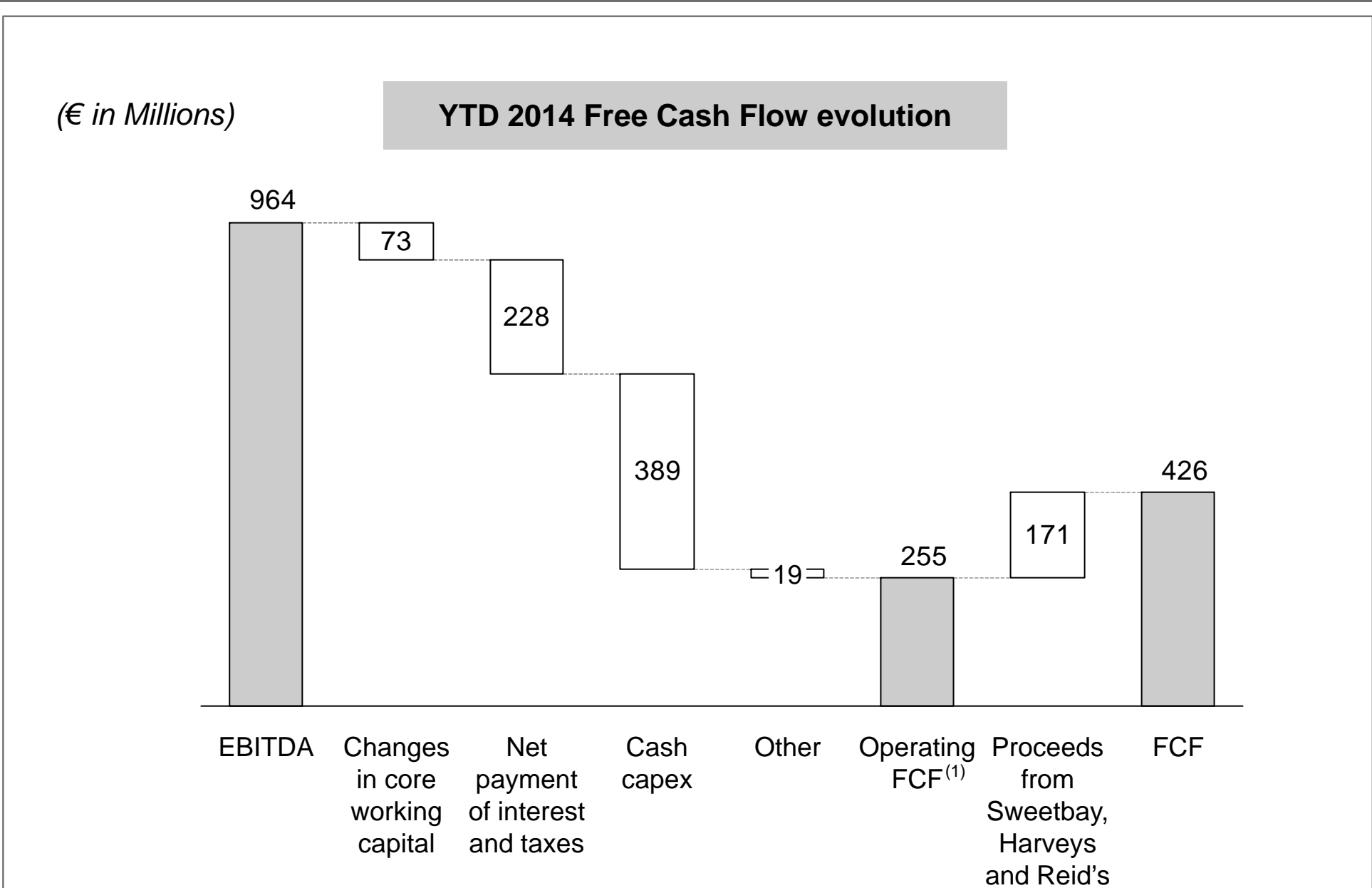
SEE - organic revenue growth and comparable store sales growth



