

Ahold Delhaize ends 2021 with accelerating Q4 sales; 2022 outlook forecasts solid margins and continued strong free cash flow generation

- * On a two-year comparable sales growth basis**, Q4 comparable sales excluding gas increased 16.0% in the U.S. and 11.6% in Europe, accelerating versus Q3 in both segments.
- * Q4 Group net sales were €20.1 billion, up 0.1% at constant exchange rates compared to Q4 of 2020, which contained a 53rd week. Excluding last year's 53rd week, Q4 net sales grew by 6.7% at constant rates. Full year 2021 Group net sales of €75.6 billion were up 3.3% over 2020 at constant exchange rates, and up 5.0% on a comparable 52-week basis.
- * In Q4, net consumer online sales grew 13.2% at constant exchange rates. 2021 net consumer online sales grew 38.2% at constant exchange rates.
- * In 2021, we invested €364 million in COVID-19 care, including a commitment of €20 million in additional charitable donations spread evenly between the U.S. and Europe. In total, our brands contributed over €199 million in monetary value to charitable initiatives in 2021.
- * Q4 underlying operating margin was 4.2%, flat year-over-year at constant exchange rates. 2021 underlying operating margin was 4.4%.
- * Q4 diluted underlying EPS was €0.59, an increase of 7.6% at constant currency rates versus the prior year. 2021 diluted underlying EPS was €2.19, down 3.4% or down 0.5% at constant currency rates. Q4 IFRS-reported operating income was €895 million; Q4 IFRS-reported diluted EPS was €0.62, and 2021 IFRS-reported diluted EPS was €2.17.
- * Strong 2021 free cash flow generation of €2.2 billion was used to pay a \$190 million (~€170 million) pension liability in the U.S. following 2020 U.S. MEP withdrawals, ahead of schedule, and fund the Company's decision to pay approximately €380 million related to a disputed tax claim, resulting in €1.6 billion reported free cash flow for 2021.
- * We propose a cash dividend of €0.95 for fiscal 2021, which is a 5.6% increase compared to 2020.
- * 2022 outlook: underlying operating margin to be at least 4%; underlying EPS to decline by low- to mid-single-digits vs. 2021; free cash flow of approximately €1.7 billion; net capital expenditures of €2.5 billion.

** Two-year comparable sales growth is a stack of the comparable sales growth excluding gasoline in the current year period added to the comparable sales growth excluding gasoline in the prior year period. This measure may be helpful in improving the understanding of trends in periods that are affected by variations in prior-year growth rates.

Zaandam, the Netherlands, February 16, 2022 – Ahold Delhaize, one of the world's largest food retail groups and a leader in both supermarkets and e-commerce, reports fourth quarter results today.

The summary report for the fourth quarter 2021 can be viewed and downloaded at www.aholddelhaize.com.

Summary of key financial data

€ million, except per share data	Ahold Delhaize Group		The United States		Europe		Ahold Delhaize Group		The United States		Europe	
	Q4 2021	% change constant rates	Q4 2021	% change constant rates	Q4 2021	% change constant rates	2021	% change constant rates	2021	% change constant rates	2021	% change constant rates
	(13 weeks 2021 vs. 14 weeks 2020)						(52 weeks 2021 vs. 53 weeks 2020)					
Net sales	20,148	0.1 %	12,099	1.5 %	8,049	(1.9) %	75,601	3.3 %	45,455	3.6 %	30,147	2.8 %
Comparable sales growth excl. gas	3.2 %		4.8 %		1.0 %		2.3 %		1.9 %		2.8 %	
Online sales	2,176	14.7 %	863	30.5 %	1,314	6.3 %	7,704	40.1 %	3,228	68.9 %	4,477	25.1 %
Net consumer online sales	2,981	13.2 %	863	30.5 %	2,118	7.4 %	10,401	38.2 %	3,228	68.9 %	7,173	27.9 %
Operating income	895	NM ¹	662	NM ¹	251	(47.9) %	3,320	62.2 %	2,231	147.4 %	1,209	(12.6) %
Operating margin	4.4 %	4.6 pts	5.5 %	9.2 pts	3.1 %	(2.8)pts	4.4 %	1.6 pts	4.9 %	2.8 pts	4.0 %	(0.7)pts
Underlying operating income	838	1.0 %	528	14.3 %	334	(20.2) %	3,331	(4.5) %	2,150	(8.8) %	1,306	(1.5) %
Underlying operating margin	4.2 %	— pts	4.4 %	0.5 pts	4.1 %	(1.0)pts	4.4 %	(0.4)pts	4.7 %	(0.6)pts	4.3 %	(0.2)pts
Diluted EPS	0.62	NM ¹					2.17	79.0 %				
Diluted underlying EPS	0.59	7.6 %					2.19	(0.5) %				
Free cash flow	379	56.4 %					1,618	(21.8) %				

1. Not meaningful, as Q4 2020 Group operating income at constant rates and operating income in the U.S. were losses, and diluted EPS was negative in Q4 2020.

Comments from Frans Muller, President and CEO of Ahold Delhaize

"We ended 2021 on a strong note, with positive Group Q4 comparable sales momentum and stable Group margins, positioning us for a strong start to the next phase of our Leading Together strategy announced last November. Looking back on the past year, I am most proud of how associates brought our values to life in the way they responded to ongoing developments associated with COVID-19 and natural disasters throughout our brands' markets, including major floods in Belgium, tornadoes in the Czech Republic, fires in Greece and Hurricane Ida in the U.S. Through it all, associates rose to the challenge to care for customers and communities. As a result, we enter 2022 with deeper relationships and trust across our brands' markets and stronger market shares to build upon.

"For the full year, our COVID-19 care investments totaled €364 million, which included our commitment of €20 million in additional 2021 charitable donations spread evenly between the U.S. and Europe. In total, our brands, combined, contributed over €199 million in monetary value to charitable initiatives across the globe in 2021. The pandemic has shown us the importance of maintaining food and product supplies to local communities – a vital role that we remain focused on fulfilling, together with our brands and suppliers.

