



Q4/Full year 2018

February 27, 2019



Ahold
Delhaize

Highlights

Frans Muller

President & CEO



A strong quarter with full year underlying EPS up 29.6%

Fourth quarter results:

- Net sales of €16.5 billion, up 3.0% at constant exchange rates
- Net consumer online sales up 25.0% at constant exchange rates
- Operating income of €627 million, up 9.1% at constant exchange rates
- Underlying operating margin of 4.2%, up 0.2% points, supported by synergies

Full year results:

- Free cash flow €2.3 billion, up 24.0% at constant exchange rates
- Underlying earnings per share* €1.60, up 29.6% at constant exchange rates
- Proposed dividend of €0.70, up 11.1% compared to 2017

Financial Results

Jeff Carr

CFO

I HAVE
THE POWER

Group performance

	Quarter 4				Full year			
	2018	2017	Change actual rates	Change constant rates	2018	2017	Change actual rates	Change constant rates
Net sales	16,547	15,763	5.0%	3.0%	62,791	62,890	(0.2)%	2.5%
Underlying EBITDA	1,129	1,081	4.5%	2.4%	4,305	4,249	1.4%	4.1%
Underlying EBITDA margin	6.8%	6.9%			6.9%	6.8%		
Underlying operating income	691	631	9.5%	7.2%	2,554	2,456	4.0%	6.7%
Underlying operating margin	4.2%	4.0%			4.1%	3.9%		
Operating income	627	564	11.3%	9.1%	2,395	2,225	7.7%	10.5%
Income from continuing operations	517	744	(30.5)%	(32.2)%	1,809	1,817	(0.4)%	0.9%

Group performance

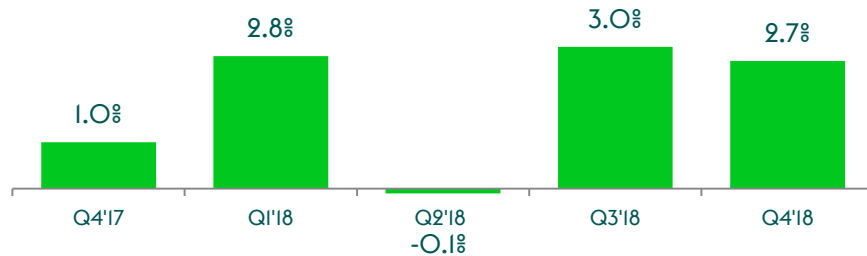
€ in million	Full year			
	2018	2017	Change actual rates	Change constant rates
Underlying operating income	2,554	2,456	4.0%	6.7%
Restructuring and related charges	(108)	(214)		
Other	(51)	(17)		
Operating income	2,395	2,225	7.7%	10.5%
Net financial expenses	(246)	(297)		
Income taxes	(372)	(146)		
Share in income of joint ventures	32	35		
Income from continuing operations	1,809	1,817	(0.4)%	0.9%
Underlying income from continuing operations	1,880	1,582	18.8%	21.9%
Underlying EPS from continuing operations	1.60	1.26	26.3%	29.7%
Dividend per share¹	€0.70¹	€0.63		
Dividend payout %	42%	47%		

