



PROMO

BELGISCH PRODUCT  
PRODUIT BELGE

Grofstrakelen  
Van runder, belgie  
CWT 1,99  
€ 1,99 /kg

BELGISCH PRODUCT  
PRODUIT BELGE

PROMO

Herfallets prisreiset  
Kjøtt, grønnsaker  
og fisk  
- € 0,20 /kg



Ahold  
Delhaize

Gule paprika's  
Hersket, Belgij & Nederland  
Lot  
CWT 1,99  
€ 1,99 /kg

BELGISCH PRODUCT  
PRODUIT BELGE

Pavlova's rouges  
Origine Belgique & Pays Bas  
CWT 1,99  
€ 1,99 /kg  
-20%

Pavlova's oranges  
Origine Belgique & Pays Bas  
CWT 1,99  
€ 1,99 /kg  
-20%

# Capital Markets Day

December 7, 2016

Growing Excellence



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09:00	Opening	Henk Jan ten Brinke
09:05	Strategy Update	Dick Boer
	Digital & eCommerce	Hanneke Faber
10:30	Break	
11:00	Integration & Synergies	Frans Muller
11:30	Financial Framework	Jeff Carr
12:00	Q&A/Wrap-up	All/Dick Boer
13:00	Lunch	



Ahold  
Delhaize

# Strategy Update

Dick Boer

President and CEO

December 7, 2016

**Together, we build Great Local Brands,  
bringing Fresh Inspiration Every Day**



## Better Together

- **Better Together strategy**
  - Captures benefits of international scale to build great local brands
  - Confirms merger rationale
  - Sets direction to realize full potential
  - Full commitment to Sustainable Retailing
- **Combined company**
  - In full-execution mode following merger completion on July 23, 2016
  - Integration is on track with clear visibility to generating €500 million in net synergies in 2019
- **Operating model**
  - Committed to grow leading supermarket brands while remaining rigorously focused on cost discipline
  - New target to double net consumer online sales by 2020 from expected 2016 level of €2.3 billion
  - Continued focus on strong free cash flow with €1.6 billion expected for 2017
- **Shareholder return**
  - Dividend pay-out ratio of 40-50% of pro-forma underlying income from continuing operations
  - Launch €1 billion share buyback program in 2017

## Key Trends

More value

More convenience

More fresh & healthy

More personal



## Key Strengths

Solid foundation

Great local brands

- Best-in-class in Supermarkets
- Superior omnichannel & digital offering

Leadership

## Our commitment to succeed

Proven track record in execution and integration

## Key Trends

More value

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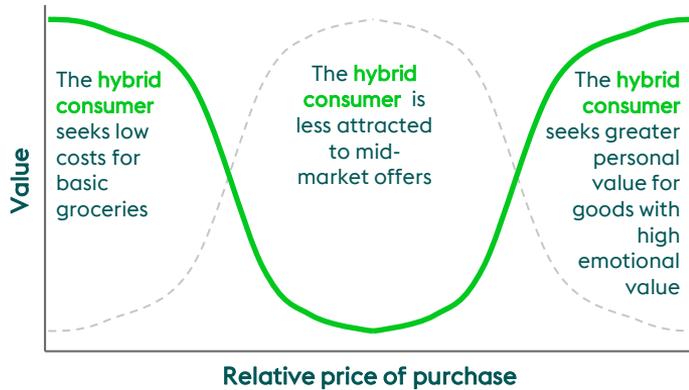
## Our commitment to succeed

