



# 2021 Investor Day

Ahold Delhaize

# Leading Together

Frans Muller

President & Chief Executive Officer



Our purpose

**Eat well.  
Save time.  
Live better.**

# Our values



## Courage

We drive change, are open minded, bold and innovative



## Integrity

We do the right thing and earn customers' trust



## Teamwork

Together, we take ownership, collaborate and win



## Care

We care for our customers, our colleagues, and our communities



## Humor

We are humble, down-to-earth, and don't take ourselves too seriously



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## Our vision

**Create the leading local food shopping experience**



### Drive Omnichannel Growth:

Create seamless **digitally-enabled** experiences with a compelling value proposition across all shopping and meal occasions



### Elevate Healthy & Sustainable:

Provide inspiring, healthy and affordable food options for all and achieve our sustainability commitments



### Cultivate Best Talent:

Attract, develop and retain the best talent with an engaging associate experience that drives high performance, inclusion and growth



### Strengthen Operational Excellence:

Save for our customer, leverage scale, and use **technology and data** to build the future

## Our growth drivers

# Our strategy drove growth & positioned us well to serve our customers

## Our 2018 CMD commitments

|                                   | Our commitments  | Status as of Q3 2021   |   |
|-----------------------------------|--|--|---|
| <b>Financial guidance</b>         | Annual Free cash flow of ~€1.8 billion for 2019 to 2021*   | Average ~€2 billion in 2019 and 2020 with €1.7 billion expected in 2021E                           | ✓ |
|                                   | €1.8 billion in cumulative Save for Our Customers savings from 2019 – 2021 (€600 million per year) | Over €1.5 billion cumulative savings through 2020; on track to achieve €2.3 billion from 2019-2021 | ✓ |
|                                   | Net capex at ~3% of sales per year   | Average ~3% of sales from 2019 to 2021E  | ✓ |
|                                   | Cumulative net working capital improvement of €300 million in 2019-2021                            | ~€1.3 billion across 2019 and 2020   | ✓ |
| <b>eCommerce</b>                  | Doubling net consumer online sales to ~€7 billion in 2021  | ~€7.6 billion in 2020, one year ahead of plan  | ✓ |
|                                   | US online sales growth of 30%+ in 2020   | 105% in 2020 with 70% growth expected in 2021E   | ✓ |
|                                   | bol.com net consumer online sales of ~€3.5 billion in 2021   | €4.3 billion in 2020, one year ahead of plan, with €5.5 billion expected in 2021E                  | ✓ |
|                                   | bol.com third party sales at >45% of total sales in 2021   | 57% in 2020, 47% in 2019, two years ahead of plan  | ✓ |
|                                   | bol.com to become EBIT positive and generate double-digit ROC in 2019                              | EBIT positive and double-digit ROC in 2019, 2020 and 2021E   | ✓ |
| <b>Re-imagine Stop &amp; Shop</b> | Sales uplift from remodeled stores of 4%-6% in year 1; 2%-4% in year 2; 2% in year 3               | Sales uplift in line with expectations   | ✓ |
|                                   | Remodel 60-80 stores per year  | Remodeled 111 stores through Q3 2021   | ✗ |