"Our financial results in 2021 significantly exceeded our original expectations, with positive full-year comparable sales growth and stable 52-week comparable underlying earnings compared to record results in 2020. This was despite supply chain challenges, increasing inflationary pressures and the dilutive effect as we continue to rapidly expand our omnichannel proposition. Our investment in our omnichannel platform once again proved its worth during 2021, with Group net consumer online sales growing by more than 38% compared to 2020, representing a two-year stack growth of more than 105%. This positively impacted our 2021 Group net sales, which, at €75.6 billion, remained elevated – up 3.3% versus 2020 at constant rates.

"In Q4, we maintained the momentum built throughout 2021, and produced Group two-year comparable sales stack growth of 14.2%, accelerating from the 12.2% growth achieved during Q3.

"In the Netherlands, we successfully converted all 38 stores acquired from DEEN to the Albert Heijn banner during the quarter. The converted stores are performing well and contributing to Albert Heijn's strong market share gains, which were leading among Dutch food retailers during 2021. In 2022, the brand is committed to building on its recent expansion into new channels, with its Albert Heijn to go format scheduled to open at an additional 18 BP fueling stations, following the introduction at 86 locations in late 2021. Its new online subscription program – Albert Heijn Premium – launched in Q4 and is also off to a strong start, with well over 300,000 subscribers through February.

"To advance its omnichannel offerings in the U.S., Giant Food launched online marketplace solution Ship2me, initially offering around 40,000 additional general merchandise and food items. Our U.S. brands also added new click-and-collect locations in Q4, for a total addition of 270 in 2021.

"As we enter 2022, we will accelerate our omnichannel investments to capture the incremental growth opportunities we see over the horizon, enabled by our platform. Improving omnichannel productivity also remains a very high priority as part of the commitment we announced at our November Investor Day to reach fully allocated profitability in Group e-commerce operations by 2025. It comes as the global COVID-19 pandemic continues to highlight the importance of strong omnichannel food retail operations that offer consumers a variety of shopping options, including robust online offerings.

"In this respect, we are proud of The GIANT Company's new e-commerce fulfillment center that opened in the Philadelphia market in Q4. It is supporting our growth and productivity ambitions for 2022 and beyond. We continue to invest across our entire distribution network and build new digital capabilities.

"This will be particularly visible at bol.com, where we will more than double investments in 2022 as we begin a phase of significant investment in the brand. As we announced at Investor Day, we increased Group capex guidance to ~3.5% of sales for the period 2022 until 2025. Excluding bol.com, our grocery business capex guidance will continue at prior averages ~3%. These additional investments will ensure momentum at bol.com remains strong, and will be funded, amongst other means, by the strong projected free cash flow generation of the grocery business of at least €7 billion for the period 2022-2025.

"In 2021, despite decreasing tailwinds from the COVID-19 pandemic, bol.com net sales increased 21% to €2.8 billion, with net consumer online sales growing 27% to €5.5 billion, fueled by our growing merchant partner network, which now stands at around 49,000. Profitability was also strong, with underlying EBITDA of €166 million keeping pace with the prior year. IFRS-reported operating income was €95 million. The investments we plan in 2022 will kick start a multi-year phase of investment to put the infrastructure in place to match the volume growth we expect in the coming years and build out highly accretive service capabilities in advertising and logistics. We are excited about this chapter in bol.com's evolution and continue to progress on our plans to get bol.com ready for a sub-IPO during the second half of 2022.

"On a final note, during Q4, we were pleased to have earned an upgrade to our MSCI ESG ranking to 'AA' from our previous 'A' ranking. We also maintained our standing as a leader in the Dow Jones Sustainability Index. Our score of 83 out of 100 was well above the industry average 26 points and placed us highest among food retailers in Europe and the U.S.. We expressed our intention to make continued progress on the ESG front through our decision in Q4 to pull forward our commitment to reach net-zero carbon emissions across our brands by no later than 2040. And we will actively apply this lens as we invest in our future. For example, at bol.com, we recently reached an agreement to acquire a majority stake in Cycloon, a green and social delivery expert, which will help support bol.com's growth ambitions and sustainability efforts. As we double down on our efforts to support the transformation of our industry into a healthy and sustainable ecosystem, I look forward to keeping you updated on our progress throughout the year."

Q4 Financial highlights

Group highlights

Group net sales were €20.1 billion, up 0.1% at constant exchange rates, and increased 2.8% at actual exchange rates. Excluding last year's 53rd week, Q4 Group net sales grew by 6.7% at constant exchange rates. Group net sales were driven by positive contributions from comparable sales growth excluding gasoline of 3.2%, acquisitions, and foreign currency translation benefits, which were partially offset by a 53rd week in 2020. Q4 Group comparable sales had a net negative impact of approximately 0.1 percentage points, from unfavorable weather impacts, which were partially offset by favorable calendar shifts.

On a two-year comparable sales stack basis, growth for the Group of 14.2% in Q4 2021 compares to the 12.2% growth posted in Q3.

In Q4, Group net consumer online sales grew 13.2% at constant exchange rates versus a 14-week quarter in 2020, due to continued growth at bol.com and the overall online grocery business. Q4 Group net consumer online sales also benefited from the FreshDirect acquisition. On a 13-week comparable basis, Q4 Group net consumer online sales grew 21.5% at constant exchange rates, which builds on top of 71.7% growth in Q4 2020.

In Q4, Group underlying operating margin was 4.2%, flat compared to the prior year at constant exchange rates, as sales leverage and strong cost-saving initiatives offset higher supply chain costs and inflationary cost pressures. In Q4, Group IFRS-reported operating income was €895 million, representing an IFRS-reported operating margin of 4.4%.