Southeastern Europe – underlying operating margin



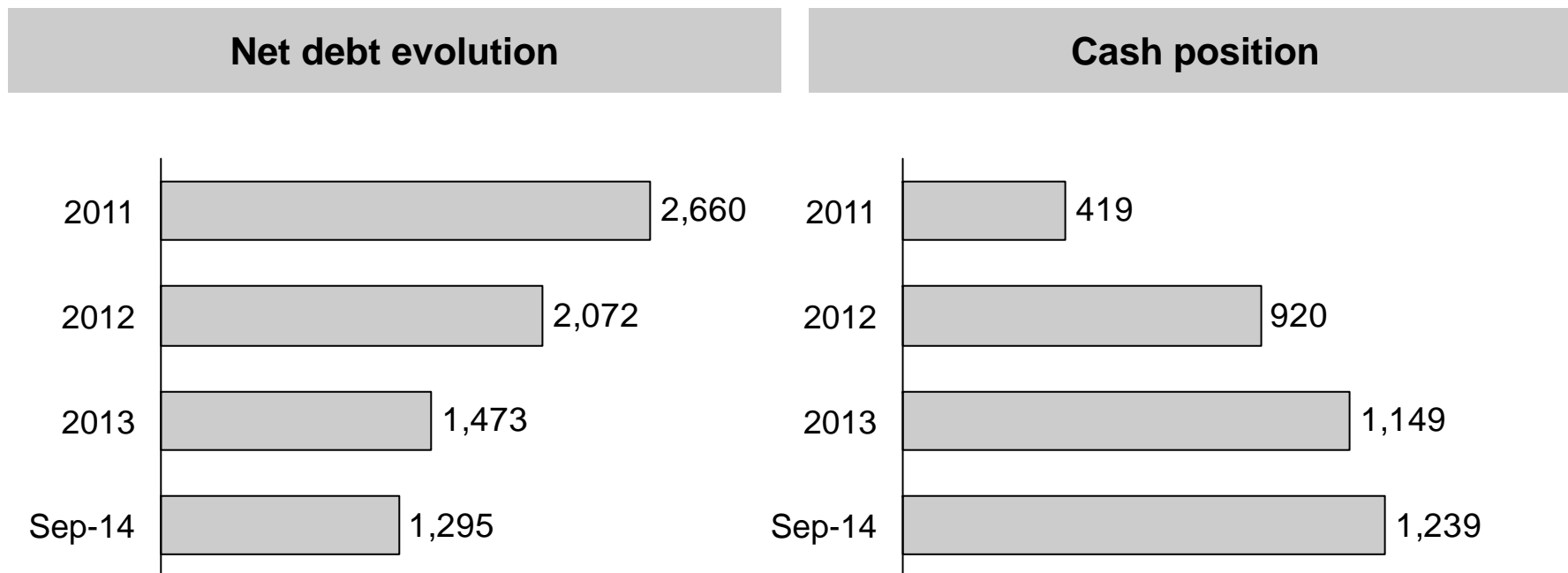
Free Cash Flow generation



(1) YTD 2014 Free Cash Flow included €22m cash outflow from Bulgaria and Bosnia & Herzegovina

Net Debt Position and Cash position evolution

(€ in Millions)



Delhaize America CEO diagnostic

Delhaize America has a strong foundation...