\*Adjusted for IFRS 16; excludes M&A  
Ahold Delhaize – Investor Day 2021

# We have built a strong portfolio...

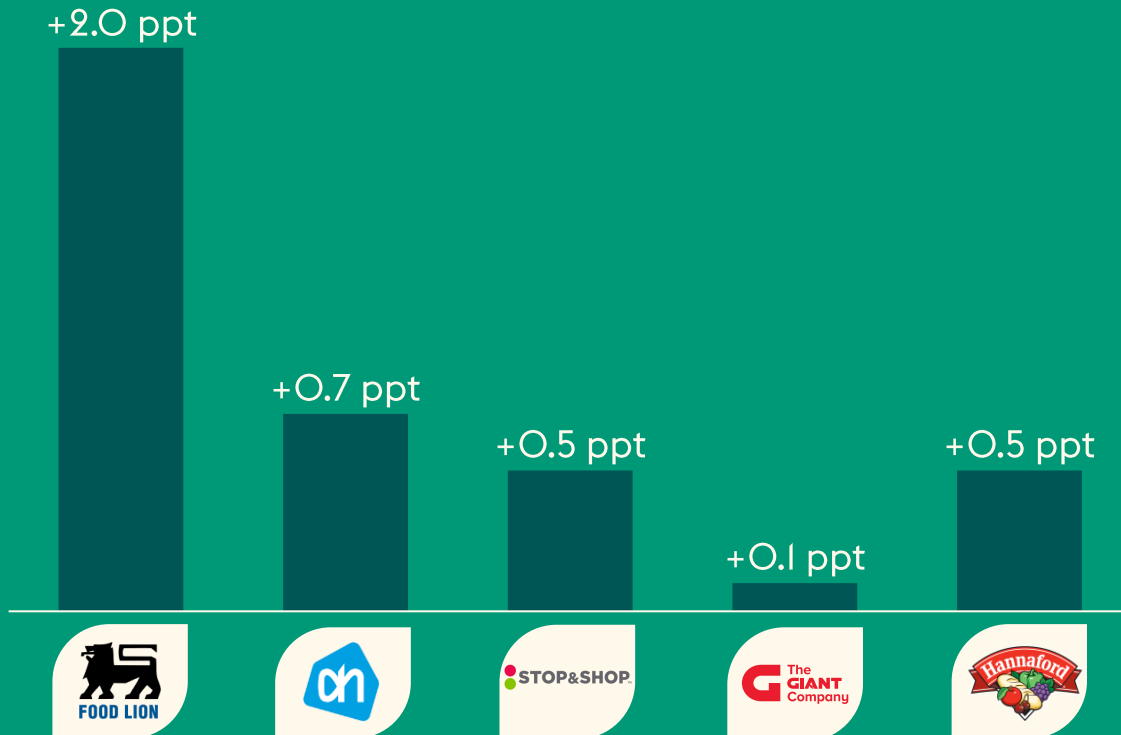
Strengthening our positions



# ...and have gained market share across our brands

Strengthening our positions

Market Share Growth of Top 5 brands of Ahold Delhaize  
(ppt change Q2 2021 vs. Q2 2019)