Proven track record in execution and integration

# Shoppers continuously seeking value

## Key Trends

Customers are buying **more value** and **more premium** products



Tech driving (price) **transparency**



**Own brands** building retailer brand equity

- More value
- More convenience
- More fresh & healthy
- More personal



## Key Trends

# Customers looking for convenience across channels



More value

More convenience

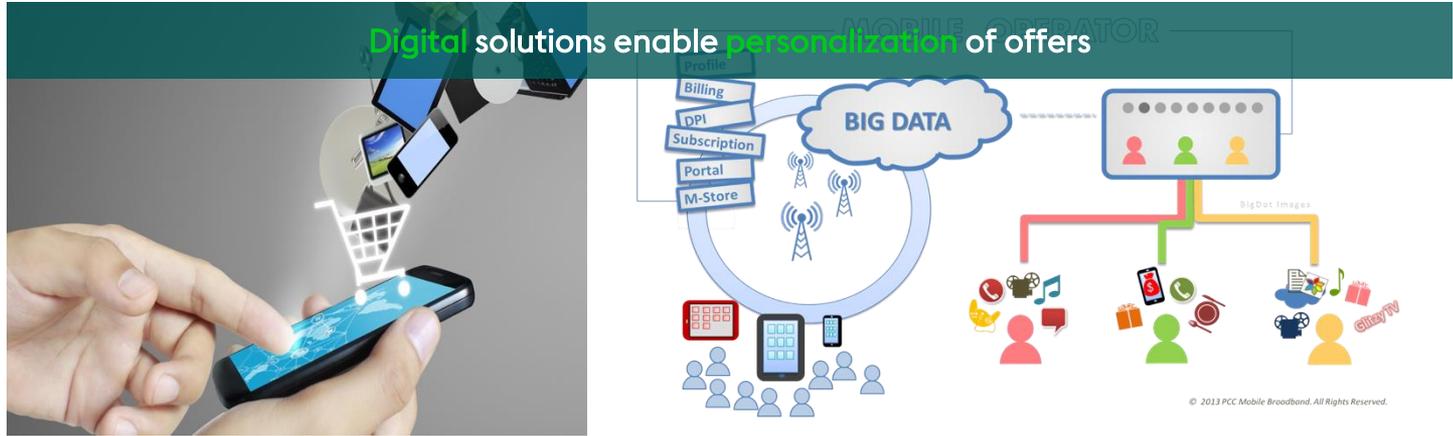
More fresh & healthy

More personal

## Key Trends



# Seeking personal relevance and connection



More value

More convenience

More fresh & healthy

More personal

# We have key strengths to address these trends

## Key Trends

More value

More convenience

More fresh & healthy

More personal

**Better Together Strategy**

**Our purpose**  
Together, we build Great Local Brands, bringing Fresh Inspiration Every Day

**Our sustainable business model**

**Save for our customers:**

- Buy better
- Operate smarter
- Waste less

**Fund growth in key channels:**

- Supermarkets
- e-Commerce
- Smaller formats

**Our promises**

- A better place to work
- A better neighbor
- Every Day

**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 we don't take ourselves too seriously.

## Key Strengths

Solid foundation

Great local brands

- Best-in-class in Supermarkets
- Superior omnichannel & digital offering

Leadership

## Our commitment to succeed

Proven track record in execution and integration

# Ahold Delhaize is well positioned to continue winning<sup>13</sup>

## Key Strengths



- Great local brands with presence on both sides of the Atlantic
- Best-in-class Supermarket player
- Superior Omnichannel and Digital offering
- Operating cash flow among the leaders in the industry
- Deep experience Fresh and Own Brands, focus on affordability
- Frontrunner in Sustainable Retailing; and connected to Communities
- Great pools of talent and capabilities
- Leaders with proven track record in execution and integration

Key figures <sup>(1)</sup>						
Net sales	Underlying operating income	Underlying operating margin	Free Cash Flow	Market cap	Stores worldwide	Employees worldwide
€60.9b	€2.2b	3.5%	€1.7b	€23.7b <sup>(2)</sup>	6,590	375,000

(1) Pro Forma as of 2015; (2) Market cap as of December 5<sup>th</sup>, 2016

Solid foundation

Great local brands

Leadership

# Great local brands on both sides of the Atlantic

## Key Strengths

**US**

**#1 or #2 in 24 DMAs\* representing c. 80% of our US Sales**

 Food Lion	 Stop & Shop	 Hannaford	 Peapod
 Giant Carlisle	 Giant Landover	 Martin's Food Market	 b'fresh



- Europe**
- **#1 in the Netherlands**
  - **#2 in Belgium**
  - **#1 in Greece**
  - **#2 in Czech Republic**
  - **#1 in Serbia**
  - **#1 in Greater Bucharest**
  - **#1 in Portugal**

 Albert Heijn	 Etos	 Gall & Gall	 Bol.com
 Delhaize Le Lion	 Alfa Beta	 ENA Cash & Carry	 Albert
 Maxi	 Tempo	 Mega Image	 Pingo Doce



**Indonesia**

**#1 in supermarkets**

- Solid foundation
- Great local brands
- Leadership

\*DMA = Designated Market Area

# Strong and experienced leadership team

**Dick Boer**

President and Chief Executive Officer



**Frans Muller**

Deputy Chief Executive Officer and  
Chief Integration Officer  
Acting COO, a.i., Delhaize America



**Jeff Carr**

Chief Financial Officer



**Kevin Holt**

Chief Operating Officer,  
Ahold USA



**Pierre Bouchut**

Chief Operating Officer,  
Europe and Indonesia



**Hanneke Faber**

Chief eCommerce and  
Innovation Officer



**Abbe Luersman**

Chief Human Resources  
Officer



**Jan Ernst de Groot**

Chief Legal Officer



**Marc Croonen**

Chief Sustainability, Transformation and  
Communications Officer



Solid foundation

Great local brands

Leadership

# Building our Better Together Strategy

## Key Trends

More value

More convenience

More fresh & healthy

More personal

### Our purpose

Together, we build **Great Local Brands**, bringing **Fresh Inspiration Every Day**

### Our sustainable business model

#### Save for our customers:

- Buy better
- Operate smarter
- Waste less

#### Fund growth in key channels:

- Supermarkets
- e-Commerce
- Smaller formats



#### Invest in our customer proposition:

- Affordable for all
- Best own brands
- Fresher & healthier
- Most local & personal service

### Our promises



### Our values

#### Courage

We drive change, are open-minded, bold, and innovative.

#### Integrity

We do the right thing and earn customers' trust.

#### Teamwork

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Together



Great local brands



Together, we build **Great Local Brands**, bringing **Fresh Inspiration Every Day**.