¹ Subject to shareholder approval

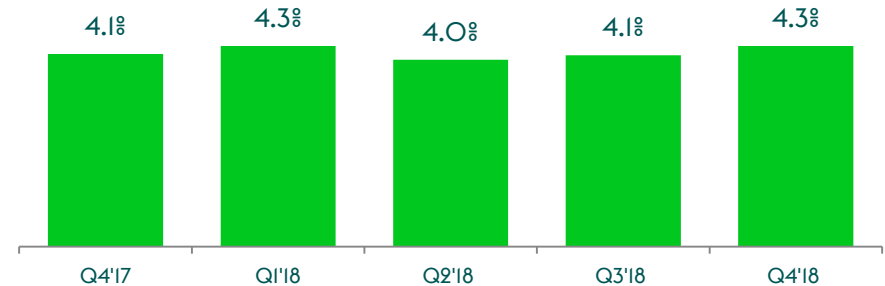
United States Q4 2018

Strong financial performance across all brands

Comparable sales growth¹



Underlying operating margin



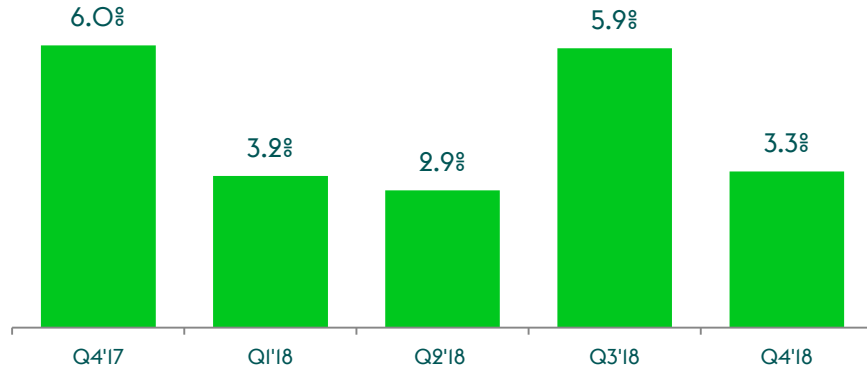
¹Comparable sales growth excl. gas

- Net sales up 2.6% at constant rates to €9,798 million compared to the same quarter last year
- Comparable sales growth ex gas up 2.7%, including a slightly favorable weather impact
- Online sales increased 12.1% at constant exchange rates to €203 million, driven by Peapod and Hannaford To Go and same day delivery partners
- Underlying operating margin was 4.3%, up 0.2% points from the same quarter last year

The Netherlands Q4 2018

Solid quarter with full year positive EBITDA margins for bol.com

Comparable sales growth



Underlying operating margin

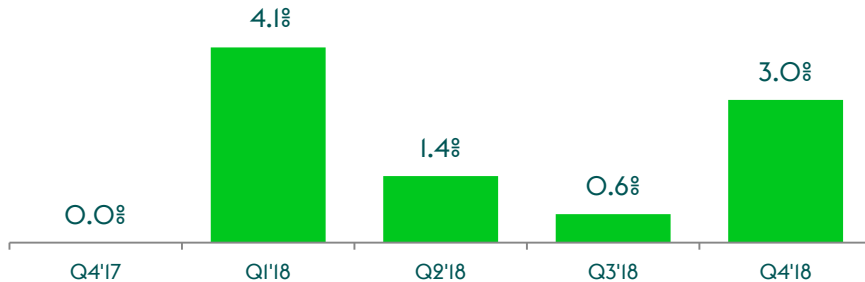


- Net sales of €3,805 million increased by 3.6% compared to the previous year
- Comparable sales up 3.3%, including a limited negative impact of the timing of New Year and cycling a strong fourth quarter in 2017
- Net consumer online sales for the segment increased by 28.3% compared to last year
- Underlying operating margin was 4.9%, up 0.2% points compared to the same quarter last year
- Underlying operating margin excluding bol.com was 5.2%, slightly lower compared to last year

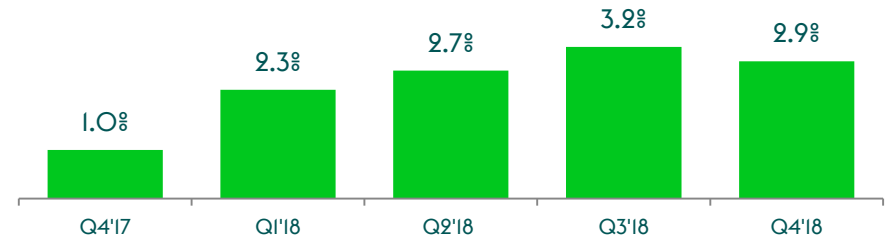
Belgium Q4 2018

New strategy for Delhaize gaining traction

Comparable sales growth



Underlying operating margin



- Net sales were €1,338 million, up 3.6% versus the same quarter last year
- Comparable sales increased by 3.0%, helped by a positive calendar impact with one additional opening day compared to last year
- Underlying operating margin was 2.9%, up 1.9% points compared to last year, supported by synergies and lower shrink, operational labor costs and D&A