- 2 strong banners with distinct and compelling growth opportunities
- #1 or 2 position in the majority of our markets
- Stable or increasing market shares
- Strong connection to communities
- Convenient network of stores
- Experienced and motivated team

...and also faces some challenges

- Competitive markets at Food Lion
- Increasingly competitive markets at Hannaford
- IT systems and infrastructure to be improved
- Modernizing Food Lion store base

Food Lion: good momentum and further opportunities

STRENGTHS

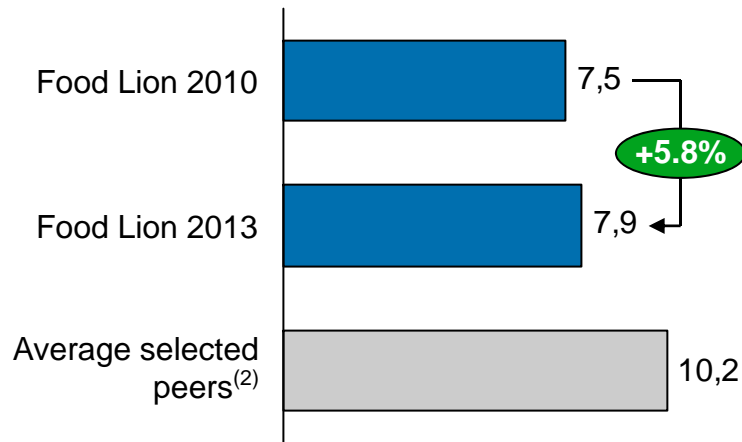
- 8 consecutive quarters of positive CSS
- Dense network of stores in convenient locations
- High market share in the Southeast
- Competitive price positioning
- Convenient, easy-to-shop small format stores

OPPORTUNITIES

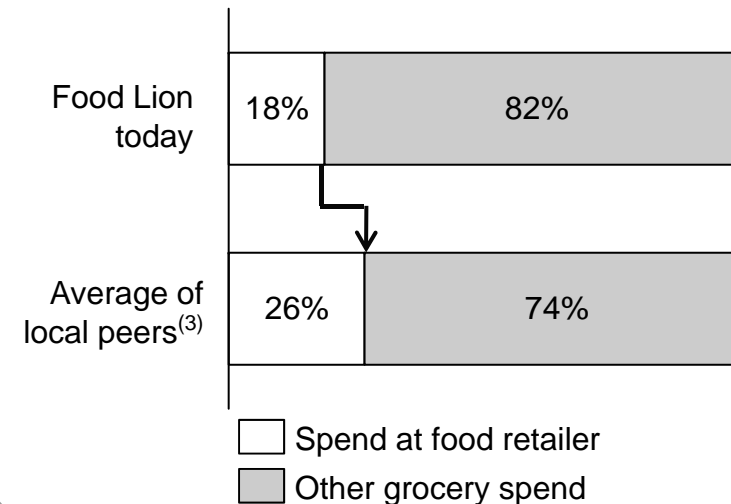
- Capital investment needed to fully modernize store base
- Share of wallet lags best in class competitors
- Sales productivity growing but still trails select peers
- Perishables need to be strengthened
- Drive sales momentum by continuing price investments

Today there exists a significant opportunity for Food Lion to grow

Average weekly sales per square foot (\$)⁽¹⁾



Estimated share of wallet potential⁽⁴⁾



Therefore we developed our “Easy, Fresh & Affordable” strategy

- Leverages strong heritage in convenience and low prices
- Addresses key opportunities in fresh experience

(1) Square footage data notes: peer data from Spectra for 17 states with DA operations, Adjusted by industry average to reflect estimated selling sq ft; Food Lion actual selling sq ft
 (2) Walmart supercenter, Walmart Neighborhood Market, Bi-Lo, Harris Teeter, Publix
 (3) Local peers include Bi-Lo, Harris Teeter, Publix, Giant Carlisle and Martins
 (4) Source: Nielsen Homescan, 52 weeks ending 12/28/13, Cross Outlet Facts, Retail Banner Shopper, Total US

Food Lion's strategy aims at differentiating the offering...