Fresh inspiration



Every Day

## Our purpose

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# Our sustainable business model powers our strategy<sup>20</sup>

## Our Sustainable Business Model

### Save for our customers

Buy better

Operate smarter

Waste less



## Our Sustainable Business Model

Buy better

Operate smarter

Waste less

## Save for our customers

- Buy better
- Operate smarter
- Waste less



### Examples



# Our brands are operating smarter everyday

Our Sustainable Business Model

Buy better

Operate smarter

Waste less

Save for our customers

- Buy better
- Operate smarter
- Waste less



Examples



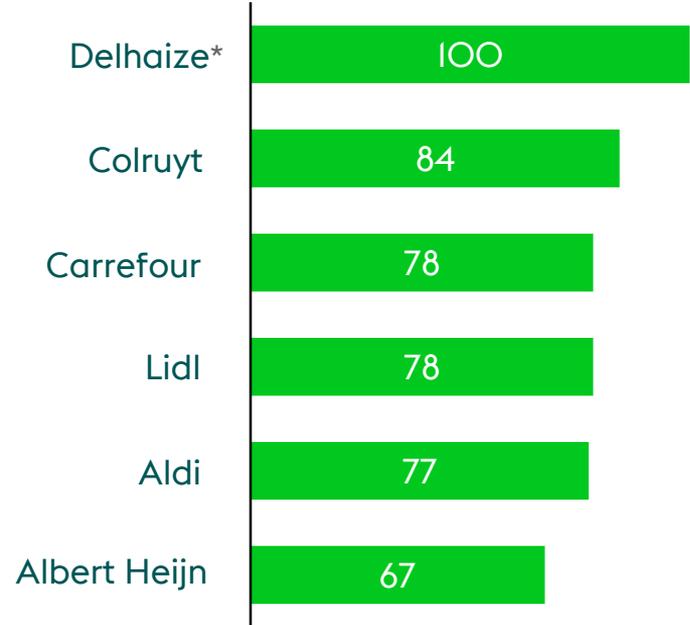
# Delhaize Belgium realized it needed to improve its cost position <sup>23</sup>

2014

- Cost handicap in wage and labour conditions
- Competition leveraging scale and cost benefits
- High operational costs in supply chain / logistics
- Decreasing market share and profitability\*

Delhaize Belgium Transformation Plan

Cost per productive hour (2014, Delhaize\* = 100)