Underlying income from continuing operations was €598 million, up 6.7% in the quarter at actual rates. Ahold Delhaize's IFRS-reported net income in the quarter was €634 million. Diluted EPS was €0.62 and diluted underlying EPS was €0.59, up 10.2% at actual currency rates compared to last year's results. In the quarter, 9.9 million own shares were purchased for €299 million, bringing the total amount for the full year to €1 billion.

2021 diluted underlying EPS of €2.19 increased 28.8% over the 2019 base, and significantly exceeded the Company's original guidance of mid- to high-single-digit growth versus 2019. This upside compared with the original guidance came from strong food-at-home demand and better than expected Group underlying operating margins of 4.4%, compared to original guidance of "at least 4%." This drove strong cash generation, with the Company's €1.6 billion reported free cash flow including payments of \$190 million (~€170 million) for U.S. pensions following 2020 U.S. MEP withdrawals and approximately €380 million related to a disputed Belgian tax claim. Excluding these two items, 2021 free cash flow would have amounted to €2.2 billion.

U.S. highlights

U.S. net sales increased by 1.5% at constant exchange rates (5.9% at actual exchange rates). Excluding last year's 53rd week, Q4 U.S. net sales grew by 9.2% at constant exchange rates. U.S. comparable sales excluding gasoline increased 4.8%. Unfavorable weather negatively impacted Q4 U.S. comparable sales by approximately 0.2 percentage points. On a two-year comparable sales stack basis, growth was 16.0%, accelerating from the 15.3% growth in Q3. Brand performance continued to be led by Food Lion, which has now delivered 37 consecutive quarters of positive sales growth.

In Q4, online sales in the segment were up 30.5% in constant currency, driven by the continued expansion of click-and-collect facilities and the FreshDirect acquisition. Excluding the FreshDirect acquisition, U.S. online sales grew 7.5% in constant currency, building on top of the significant 128.5% growth in the same quarter last year.

Underlying operating margin in the U.S. was 4.4%, up 0.5 percentage points at constant exchange rates from the prior year period, driven by reduced COVID-19-related costs and strong cost-savings initiatives. While the absence of one-time costs in the prior year quarter were offset by lapping last year's extra week, Q4 U.S. underlying operating margins benefited by 0.3 percentage points from a favorable reserve release. In Q4, U.S. IFRS-reported operating margin was 5.5%.

Europe highlights

European net sales declined by 1.9% at constant exchange rates and 1.5% at actual exchange rates, driven by a 53rd week in 2020. Excluding last year's 53rd week, Q4 net sales in Europe grew by 3.0% at constant exchange rates. Europe's comparable sales excluding gasoline grew 1.0%. Despite lapping strong comparable sales growth excluding gasoline in Q4 2020 of 10.6%, comparable sales were able to grow year-over-year on the back of continued market share gains. Albert Heijn was a particular standout in the quarter, with positive market share results driven by strong execution, successful marketing campaigns, sales uplifts provided by the brand's store remodeling activities and the acquired DEEN stores.

A calendar shift positively impacted Q4 comparable sales in Europe by approximately 0.1 percentage points. On a two-year comparable sales stack basis for Q4 2021, growth was 11.6%, an acceleration compared to growth of 7.3% in Q3 2021.

In Q4, net consumer online sales in the segment were up 7.4%, following 73.4% growth in the same period last year. At bol.com, our online retail platform in the Benelux, net consumer sales grew by 7.8% in Q4 (15.3% on a comparable 13-week basis), which comes on top of nearly 70% growth in the same quarter last year. Bol.com's sales from third-party sellers grew 9.1% in the quarter (17.2% on a comparable 13-week basis) representing 56% of net consumer sales, with nearly 49,000 merchant partners on the platform.

Underlying operating margin in Europe was 4.1%. This compares to an underlying operating margin of 5.1% in the prior year quarter when margins sustained unusual benefits from lockdown conditions in Europe. In Q4, Europe's IFRS-reported operating margin was 3.1%.

Outlook

Management remains confident in the Company's ability to grow sales in 2022, as originally indicated during the November Investor Day. Strong sales are expected to result from current trends in consumer behavior favoring more food-at-home consumption and online food purchases, which fit well with Ahold Delhaize's omnichannel business model and growth investments.

While supply chain disruptions, inflation and rising costs as well as the expected easing of government subsidies to consumers pose challenges for the industry in 2022, Ahold Delhaize's Group underlying operating margin is expected to be at least 4.0%, in line with the Company's historical profile. Management believes that the Company's brands continue to offer consumers a strong shopping proposition and are well positioned to maintain profitability in the current inflationary environment. Margins are expected to be supported by a strong Save for Our Customers target of above €850 million. This should help offset cost pressures related to inflation and supply chain issues, along with the negative impact to margins from increased online sales penetration. The 2022 target builds on €967 million of savings from 2021, which significantly exceeded original guidance forecasting savings of over €750 million.

Underlying EPS is expected to decline by low- to mid-single-digits versus 2021, driven primarily by a return to historical margin levels in 2022 compared with elevated 2021 levels.

Free cash flow is expected to be approximately €1.7 billion. Net capital expenditures are expected to total around €2.5 billion, reflecting a step up in the Company's investments in its digital and omnichannel offering to support accelerated sales growth. In addition, Ahold Delhaize remains committed to its dividend policy and share buyback program in 2022, as previously stated. We expect to grow the full-year dividend in 2022 to €0.95 per share, and have previously announced a €1 billion share repurchase program for 2022.

	Full-year outlook	Underlying operating margin	Underlying EPS	Save for Our Customers	Net capital expenditures	Free cash flow ¹	Dividend payout ratio ^{2,3}	Share buyback ³
Outlook	2022	At least 4%	decline by low- to mid-single digits vs. 2021	>€850 million	~ €2.5 billion	~ €1.7 billion	40-50% payout; YOY growth in dividend per share	€1 billion

1. Excludes M&A.

2. Calculated as a percentage of underlying income from continuing operations.

3. Management remains committed to the share buyback and dividend program, but, given the uncertainty caused by COVID-19, will continue to monitor macroeconomic developments. The program is also subject to changes in corporate activities, such as material M&A activity.