Differentiated offering...			
Center Store	Produce	Meat & Seafood	Deli, Bakery, Prepared Food
<ul style="list-style-type: none">• The most important items in each market• Intuitive in-aisle adjacencies• Improved in-stock position• Private Brands focus	<ul style="list-style-type: none">• Abundant selection of the items customers want most• Focus on seasonal merchandising• Increased ready to eat assortment	<ul style="list-style-type: none">• Easy to prepare meal solutions• Consistent quality and increased freshness• Expanded frozen assortment	<ul style="list-style-type: none">• Optimized bakery assortment improves quality and availability• Increased grab and go products• Compelling ready to eat meal solutions

... and will improve overall shopping experience, aiming to deliver an increased share of wallet

...enabled by foundational changes across the store

Pricing	Front end checkout	People	Product and Placement	Store experience
<ul style="list-style-type: none"> • Competitive pricing • Continued high level of promotions • Improved price communication • Private labels 	<ul style="list-style-type: none"> • Staffing enhancements deliver a surprisingly fast experience • Flexible check lane fixtures for different sized orders • Upgraded point of sale improves customer experience 	<ul style="list-style-type: none"> • Count on Me behavior to improve associate experience • Improved associate experience improves the customer experience • Caring, responsive and available associates 	<ul style="list-style-type: none"> • Layout makes products easy to find • Adjacencies within aisles more intuitive from store to store 	<ul style="list-style-type: none"> • Décor redesigned with a cleaner look and feel • Updated signage makes finding items easier • General upgrades ensure a modern shopping experience

While early, our test formats are showing encouraging results

Roll out

Summer 2013: 3 lab stores with selected strategy elements

December 2013: 1st concept store with most strategy elements

August 2014: 1st full test market - Wilmington NC (31 stores)

Q4 2014: 2nd full test market - Greenville NC (45 stores)

Early results

- Encouraging sales growth on top of an already growing base
- Strong growth in produce and deli/bakery units
- On budget for capex/store
- As expected, early results impacted by grand opening promotional spend

Continuing to test

- Garden cooler
- New Deli proposition
- Continue to analyse sales response and seek to understand what elements are driving the biggest sales increases

Investment highlights

- **Average capex per store:** \$1.5 million in test markets
- **Some P&L impact** including one-off elements

In addition to Easy, Fresh & Affordable, we are also implementing different initiatives throughout the Food Lion network

Assortment

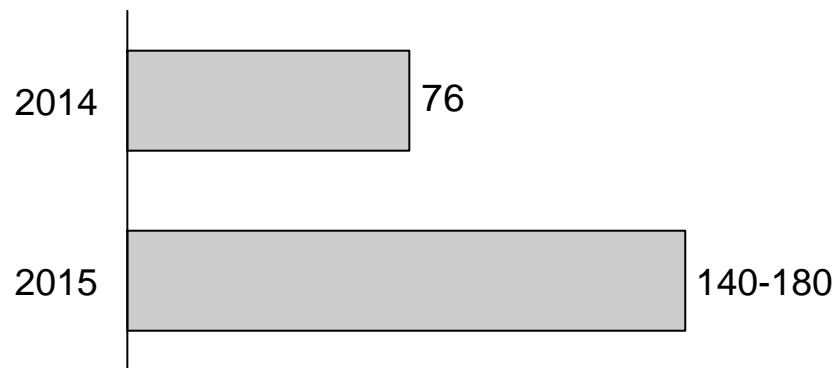
- Finetune **center store** assortment
 - Remove 6,700 SKUs, add 3,300 SKUs
 - 2-year process
 - ~80% of categories complete in 2014 (ahead of plan)
- **Produce:** improved supply chain and merchandising
- **Deli and Bakery:** improved assortment, simplified bakery operation
- Review **private brands** range
 - Scheduling a phased relaunch starting in Q4 2014
 - ~3,500 SKUs involved
- **Meat:** assessing performance of sealed fresh beef test

Associate & Customer Experience

- Upgrade of front end POS system underway; ~900 stores by end of 2014
- Empowering leaders to create great associate experiences
- Focus on associate service with count on me specific behaviors;
 - Care
 - Know what to do
 - Make it easy
 - Do your part
- Reinforcement of new behaviors with recognition
- First round of implementation of associate culture and behavior complete