(\* ) Company-operated supermarkets



# It developed and executed its Transformation Plan; it is on track for €80M in savings

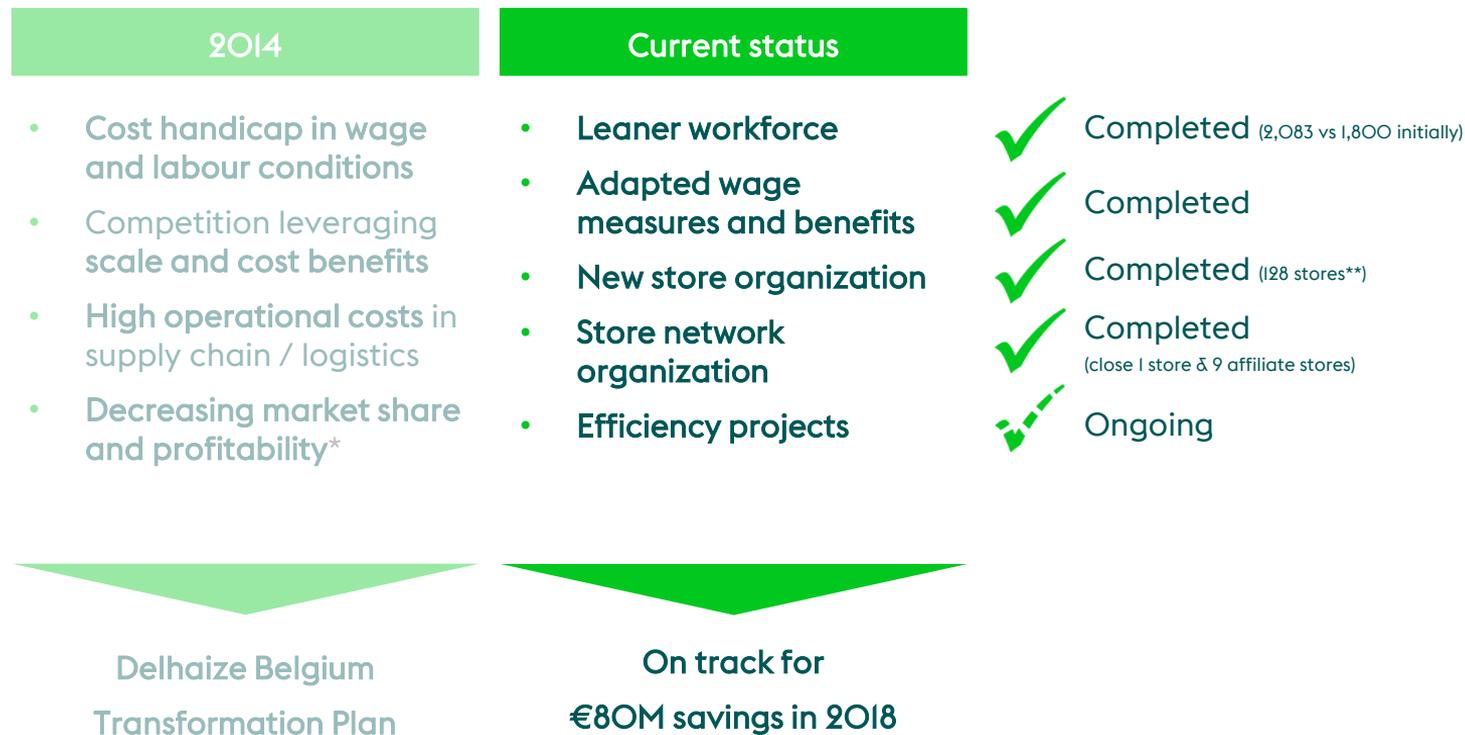
## Our Sustainable Business Model

### Save for our customers

Buy better

Operate smarter

Waste less



(\*) Company-operated supermarkets

(\*\*) Final NSO wave started in November 2016 (37 stores)



# Executing the new commercial strategy is the next step

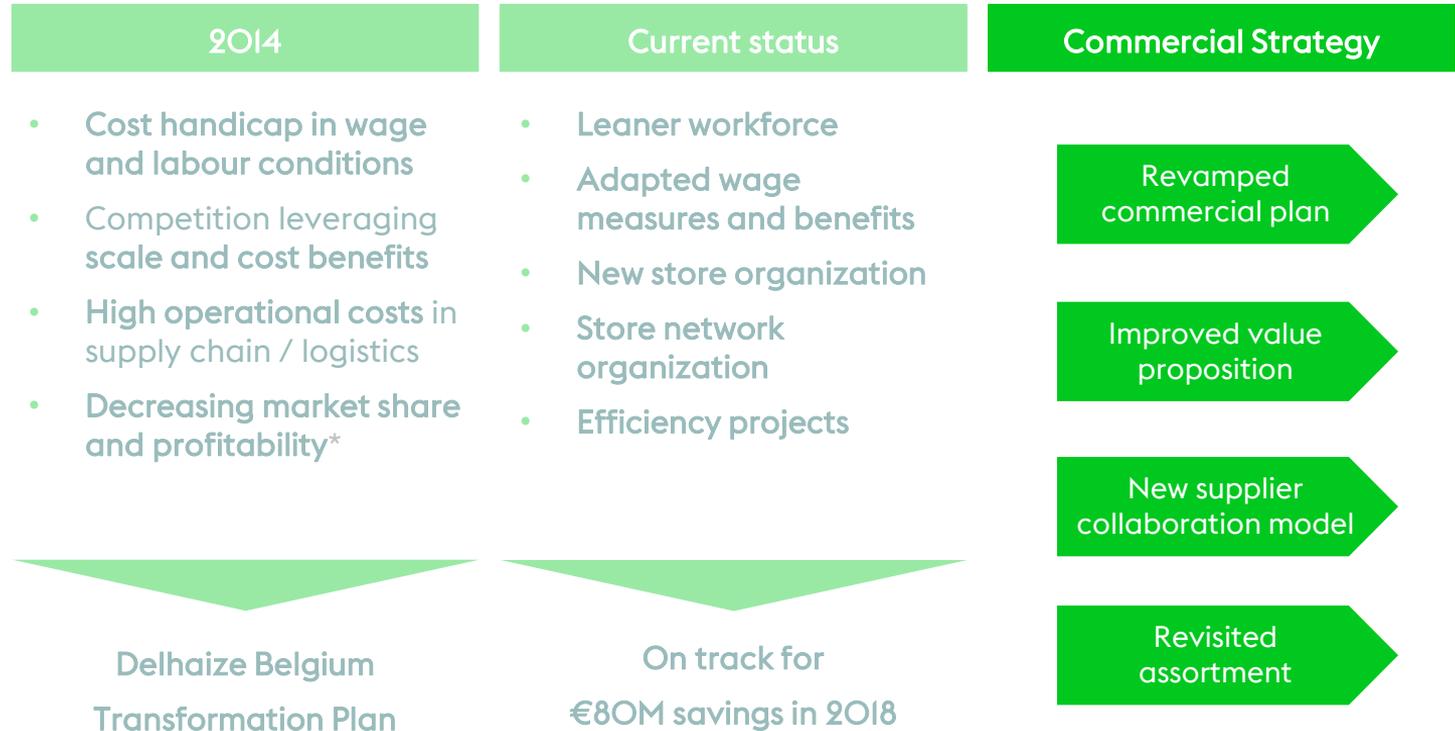
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Buy better

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Waste less



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## Our Sustainable Business Model

Buy better

Operate smarter

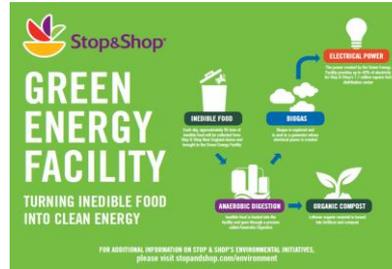
Waste less

## Save for our customers

- Buy better
- Operate smarter
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### Examples