Pro forma information: financial data on a 13/52-week basis

Considering that the 2020 financial year consisted of 53 weeks, compared with 52 weeks in 2021, with the last quarter of 2020 having 14 weeks, compared to 13 weeks in Q4 2021, Ahold Delhaize has prepared pro forma information in order to provide a comparable base for the results. The pro forma information presented below is intended to provide comparable information on a 13-week basis for the fourth quarter and 52-week basis for the full year of 2021 versus 2020.

This pro forma information represents an estimate of the results related to a 13-week period for Q4 2020 and a 52-week period for the full-year 2020, and is calculated by deducting the estimated results related to the 53rd week of 2020 from the reported results for the fourth quarter and the full-year 2020, as presented in the other sections of this press release.

€ million, except per share data	Pro forma information											
	Ahold Delhaize Group		The United States		Europe		Ahold Delhaize Group		The United States		Europe	
	Q4 2021	% change constant rates	Q4 2021	% change constant rates	Q4 2021	% change constant rates	2021	% change constant rates	2021	% change constant rates	2021	% change constant rates
	(13 weeks 2021 vs. 2020)						(52 weeks 2021 vs. 2020)					
Net sales	20,148	6.7 %	12,099	9.2 %	8,049	3.0 %	75,601	5.0 %	45,455	5.6 %	30,147	4.2 %
Online sales	2,176	23.0 %	863	42.4 %	1,314	13.0 %	7,704	43.4 %	3,228	73.7 %	4,477	27.7 %
Net consumer online sales	2,981	21.5 %	863	42.4 %	2,118	14.6 %	10,401	41.5 %	3,228	73.7 %	7,173	30.8 %
Underlying operating margin	4.2 %	0.3 pts	4.4 %	0.9 pts	4.1 %	(0.9)pts	4.4 %	(0.3)pts	4.7 %	(0.6)pts	4.3 %	(0.2)pts
Diluted underlying EPS	0.59	23.3 %					2.19	2.7 %				

Group performance

€ million, except per share data	Q4 2021 (13 weeks)	Q4 2020 (14 weeks)	% change	% change constant rates	2021 (52 weeks)	2020 (53 weeks)	% change	% change constant rates
Net sales	20,148	19,600	2.8 %	0.1 %	75,601	74,736	1.2 %	3.3 %
Of which: online sales	2,176	1,869	16.5 %	14.7 %	7,704	5,547	38.9 %	40.1 %
Net consumer online sales ¹	2,981	2,604	14.4 %	13.2 %	10,401	7,576	37.3 %	38.2 %
Operating income	895	16	5,350.5 %	NM ²	3,320	2,191	51.5 %	62.2 %
Income (loss) from continuing operations	634	(9)	NM ²	NM ²	2,246	1,397	60.8 %	72.7 %
Net income (loss)	634	(9)	NM ²	NM ²	2,246	1,397	60.8 %	72.7 %
Basic income (loss) per share from continuing operations (EPS)	0.62	(0.01)	NM ²	NM ²	2.18	1.31	66.8 %	79.1 %
Diluted income (loss) per share from continuing operations (diluted EPS)	0.62	(0.01)	NM ²	NM ²	2.17	1.30	66.6 %	79.0 %
Underlying EBITDA ¹	1,635	1,529	6.9 %	4.4 %	6,335	6,435	(1.6)%	1.0 %
Underlying EBITDA margin ¹	8.1 %	7.8 %			8.4 %	8.6 %		
Underlying operating income ¹	838	811	3.4 %	1.0 %	3,331	3,594	(7.3)%	(4.5)%
Underlying operating margin ¹	4.2 %	4.1 %			4.4 %	4.8 %		
Underlying income per share from continuing operations – basic (underlying EPS) ¹	0.59	0.53	10.3 %	7.7 %	2.20	2.28	(3.3)%	(0.4)%
Underlying income per share from continuing operations – diluted (diluted underlying EPS) ¹	0.59	0.53	10.2 %	7.6 %	2.19	2.26	(3.4)%	(0.5)%
Free cash flow ¹	379	262	45.0 %	56.4 %	1,618	2,199	(26.4)%	(21.8)%

1. Net consumer online sales, underlying EBITDA, underlying operating income, basic and diluted 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, see section [Alternative performance measures](#) in this press release.

2. Not meaningful, as Q4 2020 operating income at constant rates, income from continuing operations and net income were losses, and EPS and diluted EPS were negative in Q4 2020.

Performance by segment

The United States

	Q4 2021 (13 weeks)	Q4 2020 (14 weeks)	% change	% change constant rates	2021 (52 weeks)	2020 (53 weeks)	% change	% change constant rates
\$ million								
Net sales	13,825	13,623	1.5 %		53,699	51,838	3.6 %	
Of which: online sales	985	755	30.5 %		3,814	2,259	68.9 %	
€ million								
Net sales	12,099	11,425	5.9 %	1.5 %	45,455	45,470	— %	3.6 %
Of which: online sales	863	632	36.4 %	30.5 %	3,228	1,968	64.0 %	68.9 %
Operating income (loss)	662	(417)	NM ¹	NM ¹	2,231	1,006	121.8 %	147.4 %
Underlying operating income	528	442	19.3 %	14.3 %	2,150	2,466	(12.8)%	(8.8)%
Underlying operating margin	4.4 %	3.9 %			4.7 %	5.4 %		
Comparable sales growth	5.7 %	10.3 %			2.6 %	13.3 %		
Comparable sales growth excluding gasoline	4.8 %	11.2 %			1.9 %	14.4 %		