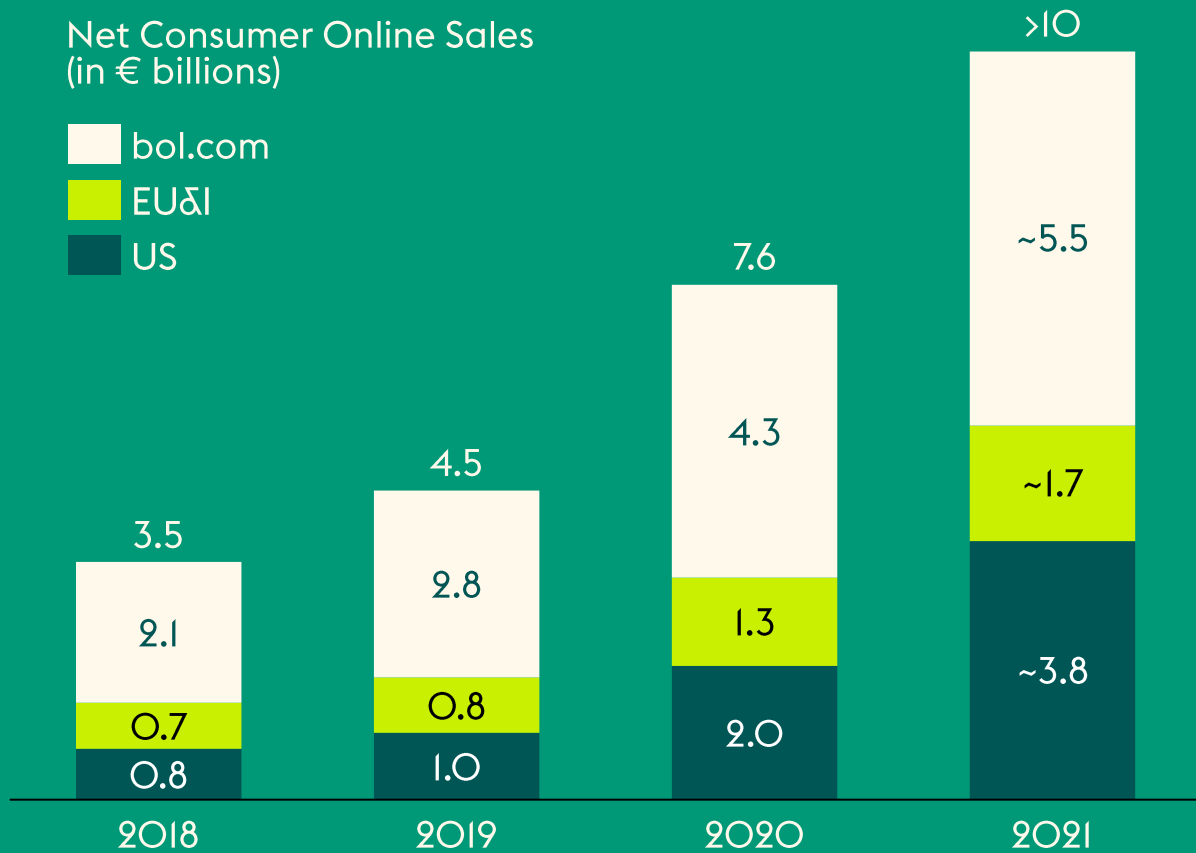




# Delivering strong online growth

Strengthening our positions

Net Consumer Online Sales  
(in € billions)



1,400+

US pick up points & click-and-collect locations by end of 2021

140m

bol.com unique monthly visits in Belgium & Netherlands

# Evolving preferences of customers

Looking ahead, shifting customer behavior provides us an opportunity to accelerate our strategy across key priorities



**53%**  
expect to **work more from home** in the near future



**66%**  
are trying to **eat healthier**



**60%**  
expect to shop the same frequency or more **online**



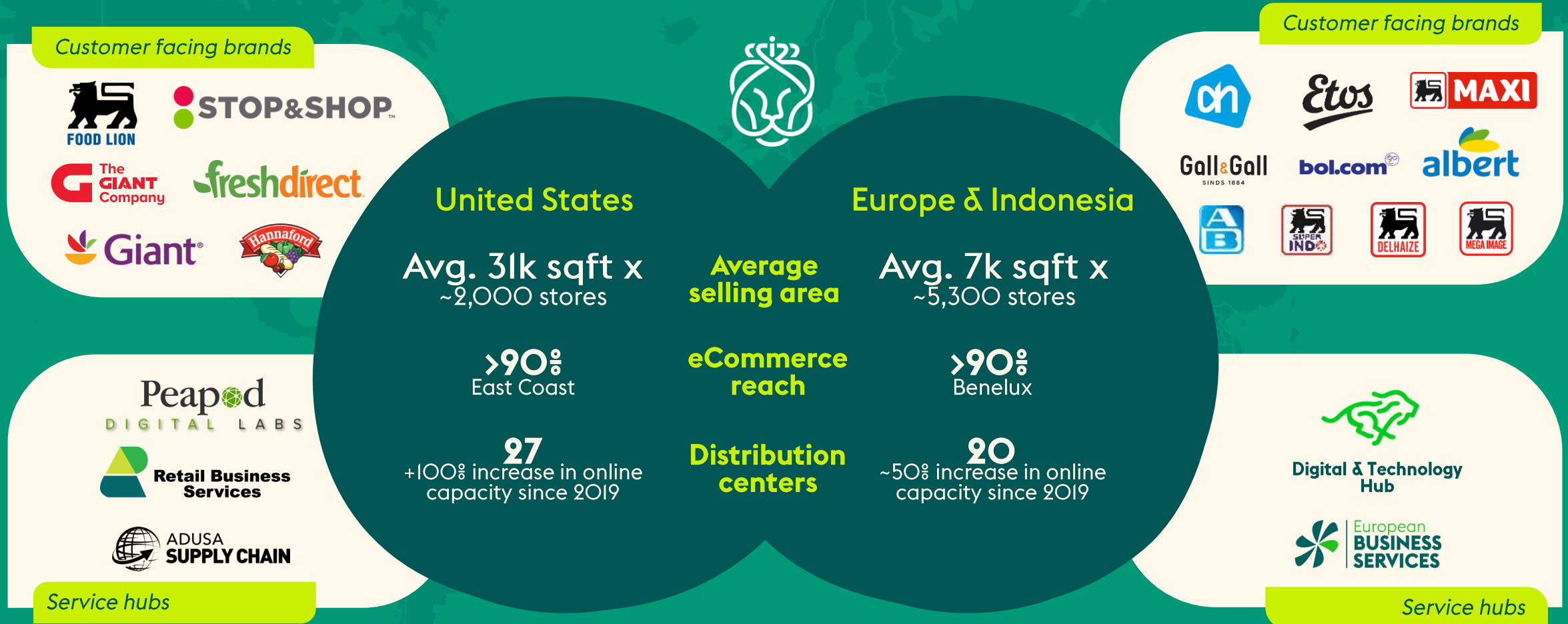
**65%**  
cite **better value** as the reason for trying new brands