# Our sustainable business model powers our strategy<sup>27</sup>

## Our Sustainable Business Model

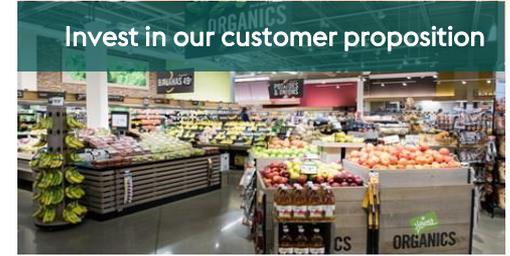
## Invest in our customer proposition

Affordable for all

Best own brands

Fresher & healthier

Most local & personal



# Our brands are focused on four areas to differentiate our customer proposition

## Our Sustainable Business Model

Affordable for all

Best own brands

Fresher & healthier

Most local & personal service

Examples

**EASY**  
*fresh &*  
**Affordable**

You can count on FOOD LION... Every day!



## Invest in our customer proposition

Affordable for all

Best own brands

Fresher & healthier

Most local & personal



## Our Sustainable Business Model

### Invest in our customer proposition

Affordable for all

Best own brands

Fresher & healthier

Most local & personal

# Affordable for all – Zooming in on Food Lion



- Conveniently located stores
  - Low prices driven by strong promotions
  - Inconsistent fresh execution and perception
  - Vendor-driven center store assortment
  - Task-oriented leadership and associates
  - Effective execution of the basics
- 
- 
- 
- 
- 
- 
- Easy to shop stores, part of the neighborhood
  - Great everyday prices and good weekly deals
  - Consistently fresh products
  - Customer-driven assortment
  - Fast and easy checkout experience
  - Caring, responsive and available associates



## Our Sustainable Business Model

### Invest in our customer proposition

Affordable for all

Best own brands

Fresher & healthier

Most local & personal

# Affordable for all is a key pillar in Food Lion's strategy <sup>30</sup>

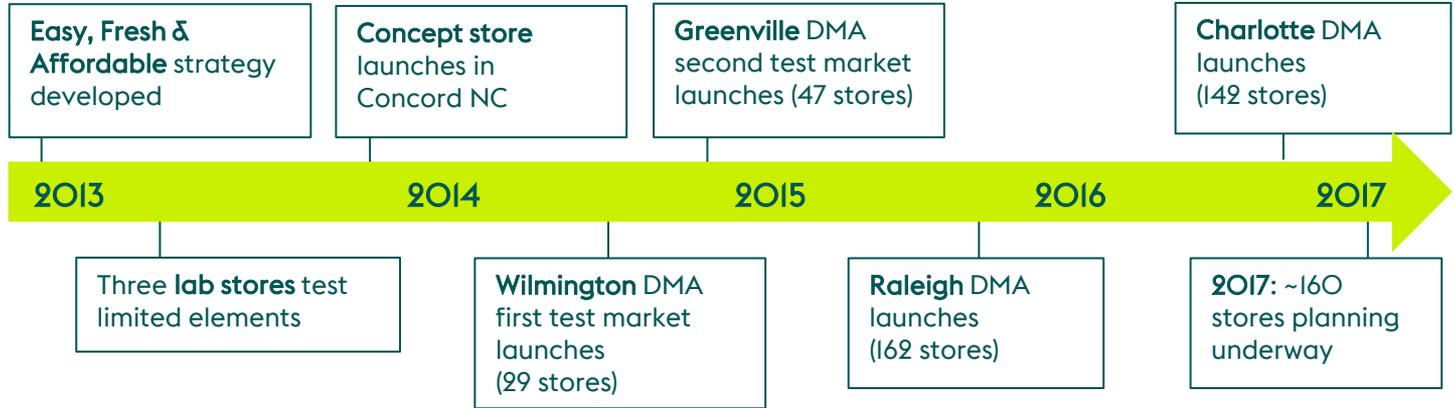


**Protecting and strengthening a strong price heritage** is the most critical component of delivering Food Lion's strategy of Easy, Fresh & Affordable. You can count on Food Lion Every day!

- **Affordability** is one of the main pillars of the Easy, Fresh & Affordable strategy
- Continue investments to strengthen Food Lion's actual **price position**:
  - Everyday pricing
  - Timely promotions (MVP savings)
- Further strengthen and accelerate **price perception** vs price leader