1. Not meaningful, as operating income in the U.S. was a loss in Q4 2020.

Europe

	Q4 2021 (13 weeks)	Q4 2020 (14 weeks)	% change	% change constant rates	2021 (52 weeks)	2020 (53 weeks)	% change	% change constant rates
€ million								
Net sales	8,049	8,175	(1.5)%	(1.9)%	30,147	29,266	3.0 %	2.8 %
Of which: online sales	1,314	1,236	6.3 %	6.3 %	4,477	3,579	25.1 %	25.1 %
Net consumer online sales	2,118	1,972	7.4 %	7.4 %	7,173	5,608	27.9 %	27.9 %
Operating income	251	481	(47.8)%	(47.9)%	1,209	1,380	(12.4)%	(12.6)%
Underlying operating income	334	418	(20.1)%	(20.2)%	1,306	1,325	(1.4)%	(1.5)%
Underlying operating margin	4.1 %	5.1 %			4.3 %	4.5 %		
Comparable sales growth	1.0 %	10.6 %			2.8 %	9.5 %		
Comparable sales growth excluding gasoline	1.0 %	10.6 %			2.8 %	9.6 %		

Global Support Office

	Q4 2021 (13 weeks)	Q4 2020 (14 weeks)	% change	% change constant rates	2021 (52 weeks)	2020 (53 weeks)	% change	% change constant rates
€ million								
Underlying operating loss	(24)	(49)	(51.9)%	(52.3)%	(125)	(197)	(36.5)%	(34.9)%
Underlying operating loss excluding insurance results	(42)	(53)	(20.5)%	(21.4)%	(160)	(158)	1.1 %	1.9 %

In Q4, underlying Global Support Office costs were €24 million, or €26 million lower than the prior year, mainly due to a positive impact of €19 million from insurance.

Dividend per share

Ahold Delhaize's policy is to target a dividend payout ratio range of 40-50% of its underlying income from continuing operations. The payout ratio is assessed on a 52-week-year basis to permit a sustainable comparable year-on-year dividend per share growth. As part of our dividend policy, we adjust income from continuing operations for impairment losses and reversals – net, gains (losses) on leases and the sale of assets – net, restructuring and related charges, and other unusual items. Underlying income from continuing operations for 52 weeks amounted to €2,262 million in 2021 and a pro forma €2,358 million in 2020, respectively.

We propose a cash dividend of €0.95 per share for the financial year 2021, an increase of 5.6% compared to 2020, reflecting our ambition to sustainably grow the dividend per share. This represents a payout ratio of 42% of underlying income from continuing operations for 52 weeks.

If approved by the General Meeting of Shareholders, a final dividend of €0.52 per share will be paid on April 28, 2022. This is in addition to the interim dividend of €0.43 per share, which was paid on September 2, 2021. The total dividend payment for the full year 2021 would, therefore, total €0.95 per share.

The interim dividend per share for 2022 will be announced on August 10, 2022, 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.

Consolidated income statement

	Q4 2021 (13 weeks)	Q4 2020 ¹ (14 weeks)	2021 (52 weeks)	2020 ¹ (53 weeks)
€ million, except per share data				
Net sales	20,148	19,600	75,601	74,736
Cost of sales	(14,691)	(14,267)	(54,916)	(54,160)
Gross profit	5,456	5,332	20,685	20,575
Other income	160	137	531	470
Selling expenses	(3,980)	(3,875)	(14,929)	(14,620)
General and administrative expenses	(742)	(1,577)	(2,967)	(4,235)
Operating income	895	16	3,320	2,191
Interest income	8	6	29	35
Interest expense	(47)	(37)	(181)	(138)
Net interest expense on defined benefit pension plans	(4)	(4)	(17)	(16)
Interest accretion to lease liability	(85)	(87)	(337)	(357)
Other financial income (expense)	1	10	(10)	(9)
Net financial expenses	(128)	(111)	(517)	(485)
Income (loss) before income taxes	767	(94)	2,803	1,706
Income taxes	(142)	80	(591)	(331)
Share in income of joint ventures	9	5	33	22
Income (loss) from continuing operations	634	(9)	2,246	1,397
Income (loss) from discontinued operations	—	—	—	—
Net income (loss)	634	(9)	2,246	1,397
Attributable to:				
Common shareholders	634	(9)	2,246	1,397
Non-controlling interests	—	—	—	—
Net income (loss)	634	(9)	2,246	1,397
Net income (loss) per share attributable to common shareholders				
Basic	0.62	(0.01)	2.18	1.31
Diluted	0.62	(0.01)	2.17	1.30
Income (loss) from continuing operations per share attributable to common shareholders				
Basic	0.62	(0.01)	2.18	1.31
Diluted	0.62	(0.01)	2.17	1.30
Weighted average number of common shares outstanding (in millions)				
Basic	1,017	1,052	1,028	1,067
Diluted	1,023	1,057	1,034	1,072
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8750	0.8388	0.8461	0.8770

1. Comparative figures have been restated to conform to the current year's presentation.

Consolidated balance sheet

€ million	January 2, 2022	January 3, 2021
Assets		
Property, plant and equipment	11,838	10,696
Right-of-use asset	9,010	7,455
Investment property	708	739
Intangible assets	12,770	11,565
Investments in joint ventures and associates	244	227
Other non-current financial assets	1,193	705
Deferred tax assets	289	323
Other non-current assets	76	53
Total non-current assets	36,128	31,764
Assets held for sale	18	19
Inventories	3,728	3,245
Receivables	2,058	1,975
Other current financial assets	356	360
Income taxes receivable	45	58
Prepaid expenses and other current assets	387	337
Cash and cash equivalents	2,993	2,933
Total current assets	9,584	8,928
Total assets	45,712	40,692
Equity and liabilities		
Equity attributable to common shareholders	13,721	12,432
Loans	4,678	3,863
Other non-current financial liabilities	10,473	8,905
Pensions and other post-employment benefits	1,107	1,235
Deferred tax liabilities	746	664
Provisions	746	718
Other non-current liabilities	62	63
Total non-current liabilities	17,812	15,448
Accounts payable	7,563	6,795
Other current financial liabilities	2,552	2,386
Income taxes payable	96	128
Provisions	484	378
Other current liabilities	3,483	3,125
Total current liabilities	14,179	12,812
Total equity and liabilities	45,712	40,692
Year-end U.S. dollar exchange rate (euro per U.S. dollar)	0.8795	0.8187