**35%**  
care more about **sustainability** of food purchases

# We have a repeatable formula for growth

Strengthening our positions



## 4 priorities for the next 4 years

### For customers

Serve customers with deeper (digital) relationships

### For operations

Accelerate the omnichannel transformation & continue to be the best local operators

### For H&S

Lead the transformation into a healthy & sustainable food system

### For our portfolio

Create the ecosystem for smarter customer journeys

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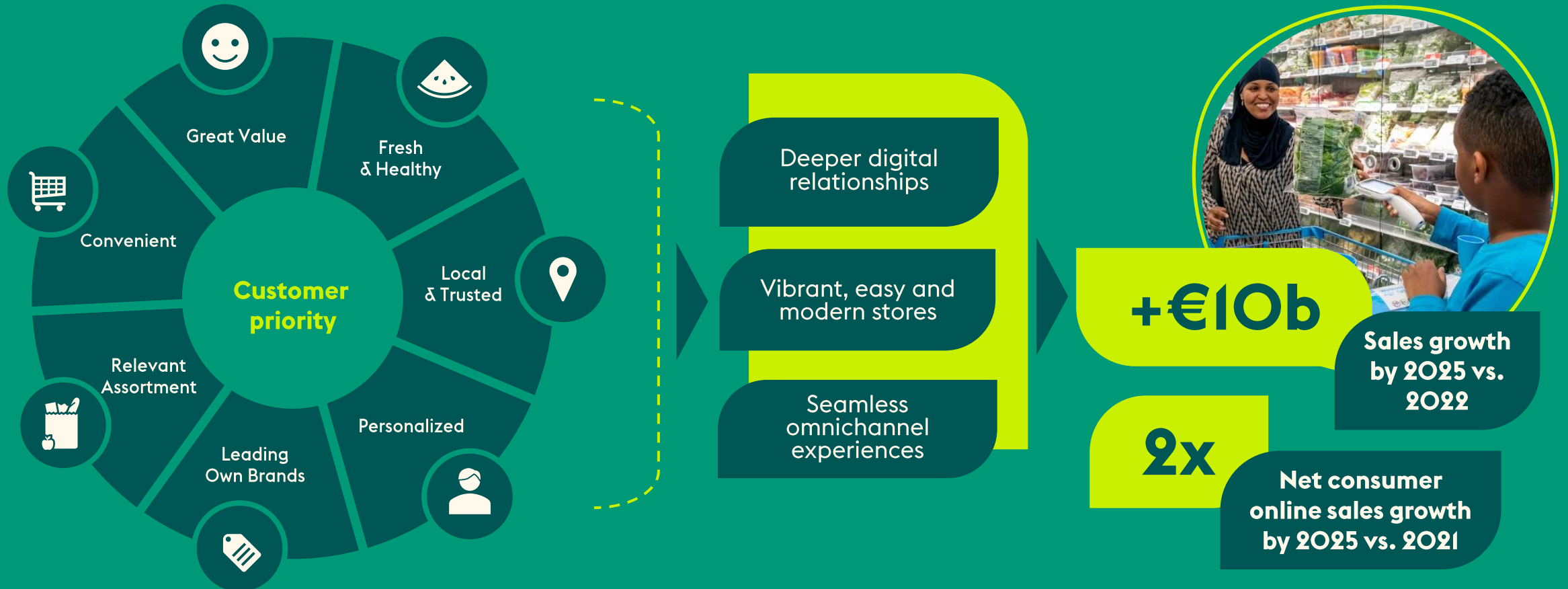
### For our portfolio