Central and Southeastern Europe Q4 2018

Expansion of store network in Romania and Greece, continued strong performance in Czech Republic

Comparable sales growth¹



Underlying operating margin



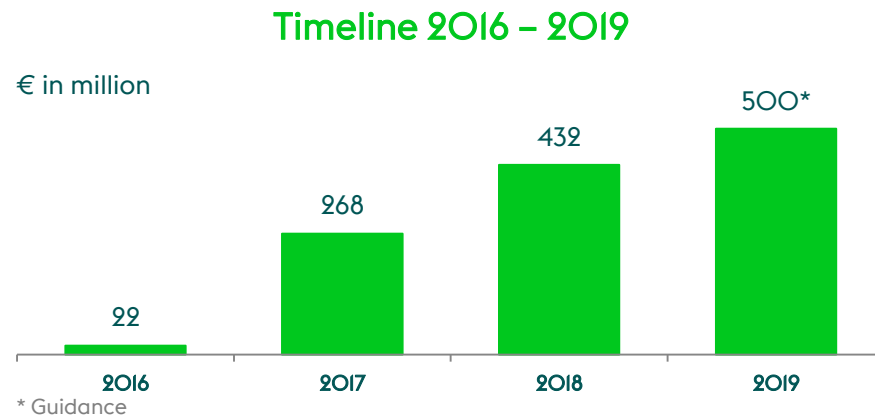
¹Comparable sales growth excl. gas

- Net sales increased by 3.9% at constant exchange rates to €1,606 million, aided by the addition of 130 stores of which most were convenience stores in Romania and Greece
- Comparable sales growth ex gas of 2.0%
- Czech Republic reported a strong performance with a successful new store concept and other commercial improvements resulting in increased transactions and basket size
- Underlying operating margin was 5.3%, down 0.1% points versus last year

Synergies delivered ahead of plan

€432 million delivered in 2018

€ in million	Quarter 4		Full year	
	2018	2017	2018	2017
United States	81	51	291	159
Europe	28	25	102	78
Global support office	11	7	40	31
Total	120	83	432	268



- Net synergies 2018: €432 million, of which incremental €164 million to 2017
- Net synergies target 2019: €500 million, including synergies realized in 2016, 2017 & 2018

€ in million	Q4	Full year	Costs to date	Expected full costs
Integration costs	18	79	354	380
U.S. restructuring costs	9	11	50	70

Free cash flow

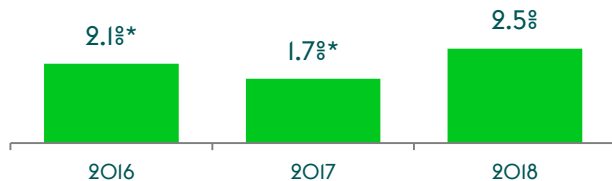
Strong free cash flow, supported by further improvements in working capital

€ in million	Quarter 4		Full year	
	2018	2017	2018	2017
Operating cash flow	1,104	1,043	4,124	4,049
Change in working capital	498	522	484	131
Income tax paid – net	(148)	(152)	(280)	(480)
Cash from cont. operations	1,454	1,413	4,328	3,700
Net investments	(691)	(471)	(1,753)	(1,556)
Net interest paid	(93)	(93)	(250)	(288)
Dividends from joint ventures	-	54	17	70
Free cash flow	670	903	2,342	1,926
Net cash from financing activities	(2,929)	(227)	(4,011)	(1,458)
Net cash from operating, investing & financing activities	(1,922)	894	(1,587)	827