Going forward, Food Lion will continue the implementation of its strategy while further monitoring the results in its test market

Number of remodeled stores per year



Next steps

- Plans to roll out to ~215-255 stores in total by the end of 2015
- Pace of future roll out determined by results
- Average of ~\$1.5 million capex per store
- Approach will be refined based on learnings from key tests

Refinements underway for next market

- Further optimize capital investments
- Efficiencies in pre-opening costs
- Visual merchandising enhancements in fresh departments

Hannaford: a strong brand to further expand

STRENGTHS

- Market leadership
- Sales productivity
- Share of Wallet
- Customer perception, particularly around product quality, fresh and customer service

OPPORTUNITIES

- Accelerate organic growth
- Roll-out e-commerce
- Continued improvement in price position and perception
- Further differentiation in fresh

Hannaford's key initiatives will provide the ability to withstand increasing competition

Organic growth

- Store openings
- Fill-in store acquisitions
- Development of new formats

Price investments

- Continue targeted price investments
- Focus on WOW items and in-store merchandising

Merchandising

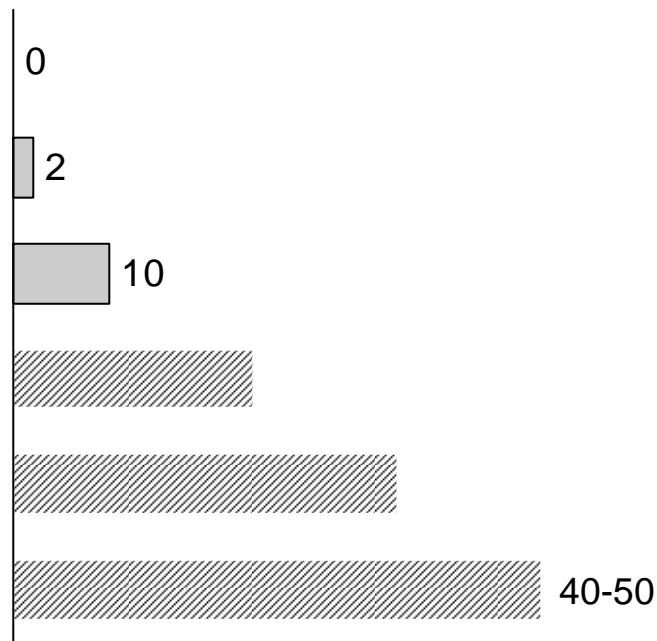
- Localization
- In-store Visual Merchandising
- Fresh
- Customer Service

E-commerce

- Continued roll-out of Hannaford To Go (Click and Collect model)
- Develop and test alternate e-Commerce solutions

Thus far, Hannaford To Go results are encouraging

Number of Hannaford To Go (cumulative)



Early results

- Strong customer adoption
- Volume of orders and basket size encouraging
- In store technology delivering efficiencies

Next steps

- 10-15 new additional Hannaford To Go per year
- Developing alternate solutions to test (e.g. home delivery, site delivery, drives, and lockers)

Delhaize America is building on its momentum and focused on value enhancing projects

VISION

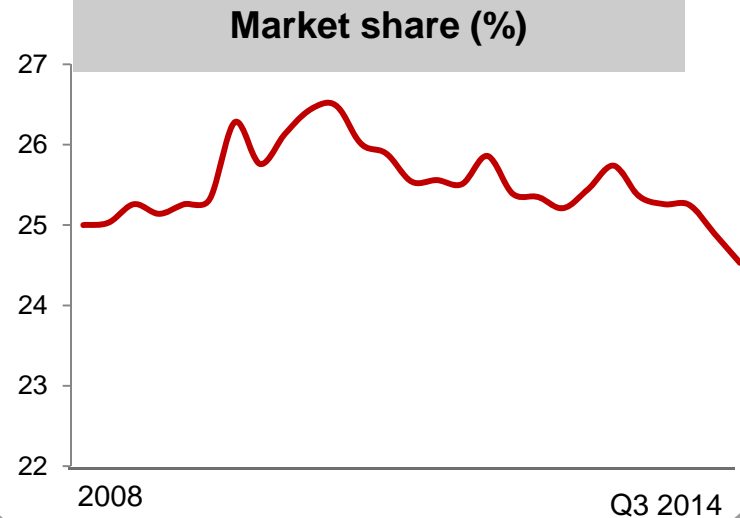
- Priorities are clear
- Optimistic about Delhaize America's ability to maintain momentum and improve its market position, grow sales, market share and profits