Consolidated statement of cash flows

€ million	Q4 2021 (13 weeks)	Q4 2020 (14 weeks)	2021 (52 weeks)	2020 (53 weeks)
Income (loss) from continuing operations	634	(9)	2,246	1,397
Adjustments for:				
Net financial expenses	128	111	517	485
Income taxes	142	(80)	591	331
Share in income of joint ventures	(9)	(5)	(33)	(22)
Depreciation, amortization and impairments	825	733	3,068	2,892
(Gains) losses on leases and the sale of assets / disposal groups held for sale	(37)	(10)	(76)	(64)
Share-based compensation expenses	17	17	48	59
Operating cash flows before changes in operating assets and liabilities	1,699	756	6,361	5,078
Changes in working capital:				
Changes in inventories	(14)	49	(283)	(89)
Changes in receivables and other current assets	(258)	(264)	(43)	(301)
Changes in payables and other current liabilities	1,118	915	580	1,319
Changes in other non-current assets, other non-current liabilities and provisions	(338)	161	(216)	821
Cash generated from operations	2,207	1,617	6,399	6,828
Income taxes paid – net	(630)	(93)	(931)	(486)
Operating cash flows from continuing operations	1,577	1,525	5,468	6,343
Net cash from operating activities	1,577	1,525	5,468	6,343
Purchase of non-current assets	(842)	(834)	(2,371)	(2,659)
Divestments of assets / disposal groups held for sale	64	17	82	108
Acquisition of businesses, net of cash acquired	(1)	—	(529)	(4)
Divestment of businesses, net of cash divested	(6)	(1)	(5)	(3)
Changes in short-term deposits and similar instruments	—	197	44	(60)
Dividends received from joint ventures	9	1	28	16
Interest received	4	4	16	24
Lease payments received on lease receivables	26	24	103	99
Other	(21)	7	(2)	3
Investing cash flows from continuing operations	(767)	(586)	(2,634)	(2,475)
Net cash from investing activities	(767)	(586)	(2,634)	(2,475)
Proceeds from long-term debt	250	10	848	507
Interest paid	(35)	(50)	(138)	(149)
Repayments of loans	(10)	(6)	(427)	(438)
Changes in short-term loans	(2,609)	(3,350)	90	(556)
Repayment of lease liabilities	(424)	(424)	(1,569)	(1,584)
Dividends paid on common shares	—	—	(856)	(1,026)
Share buyback	(299)	(296)	(994)	(1,001)
Other cash flows from derivatives	—	—	—	2
Other	(1)	1	(5)	(6)
Financing cash flows from continuing operations	(3,129)	(4,115)	(3,052)	(4,251)
Net cash from financing activities	(3,129)	(4,115)	(3,052)	(4,251)
Net cash from operating, investing and financing activities	(2,318)	(3,176)	(218)	(383)
Cash and cash equivalents at the beginning of the period (excluding restricted cash)	5,185	6,289	2,910	3,701
Effect of exchange rates on cash and cash equivalents	101	(202)	276	(408)
Cash and cash equivalents at the end of the period (excluding restricted cash)	2,968	2,910	2,968	2,910
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8750	0.8388	0.8461	0.8770

Alternative performance measures

This press release includes alternative performance measures (also known as non-GAAP measures). The descriptions of these alternative performance measures are included in *Definitions: Performance measures* in Ahold Delhaize's Annual Report 2020.

Free cash flow

€ million	Q4 2021	Q4 2020	2021	2020
Operating cash flows from continuing operations before changes in working capital and income taxes paid	1,361	917	6,145	5,899
Changes in working capital	846	700	254	929
Income taxes paid – net	(630)	(93)	(931)	(486)
Purchase of non-current assets	(842)	(834)	(2,371)	(2,659)
Divestments of assets / disposal groups held for sale	64	17	82	108
Dividends received from joint ventures	9	1	28	16
Interest received	4	4	16	24
Interest paid	(35)	(50)	(138)	(149)
Lease payments received on lease receivables	26	24	103	99
Repayment of lease liabilities	(424)	(424)	(1,569)	(1,584)
Free cash flow	379	262	1,618	2,199

In Q4 2021, free cash flow was €379 million, which represents an increase of €118 million compared to Q4 2020, mainly driven by higher operating cash flow of €445 million, working capital improvement of €145 million, lower net investments of €40 million, partly offset by higher income taxes paid of €538 million. The increase in income taxes paid mainly relates to the payment of an additional assessment notice of approximately €380 million that our subsidiary Delhaize Le Lion/De Leeuw SCA received and that was paid in order to avoid an interest charge of 4% per annum on the amount due and adverse tax consequences (refer to the summary report for the fourth quarter 2021 for a detailed disclosure on this additional assessment notice), as well as other timing of payments.

Free cash flow for the full year was €1,618 million, or €580 million lower than last year. Lower net investments of €261 million and higher operating cash flow of €246 million were offset by the lower gains from working capital inflow of €675 million and higher income taxes paid of €446 million compared to last year. The increase in income taxes paid was driven by the additional assessment notice of approximately €380 million that our subsidiary Delhaize Le Lion/De Leeuw SCA received, as mentioned above.