## Our Sustainable Business Model

Food Lion has been testing, refining and implementing since 2013 <sup>31</sup>



### Invest in our customer proposition

Affordable for all

Best own brands

Fresher & healthier

Most local & personal

### Charlotte DMA launches

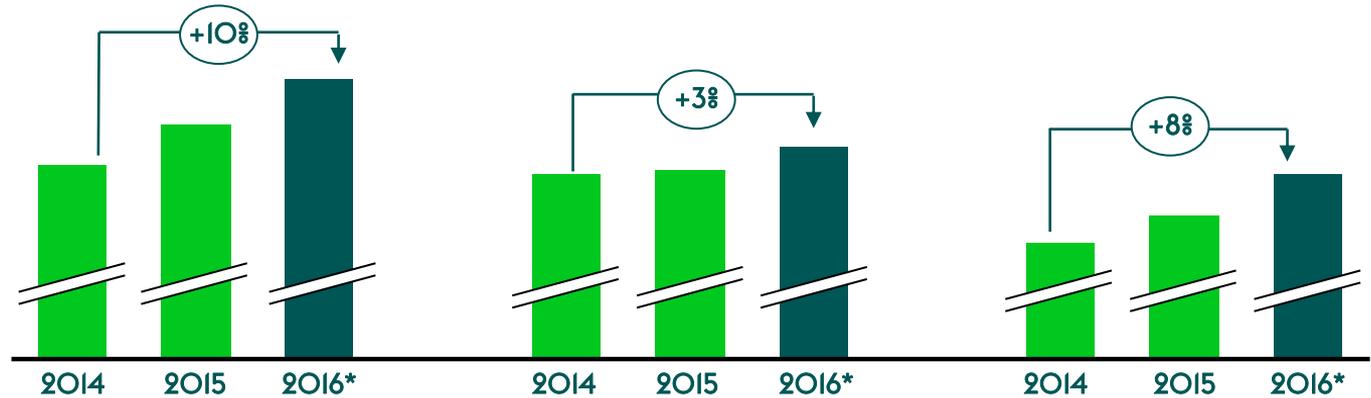
- More attractive layout in produce
- Additional seafood focus
- Refined value added meat offering
- Additional organics
- More local / ethnic offering
- Updated scheduling and productivity tools



## Our Sustainable Business Model

### Average Weekly Sales/Store

<p><b>Wilmington (29 stores)</b> Launch: Q3 2014</p>	<p><b>Greenville (47 stores)</b> Launch: Q4 2014</p>	<p><b>Raleigh (162 stores)</b> Launch: Q4 2015</p>
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Invest in our customer proposition

- Affordable for all
- Best own brands
- Fresher & healthier
- Most local & personal

\*2016 is YTD

Affordable for all

Best own brands

Fresher & healthier

Most local & personal

## And continues to support the overall positive momentum



- **Encouraging results**
  - Wilmington and Raleigh - Strong sales growth
  - Greenville - Successfully defend against significant competitive openings
  - Charlotte - early confident results consistent with previous markets
- **Deployment to the rest of the network**
  - Successful elements rolled out banner-wide
  - Improving customer perception scores across the banner
  - 380 stores completed (37% of total Food Lion sales)
  - Nearly 540 stores (55% of total Food Lion sales) by the end of 2017
- **Strong quarterly sales performance**
  - 16 consecutive quarters of volume growth at Food Lion
  - +2.9% real growth for Delhaize America in Q3 2016

# Best own brands is the second focus area

## Our Sustainable Business Model

## Invest in our customer proposition

Affordable for all

Best own brands

Fresher & healthier

Most local & personal

Affordable for all

Best own brands

Fresher & healthier

Most local & personal service

Examples

EASY  
fresh &  
Affordable

You can count on FOOD LION... Every day!



## Our Sustainable Business Model

### Invest in our customer proposition

Affordable for all

Best own brands

Fresher & healthier

Most local & personal

# Our local 'own brands' are known for their quality and value

## Award winning own brands promoting innovation and healthy eating

### Europe:

- ~50% own brand penetration
- Strong brand equities for own brands

### US:

- ~40% own brand penetration
- Natural/Organic brands progressing towards \$1B

### International own brands:

- 365 Delhaize own brand present across Europe

## Great potential to leverage best practices across our brands (e.g. AH)

### Continuous improvement of own brands



### Transparent communication to customers



Steeds een beetje beter  
ah.nl/steedsbeter



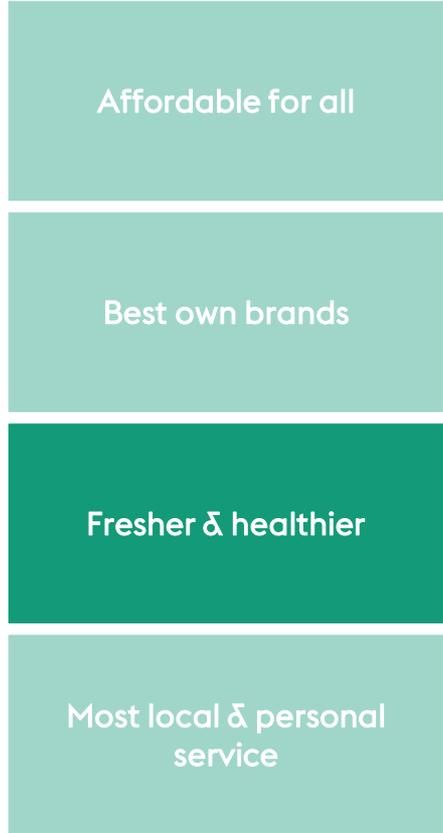
### Recognized and awarded by customers



# Fresher & healthier is the third focus area

## Our Sustainable Business Model

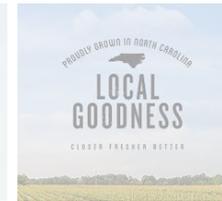
## Invest in our customer proposition



### Examples



You can count on FOOD LION... Every day!