ACTION PLAN

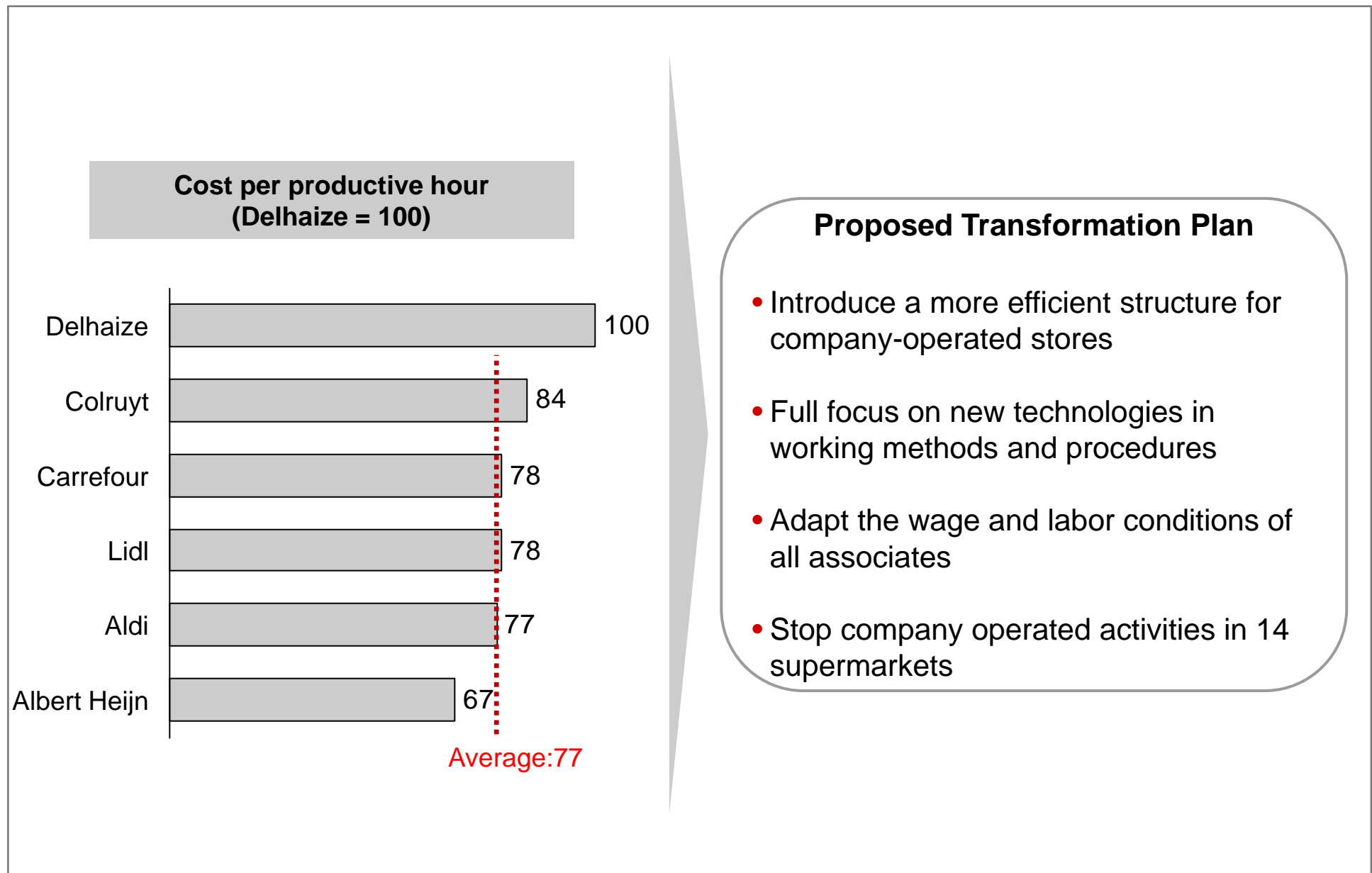
- Easy, Fresh & Affordable
- Accelerate growth at Hannaford
- Look for fill-in acquisitions
- Discipline to strategy, investments and corresponding results