Net debt

€ million	January 2, 2022	October 3, 2021	January 3, 2021
Loans	4,678	4,557	3,863
Lease liabilities	10,061	9,777	8,442
Non-current portion of long-term debt	14,739	14,334	12,305
Short-term borrowings and current portion of long-term debt	2,350	4,832	2,249
Gross debt	17,089	19,166	14,554
Less: cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments ^{1, 2, 3, 4}	3,143	5,299	3,119
Net debt	13,946	13,867	11,434

- Short-term deposits and similar instruments include investments with a maturity of between three and 12 months. The balance of these instruments at January 2, 2022, was €15 million (October 3, 2021: €15 million, January 3, 2021: €58 million) and is presented within Other current financial assets in the consolidated balance sheet.
- Included in the short-term portion of investments in debt instruments is a U.S. treasury investment fund in the amount of €135 million (October 3, 2021: €133 million, January 3, 2021: €129 million).
- 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 January 2, 2022, was €397 million (October 3, 2021: €324 million, January 3, 2021: €441 million).
- Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €807 million (October 3, 2021: €2,742 million, January 3, 2021: €681 million). This cash amount is fully offset by an identical amount included under Short-term borrowings and current portion of long-term debt.

Net debt increased in Q4 2021 by €79 million to €13,946 million, compared to Q3 2021. This was attributable to the share buyback of €299 million, foreign exchange impact on net debt of €124 million and the increase in lease liabilities of €67 million, which were partially offset by the free cash flow of €379 million.

Underlying EBITDA

€ million	Q4 2021	Q4 2020	2021	2020
Underlying operating income	838	811	3,331	3,594
Depreciation and amortization ¹	797	718	3,004	2,840
Underlying EBITDA²	1,635	1,529	6,335	6,435

- The difference between the total amount of depreciation and amortization for 2021 of €3,007 million (2020: €2,844 million) and the amounts mentioned here relates to items that were excluded from underlying operating income.
- Underlying EBITDA of €6,335 million for 2021 includes underlying EBITDA of bol.com of €166 million.

Underlying operating income increased in Q4 2021 by €27 million to €838 million, and was adjusted for the following items, which impacted reported IFRS operating income: impairments of €28 million (Q4 2020: €15 million); (gains) and losses on leases and the sale of assets of (37) million (Q4 2020: €(11) million); and restructuring and related charges and other items of €47 million – income (Q4 2020: €791 million – expense). The Q4 2021 restructuring and related changes and other items includes a €142 million gain resulting from the reassessment of the FELRA and MAP single-employer plan obligations in the U.S. and a €62 million expense related to claims and disputes. The Q4 2020 restructuring and related charges and other items included a €841 million expense related to multi-employer pension plans in the U.S. and a €107 million gain related to Dutch pension plan amendments. Including these items, IFRS operating income increased by €878 million to €895 million.

Underlying operating income for 2021 of €3,331 million (2020: €3,594 million) was adjusted for the items below, in the amount of €11 million (2020: €1,404 million), which impacted reported IFRS operating income:

- Impairments of €61 million (2020: €48 million)
- (Gains) and losses on leases and the sale of assets of €(76) million (2020: €(57) million)
- Restructuring and related charges and other items of €26 million (2020: €1,413 million).

Including these items, IFRS operating income increased by €1,129 million to €3,320 million.

Underlying income from continuing operations

€ million, except per share data	Q4 2021	Q4 2020	2021	2020
Income (loss) from continuing operations	634	(9)	2,246	1,397
Adjustments to operating income	(56)	794	11	1,404
Tax effect on adjusted and unusual items	21	(224)	6	(373)
Underlying income from continuing operations	598	561	2,262	2,427
Underlying income from continuing operations for the purpose of diluted earnings per share	598	561	2,262	2,427
Basic income (loss) per share from continuing operations ¹	0.62	(0.01)	2.18	1.31
Diluted income (loss) per share from continuing operations ²	0.62	(0.01)	2.17	1.30
Underlying income per share from continuing operations – basic ¹	0.59	0.53	2.20	2.28
Underlying income per share from continuing operations – diluted ²	0.59	0.53	2.19	2.26

1. Basic and underlying earnings per share from continuing operations are calculated by dividing the (underlying) income (loss) 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 2021 is 1,017 million (Q4 2020: 1,052 million).

2. The diluted earnings per share from continuing operations and diluted underlying EPS are calculated by dividing the diluted (underlying) income (loss) from continuing operations by the diluted weighted average number of shares outstanding. The diluted weighted average number of shares used for calculating the diluted underlying EPS for Q4 2021 is 1,023 million (Q4 2020: 1,057 million).

In Q4 2021, income from continuing operations was €634 million, representing an increase of €643 million compared to last year. This follows mainly from the €878 million increase in operating income, partially offset by the resulting higher income taxes of €223 million. In Q4 2020, Ahold Delhaize recorded a \$1.7 billion (€1.4 billion) tax deductible expense for incremental pension liabilities due to withdrawal and settlement agreements of several U.S. multi-employer plans, which significantly impacted the income tax for the quarter.

For the full year, income from continuing operations was €2,246 million, which was €849 million higher than last year. This mainly reflects the increase in operating income of €1,129 million, which was partially offset by higher income taxes of €260 million.

Segment reporting
Q4 2021

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	12,099	8,049	—	20,148
Of which: online sales	863	1,314	—	2,176
Operating income (loss)	662	251	(18)	895
Impairment losses and reversals – net	23	4	—	28
(Gains) losses on leases and the sale of assets – net	(36)	5	(6)	(37)
Restructuring and related charges and other items	(121)	74	—	(47)
<i>Adjustments to operating income</i>	<i>(134)</i>	<i>83</i>	<i>(6)</i>	<i>(56)</i>
Underlying operating income (loss)	528	334	(24)	838

Q4 2020

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	11,425	8,175	—	19,600
Of which: online sales	632	1,236	—	1,869
Operating income (loss)	(417)	481	(48)	16
Impairment losses and reversals – net	8	7	—	15
(Gains) losses on leases and the sale of assets – net	(10)	(1)	—	(11)
Restructuring and related charges and other items	862	(69)	(2)	791
<i>Adjustments to operating income</i>	<i>859</i>	<i>(63)</i>	<i>(2)</i>	<i>794</i>
Underlying operating income (loss)	442	418	(49)	811