Create the ecosystem for smarter customer journeys



# Our omnichannel customer value proposition is at the core of how our brands grow

Customer priority



# Offer the freshest groceries & unlock healthy eating and living for all

Customer priority: Fresh & Healthy



**Highest percent of fresh & healthy assortment**

>55% of healthy own food sales by 2025



**Enable fresh & healthy choices**

Implement healthy nutritional guidance across all of our brands (e.g., Nutri-Score, Guiding Stars)

**Make healthy living easier**

Increase healthy assortment, promotions & offers on healthy food (e.g. Loyalty program-linked offers)



# Be the recognized local leader, connected & trusted by customers and communities

Customer priority: Local & Trusted



## *Create uniquely local experiences*

Higher share of locally sourced assortment, direct from farm-to-fork



## *Embed ourselves in the community*

Continue to donate meals to communities as part of our brands' priority to fight hunger

## *Drive local sustainability*

Reduce food waste by 50% across all our brands



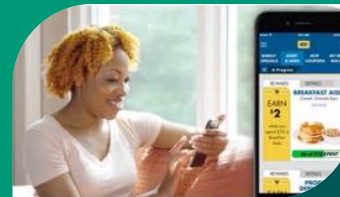
# Deliver relevant personalized information, services, offerings & promotions

Customer priority: Personalized



## Offer personalized value

Increase real-time tailored offers and promotions linked to customer basket



## Tailor customer experiences

Content and recommendation engines tailored to customer dietary & personal preferences

## Provide engaging personalized service

Offer premium subscription memberships across all of our brands



# bol.com, a powerful asset with a relentless focus on the customer

Customer priority



~34m

Number of unique products offered on bol

30+

Relational NPS in NL & BE-FL

~47k

Number of local entrepreneurs on bol (3P)

>90%

Brand awareness in NL, >85% in BE

~2x

bol.com net consumer online sales by 2025

~2x

EBITDA by 2025

3 game changers going forward

Increase loyalty, multi-category buying and frequency

Double down on advertising services

Scale (bol.com) logistics services to partners



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# We are accelerating the omnichannel transformation across core capabilities...

## Operational priority



### Digital & in-store experience

- Prism eCommerce platform servicing all US brands by 2022
- Optimized urban store format translated from Europe to the US
- By 2024, >80% of stores in EU will have ESL and >70% will have self-checkout and scaling across US

### Supply chain, operations & merchandising

- 100% integrated, self-distributed US supply chain network by 2024
- Proprietary network optimization engine (TNT) rolled out in the US, leveraging predictive analytics
- New MFC launch in 2021 and scaling to Europe in 2022

### Data & analytics

- ML based tool used by managers to improve in-store counting performance at Albert Heijn
- Deploying proprietary tools in stores and warerooms to improve productivity and reduce out of stocks across the US
- Assortment, price & promo optimization tools rolled out across US and Europe by 2022

# ...and executing a clear omnichannel formula across our brands

Operational priority

Scaled service hubs,  
technology and  
capabilities

Fueled by  
higher  
CAPEX spend  
(3% to 3.5%)