- Affordable for all
- Best own brands
- Fresher & healthier
- Most local & personal

# Alfa Beta is known across Greece for its fresh offering

## Our Sustainable Business Model

- 26.4% fresh market share in Greece
- ~9 out of 10 customer satisfaction rating for fresh

“Every day, Alfa Beta offers the best Fresh Products, from every corner of Greece”



## Invest in our customer proposition

Affordable for all

Best own brands

Fresher & healthier

Most local & personal



# Fresher & healthier - Zooming in on Healthier

## Our Sustainable Business Model

## Invest in our customer proposition

Affordable for all

Best own brands

Fresher & healthier

Most local & personal



Equilibrium  
Corner

Health & Wellness concept with good coverage of food & non food categories



Healthier  
assortment

Reducing the level of salt and sugar in assortment



Super Lunch  
for kids

A range of nutritionally balanced, tasty packaged meals for kids' school lunches



# Providing the most local and personal service is our fourth area of focus

## Our Sustainable Business Model

### Invest in our customer proposition

Affordable for all

Best own brands

Fresher & healthier

Most local & personal service

Affordable for all

Best own brands

Fresher & healthier

Most local & personal

### Examples

EASY  
fresh &  
Affordable

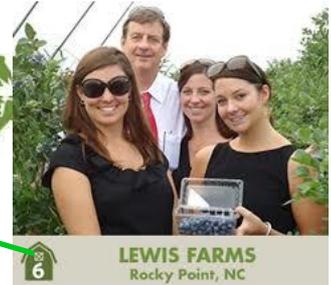
You can count on FOOD LION... Every day!



# Most local & personal service

Our  
Sustainable  
Business  
Model

## Most Local...



## ...and Personal service to drive new growth

Invest in our  
customer  
proposition

Affordable for all

Best own brands

Fresher & healthier

Most local & personal



Saving money

Saving time

Eating healthier

# Our sustainable business model powers our strategy <sup>41</sup>

## Our Sustainable Business Model



## Fund growth in key channels

Supermarkets

eCommerce

Smaller formats

# Ahold Delhaize is focused on expanding in three channels

## Our Sustainable Business Model



## Fund growth in key channels

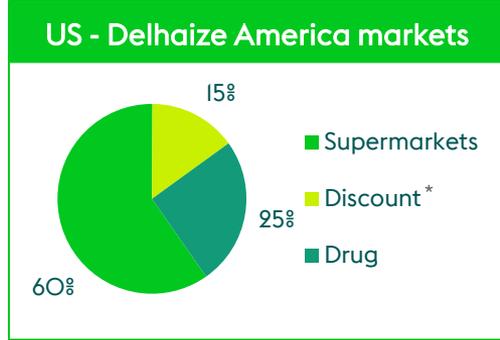
Supermarkets

eCommerce

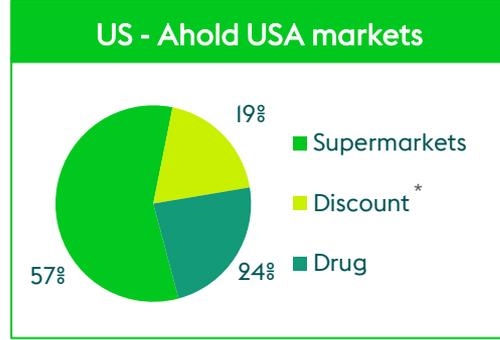
Smaller formats

# Supermarket is the key channel in our main markets <sup>43</sup>

## Our Sustainable Business Model



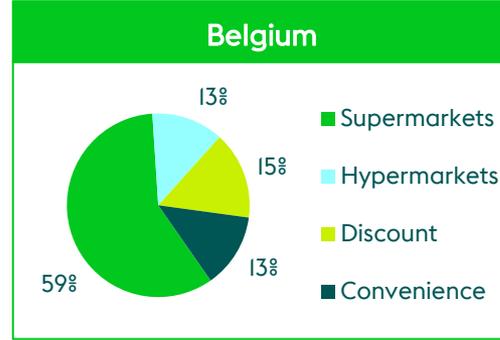
Source: Nielsen AC View, DA Sales – 2015 DA; DMAs



Source: Nielsen AC View, AUSA Sales – 2015 AUSA; DMAs representing 80% of AUSA sales



Source: Planet Retail and Nielsen food grocery market based on consumer sales - 2015