Delhaize Belgium operates in an intense competitive environment

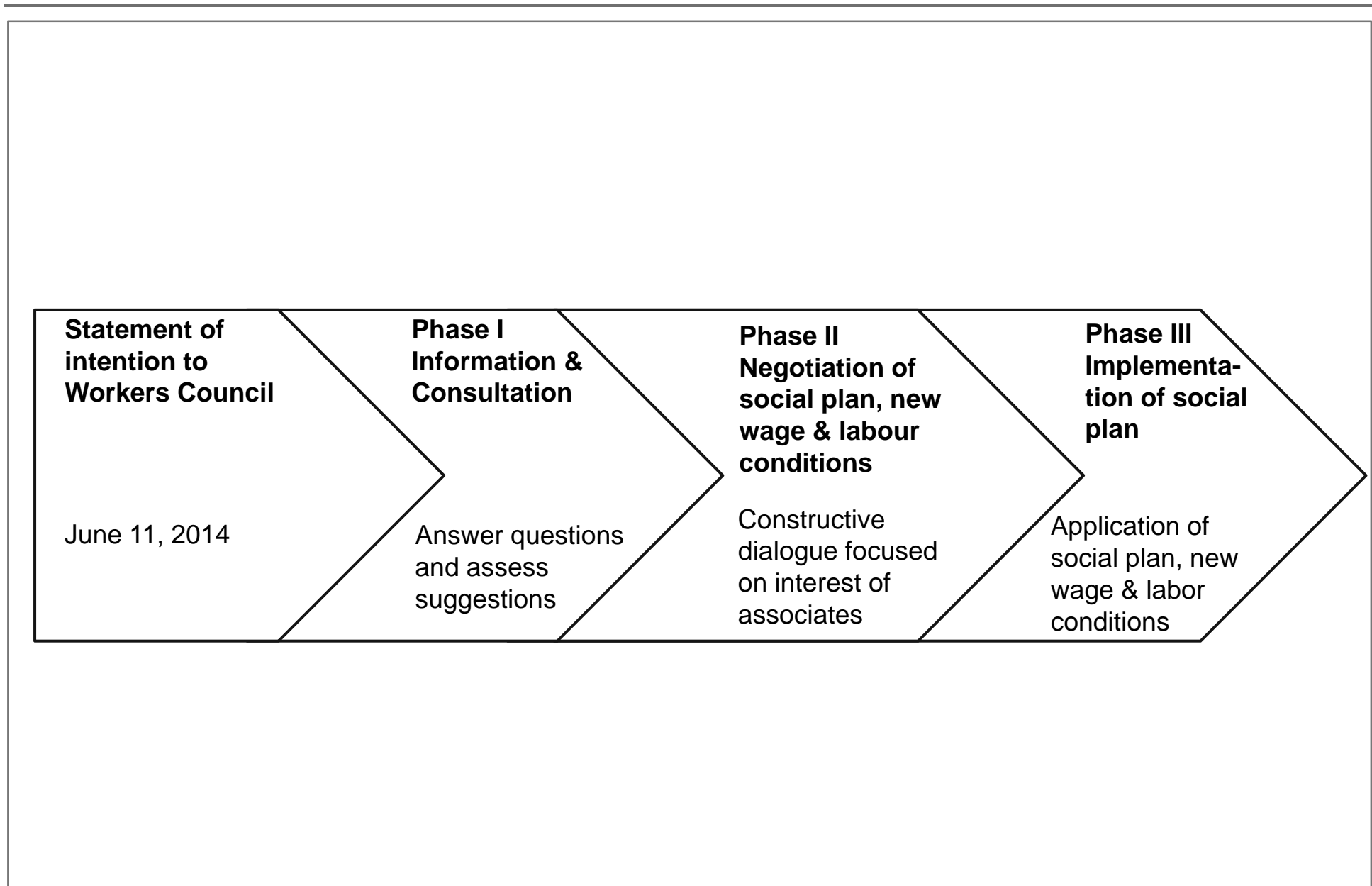
- #2 position, ~25% market share
- Strong affiliated network
- Excellent locations
- Differentiated assortment
- Large fresh offering
- Broad private label range