## United States

Peapod

DIGITAL LABS



Retail Business  
Services



ADUSA  
SUPPLY CHAIN

## Global

Capabilities

Partnerships

Services

Functions

## Europe & Indonesia



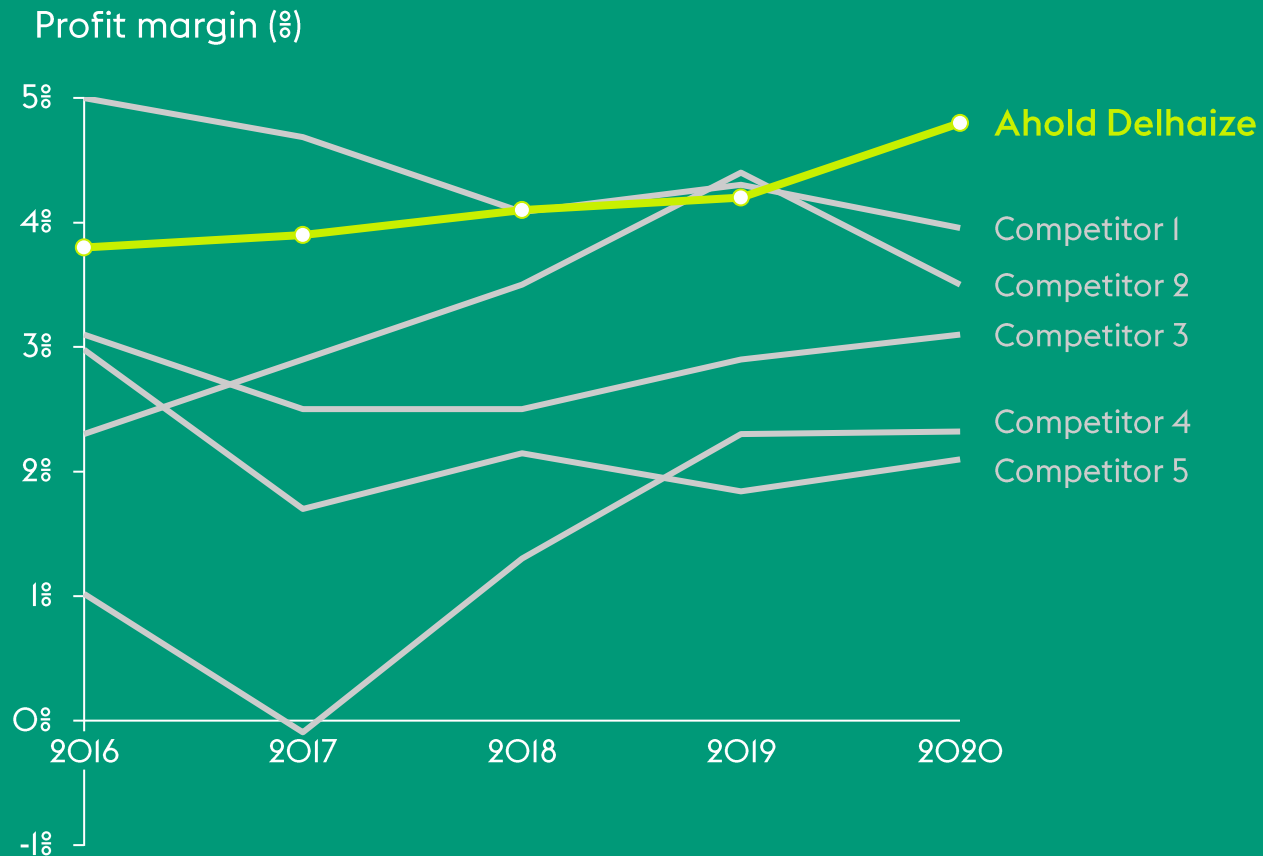
Digital &  
Technology Hub



European  
BUSINESS  
SERVICES

# We will continue to drive operational excellence

Operational priority



Fully allocated  
eCommerce

Profitable by  
**2025**

Best-in-class Save for  
Our Customer

~€4b

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# We make healthy and sustainable choices easy **for everyone**

## Customers

Empower customers to make healthy and sustainable choices within planetary boundaries.

## Product

Develop a healthy and sustainable basket.

## Communities

Support resilient communities.

## Associates

Inspire associates and support them in making healthier lifestyle choices.

## Our operations

Drive the decarbonization of our businesses and partners to a 1.5-degree future by becoming net zero.

Minimize food waste and drive an innovative circular packaging economy.