- Strong free cash flow generation of €2,342 million, €416 million higher than last year mainly due to working capital improvements and lower income taxes paid
- Net investments increase to 2.8% of sales compared to 2.5% last year
- Net cash from financing activities includes repayments of finance lease liabilities

Ahold Delhaize delivers a consistent strong performance

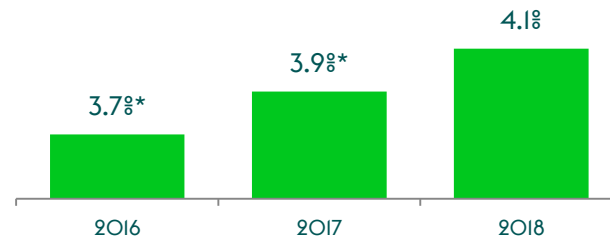
Net sales growth¹



¹At constant exchange rates

*2016 & 2017 on a pro forma basis

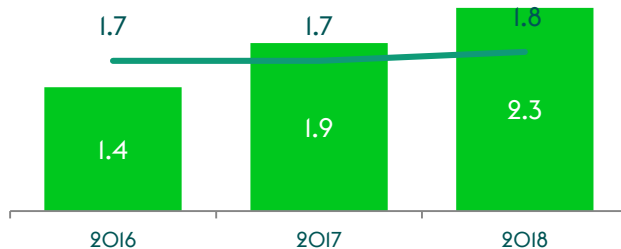
Underlying operating margin



*2016 & 2017 on a pro forma basis

Free cash flow & Capex spend

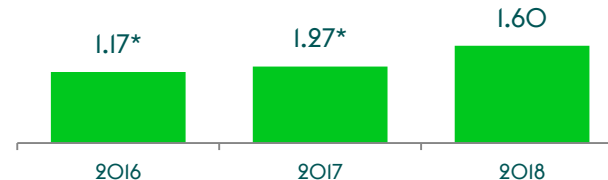
€ in billion



Free cash flow Capex

Underlying EPS from continuing operations

€



*2016 & 2017 on a pro forma basis

Reporting changes 2019

Implementation of IFRS 16

- Implementation of new accounting standard IFRS 16, adopting full retrospective approach
- We refer to Note 3 of Ahold Delhaize's 2018 Annual Report consolidated financial statements for an explanation of the impact of this new accounting standard
- Restated 2018 quarterly financial statements to be provided on March 25, as well as an update on the impact of IFRS 16 on our guidance for 2019
- IFRS 16 analyst briefing to be held in London, March 25

Outlook 2019*

Strong foundation and confidence in the future

- We confirm our target for 2019 of realizing €750 million gross synergies, resulting in €500 million net synergies from the integration of the two companies
- We expect to save €540 million in 2019 as part of our €1.8 billion Save for Our Customers program for 2019-2021
- We expect full year group margins to be in line with last year
- Underlying earnings per share from continuing operations is expected to grow by high single digits compared to last year
- Free cash flow is expected to be around €2.0 billion, as we are increasing our capital expenditures to €2.0 billion, in particular at Stop & Shop, eCommerce and our digital capabilities



Business Highlights

Frans Muller

President & CEO

From our successful **Better Together** strategy



To our ambitious **Leading Together** strategy

- **Strong business performance** during the merger integration
- Consistent delivery on **merger synergies**
- Strengthened culture bringing **people** together
- Efficient **platform for growth**

**Well positioned to
continue to win**

- **Omnichannel growth** including eCommerce and meal solutions
- **Technology** including AI and Robotics
- **Healthy & Sustainable**
- **Portfolio & Scale efficiencies**
- **Best talent**