Full year 2021

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	45,455	30,147	—	75,601
Of which: online sales	3,228	4,477	—	7,704
Operating income (loss)	2,231	1,209	(119)	3,320
Impairment losses and reversals – net	48	13	—	61
(Gains) losses on leases and the sale of assets – net	(49)	(21)	(6)	(76)
Restructuring and related charges and other items	(80)	106	—	26
<i>Adjustments to operating income</i>	<i>(81)</i>	<i>97</i>	<i>(6)</i>	<i>11</i>
Underlying operating income (loss)	2,150	1,306	(125)	3,331

Full year 2020

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	45,470	29,266	—	74,736
Of which: online sales	1,968	3,579	—	5,547
Operating income (loss)	1,006	1,380	(195)	2,191
Impairment losses and reversals – net	27	21	—	48
(Gains) losses on leases and the sale of assets – net	(20)	(37)	—	(57)
Restructuring and related charges and other items	1,454	(39)	(2)	1,413
<i>Adjustments to operating income</i>	<i>1,461</i>	<i>(56)</i>	<i>(2)</i>	<i>1,404</i>
Underlying operating income (loss)	2,466	1,325	(197)	3,594

Additional information

Results in local currency for the United States are as follows:

\$ million	Q4 2021	Q4 2020	2021	2020
Net sales	13,825	13,623	53,699	51,838
Of which: online sales	985	755	3,814	2,259
Operating income (loss)	754	(514)	2,631	1,064
Underlying operating income	603	527	2,543	2,789

Store portfolio

Store portfolio (including franchise and affiliate stores)

	End of Q4 2020	Opened / acquired	Closed / sold	End of Q4 2021
The United States	1,970	80	(2)	2,048
Europe ¹	5,167	278	(41)	5,404
Total	7,137	358	(43)	7,452

1. The number of stores at the end of Q4 2021 includes 1,136 specialty stores (Etos and Gall & Gall); (end of Q4 2020: 1,118).

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 2021 financial year consisted of 52 weeks and ends on January 2, 2022.

The key publication dates for 2022 are as follows:

March 2	Annual Report 2021
May 11	Results Q1 2022
August 10	Results Q2 2022
November 9	Results Q3 2022

Risks and uncertainties

Ahold Delhaize's enterprise risk management program provides the Company with a periodic and comprehensive understanding of Ahold Delhaize's key business risks and the management practices, policies and procedures in place to mitigate these risks. Ahold Delhaize recognizes strategic, operational, financial and compliance/regulatory risk categories. Our principal risks have not changed significantly compared to those disclosed within the Annual Report 2020. The COVID-19 pandemic continues to impact our business operations and our overall risk profile. The Company continues to execute several actions to mitigate the impact of the COVID-19 pandemic on our business, with a focus on protecting associates and customers, ensuring the continuity of our operations and making additional investments into our digital and omnichannel capabilities. The impact of this risk is being monitored and any required actions will be reassessed as necessary. Additionally, we have included a principal risk related to ESG performance and expanded our analysis of the potential impact of climate change in our business. The updated integrated comprehensive analysis of the principal risks faced by Ahold Delhaize will be included in the *Opportunities, risks and material ESG impacts* section of Ahold Delhaize's Annual Report 2021, which will be published on March 2, 2022.

Cautionary notice

This communication 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 2022, outlook, forecast(s)/(ing), continue(d)/(ing)/(s), commit(ted)/(ment), propose, strong start, next phase, strategy, maintain(ing), remain(s), expect(s)/(ed)/(ation), scheduled, will, priority, beyond, begin, 2025, ensure/(ing), projected, coming years, progress, intent(ed)/(ion), reach, no later than, 2040, future, throughout, confident, well positioned, should, guidance, expect(ed), target, ambition, mitigate, focus 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; political developments, natural disasters and pandemics; 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 environmental, social and governance matters (including performance) and sustainable retailing; food safety issues resulting in product liability claims and adverse publicity; environmental liabilities associated

with the properties that the Company owns or leases; competitive labor markets, changes in labor conditions and labor disruptions; increases in costs associated with the Company's defined benefit pension plans; the failure or breach of security of IT systems; the Company's inability to successfully complete divestitures and the effect of contingent liabilities arising from completed divestitures; antitrust and similar legislation; unexpected outcomes in the Company's legal proceedings; additional expenses or capital expenditures associated with compliance with federal, regional, state and local laws and regulations; unexpected outcomes with respect to tax audits; the impact of the Company's outstanding financial debt; the Company's ability to generate positive cash flows; fluctuation in interest rates; the change in reference interest rate; the impact of downgrades of the Company's credit ratings and the associated increase in the Company's cost of borrowing; exchange rate fluctuations; inherent limitations in the Company's control systems; changes in accounting standards; adverse results arising from the Company's claims against its self-insurance program; the Company's inability to locate appropriate real estate or enter into real estate leases on commercially acceptable terms; and other factors discussed in the Company's public filings and other disclosures.

Forward-looking statements reflect the current views of the Company's management and assumptions based on information currently available to the Company's management. Forward-looking statements speak only as of the date they are made, and the Company does not assume any obligation to update such statements, except as required by law.

For more information:

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

About Ahold Delhaize

Ahold Delhaize is one of the world's largest food retail groups and a leader in both supermarkets and e-commerce. Its family of great local brands serves 54 million customers each week, both in stores and online, in the United States, Europe, and Indonesia. Together, these brands employ more than 410,000 associates in 7,137 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. The company's focus on four growth drivers – drive omnichannel growth, elevate healthy and sustainable, cultivate best talent and strengthen operational excellence – is helping to fulfil its purpose, achieve its vision and prepare its brands and businesses for tomorrow. 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.