and has started to address its labor cost handicap

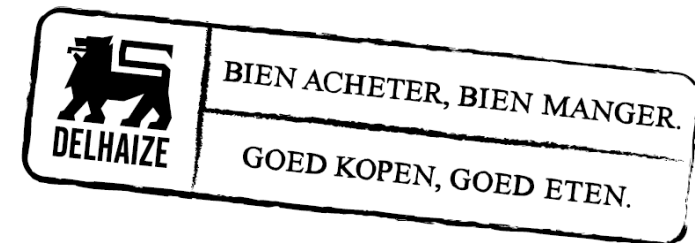


Following the Loi Renault legal framework



Delhaize Belgium is testing its strengthened commercial strategy in 4 concept stores ...

- Launch of 2 pilot stores in April and 2 in October centered around 'Bien acheter, bien manger' ('Buy well, eat well')
 - New look & feel and customer experience
 - Focus on Fresh
 - Efficient checkout
- Ongoing assortment review
 - Differentiate in Fresh
 - Inspire, innovate and ease shopping experience
 - Private brands
- Continued price investments and promotions



...with good customer feedback received so far



Braine l'Alleud
Reopened in April 2014



Wezembeek
Reopened in April 2014



Eeklo
Reopened in October 2014



Marcinelle
Reopened in October 2014

Customer satisfaction

Marked customer satisfaction improvement in the 2 stores opened in April

We are joining Coopernic to generate additional sourcing savings



Southeastern Europe continues expansion albeit facing a difficult economic environment

- Greece
 - Pressured market (continued high unemployment, further austerity measures and weak summer)
 - Focused on further store expansion and CSS growth
- Serbia
 - Tough economic conditions (public spending cuts, retail deflation, expected next VAT hike); competition speeding up expansion.
 - Early success of remodellings
 - New commercial policy at Tempo recently started
- Romania
 - Competition and Mega Image continue to expand in Bucharest. Food inflation is significantly lower than expected this year
 - Earnings growth supported by SG&A control and store expansion

Conclusion – we will deliver on our 2014 commitments...

- Two important strategic initiatives underway
 - Food Lion Easy, Fresh and Affordable
 - Transformation Plan in Belgium
- Trends for Q4 2014
 - Expect positive CSS at Delhaize America
 - Belgium sales and profitability impacted by disruptions following Transformation Plan
 - Greece and Romania continuing expansion
 - Persistent difficult environment in Serbia
 - Deflationary trends in all our European markets
- Reiterated 2014 guidance
 - Capex of approximately €625 million⁽¹⁾
 - 180 new stores
 - Healthy free cash flow generation despite capex increase

...and are preparing for 2015 prospects

- Further focus and careful roll-out of Easy, Fresh and Affordable
- Accelerate growth at Hannaford
- Implement the Transformation Plan in Belgium
- Maximise potential benefits of Coopernic
- Accelerate organic growth in selected markets
- Further financial discipline with respect to capital allocation and free cash flow generation