## Our farmers and suppliers

Support the decarbonization of our brand supply chains and the transition to an inclusive and regenerative food system, supporting biodiversity.

**Healthier people**

**Healthier planet**



**Grounded  
in Goodness**

# Be the industry leading healthy and sustainable retailer

**AA MSCI ESG rating**  
in 2021, upgraded from A

**Top 10%**  
Sustainalytics rating in food industry

**Over 10 years**  
consistent leadership on the Dow Jones  
Sustainability Index

**Race to Zero** campaign commitment and 1.5 °C  
ambition underway, aligned with Science-  
Based Targets initiative

Climate impact assessments done with  
**TCFD framework**

**25% STI/LTI incentives**  
tied to our H&S promise (ESG)\*

## Healthier people

Customers  
Product  
Communities  
Associates

## Healthier planet

Our operations  
Our farmers and  
suppliers



Grounded  
in Goodness

\*Subject to AGM approval



# net zero carbon emissions

across our own operations  
*(Scope 1 & 2)*

by  
**2040**

# net zero business

across our entire  
supply chain, products  
and services  
*(Scope 3)*

by  
**2050**



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Create the ecosystem for smarter customer journeys

# We will unlock new customer connections

Portfolio priority

Driving  
richer customer  
experiences and  
touchpoints

Win in  
*NY*

Win in  
*Philadelphia*

Win in urban  
markets

Win in  
Benelux

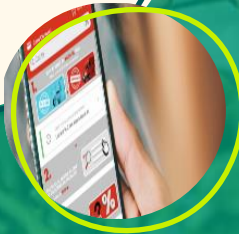
Leverage strengths of  
leading  
*#1* and *#2* food and  
*#1* online marketplace



# We will drive new customer propositions and complementary revenue streams

Portfolio priority

**€1 billion**  
in complementary  
revenue streams by  
2025



Test-scale new  
customer  
propositions



Scale complementary  
revenue streams

Scaling AH Premium  
& Compact to Europe

Testing  
<2hr in US and Europe

Piloting  
<1hr grocery in 2022

# Across the portfolio, we are focused on reinforcing and strengthening our omnichannel leading positions

## Our portfolio ambition

### Our focus

**1** Create a uniquely local omnichannel customer experience for every brand

**2** Drive a portfolio of brands with growing #1 or #2 omnichannel positions in local markets

**3** Enhance the long-term durability of our strategy by building scale and accelerating the omnichannel transformation

### Our competitive advantage



**Great local brands strategy**

**19** great local brands



**Efficient platform for growth**

**Service hubs** across digital, tech, business service, supply chain (US/EU&I)



**Stable & predictable cash-flow**

**>€6b** cumulative free cash flow 2022-25



**Consolidator of choice**

**6** successful acquisitions since 2018

# Our financial ambitions

# 2025



**+€10b**

Sales growth vs. 2022



**2x**

Net consumer online  
sales growth vs. 2021



**Profitable**

Fully allocated eCommerce  
by 2025



**€1b**

Complementary revenue  
streams by 2025



**>€6b**

Cumulative  
Free Cash Flow



**High-Single Digit**

Annual  
underlying EPS  
growth vs. 2022

# All of the above is enabled by Best Talent

We have strong, engaged and inclusive workplaces

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## For operations

Accelerate the omnichannel transformation & continue to be the best local operators

## For H&S

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Strong  
talent pools



~410,000+ associates in 10 countries  
>45,000 new jobs in 2020

Engaged  
associates

Let your  
**voice**  
be heard

81% engagement score  
73% associate development score

Inclusive  
workplaces



Committing to a workforce that is **100%** gender balanced, **100%** reflective of our markets and **100%** inclusive

# We are creating the leading local food shopping experience



## Leading

Be the  
**#1 omnichannel grocery brand** in all markets we serve and continue to be the best operator in the business



## Local

Stay rooted in our brands' **local communities**, contributing and serving the **local needs**



## Food

Keep **food at the center** of our brands' offering, while expanding the proposition



## Shopping

Make shopping **easy, personal and convenient** through a truly seamless **omnichannel** offering



## Experience

Deliver a seamless digital-first **omnichannel experience**



# Thank you