**Accelerating what will
make the difference**

Highlights United States

- Roll-out Click & Collect points on track, with Food Lion To-Go service available at 53 Food Lion stores
- Peapod opened its fifth wareroom on Long Island, increasing order delivery capacity by 10% in the New York region
- Stop & Shop launched first micro fulfillment center, several more planned in 2019 with further expansion into 2020. Remodeled stores Hartford area show positive sales uplift
- Giant Food Stores opened “Giant Heirloom Market”, a new store concept for the urban customer, three more stores will be opened this year
- Stop & Shop and Giant/Martin’s to introduce robots to its stores



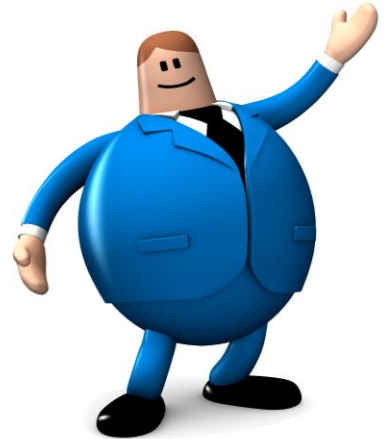
Highlights the Netherlands

- Albert Heijn most sustainable Dutch food retailer in the Netherlands for second consecutive year
- Albert Heijn and bol.com accessible via Google Home, customers can now receive voice-activated shopping advice
- Albert Heijn broadens omni-channel offering:
 - AH to go and Thuisbezorgd.nl+Deliveroo offer instant delivery of groceries
 - Home delivery of freshly prepared hot meals, based on recipes from “Allerhande”
- New fully mechanized Albert Heijn DC of > 40.000m² to open in Q1 in Zaandam, capacity to deliver 400.000 crates and boxes per day
- Black Friday sales at bol.com €30 million, highest sales ever in one day



Highlights Belgium

- Further improvement of omnichannel offering and accelerating growth:
 - Delhaize will open ~100 new supermarkets in the next 3 to 4 years
 - Albert Heijn will open 30-50 new supermarkets in Flanders in the next few years
 - Bol.com started a collaboration with Delhaize, adding instore bol.com pick-up points
- Bol.com to open office in Antwerp to better serve 2,000 Belgian Plaza-partners who sell their products on the bol.com platform



Highlights Central and Southeastern Europe

- Albert hypermarket at Chodov awarded Best Store in Czech republic, recognized for freshness and quality and for various innovations
- Alfa Beta launched first “Green Truck” with CNG as combustible and recycled CO₂ for cooling, less polluting and more silent in downtown Athens
- Mega Image, Romania, launched personalized loyalty card “Connect” in November, almost 300.000 subscribers end of 2018
- Delhaize Serbia introduced new own brands: Maxi Kuhinjica (Ready to Cook), Maxi Appetit (Ready to Eat) and Etos



Wrap-up

Ahold Delhaize well positioned to continue to win

- Very robust financial profile and right structure to further grow our brands, both in-store and online
- Completion of merger integration process and synergies delivered as promised
- Full year free cash flow €2.3 billion, up 24.0% at constant exchange rates
- Full year underlying earnings per share* €1.60, up 29.6% at constant exchange rates
- Proposed dividend of €0.70, up 11.1% compared to 2017

Cautionary notice

This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words such as strategy, guidance, to be, outlook, future, target, expect, well-positioned to continue to win, will, on track, planning, to open, promised or other similar words or expressions are typically used to identify forward-looking statements.

Forward-looking statements are subject to risks, uncertainties and other factors that are difficult to predict and that may cause actual results of Koninklijke Ahold Delhaize N.V. (the “Company”) to differ materially from future results expressed or implied by such forward-looking statements. Such factors include, but are not limited to, risks relating to 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 inability to pass on costs 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.

Q&A

FOOD LION

STOP & SHOP



GIANT MARTINS

Giant

Peapod



Etos

Gall & Gall
SINCE 1884

bol.com

albert



Tempo



Thank you

FOOD LION

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