Source: Nielsen, Planet retail – 2014



## Fund growth in key channels

- Supermarkets
- eCommerce
- Smaller formats

\* Supercenters and Dollar stores

## Our Sustainable Business Model

### Fund growth in key channels

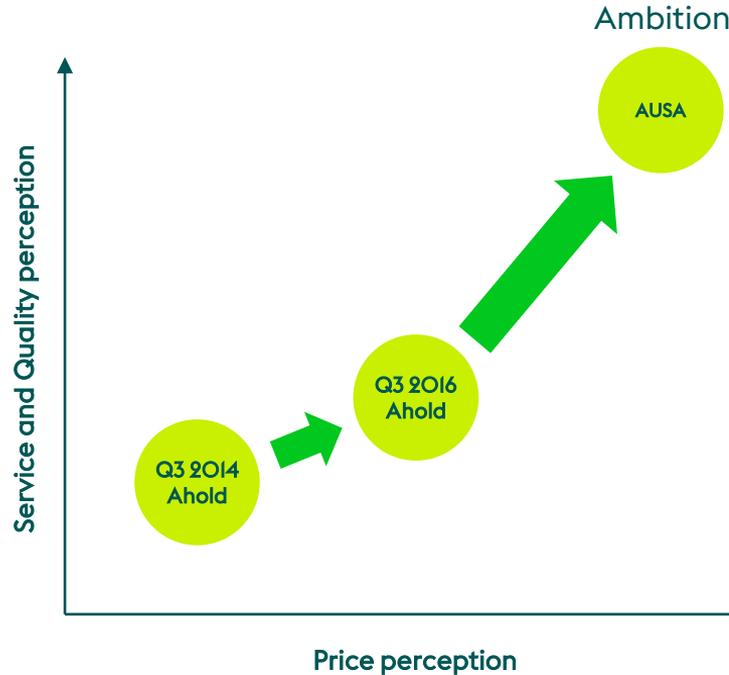
Supermarkets

eCommerce

Smaller formats

### Ahold USA ambition

### Heading Northeast strategy



- Differentiating Customer Value Proposition to deliver
  - Better Value
  - Improved Service
  - Improved Quality
- Brands are progressing and continue the journey

# Ahold USA has strong momentum

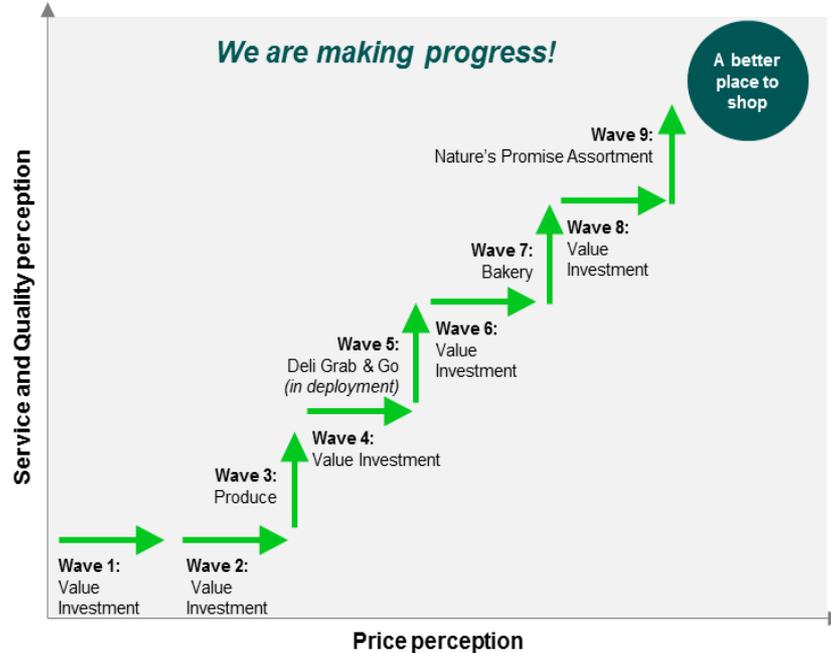
## Our Sustainable Business Model

### Fund growth in key channels

Supermarkets

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Smaller formats



### Heading East – Affordable for All

- Successive waves of price investments – five launched
- Significant marketing and communications support

### Heading North – Fresher & Healthier

- Major focus on Fresh
- Service and Quality improvement

### Heading Northeast – Building Great Local Brands

- “My” Giant / Stop & Shop
- Investing Digital Personalization

# Ahold USA has improved both price positioning and price perception

Our Sustainable Business Model

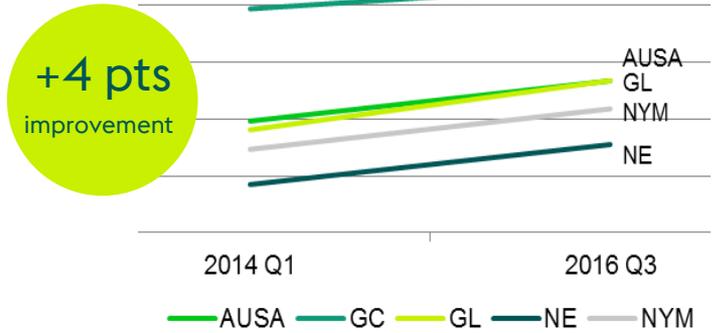
Improved EDLP price positioning across all our brands

Initial signs of improved customer price perception across all our brands

Q3 2016 Price index and change vs. Q1 2014

Price Perception Q1 2014 – Q3 2016\*

EDLP



Fund growth in key channels

- Supermarkets
- eCommerce
- Smaller formats

Source: Company tracking data

\*Price comparisons against competitors in the market, weighted by volume and by competitive interaction with our stores; representing 60-70% of total sales

## Our Sustainable Business Model

### Fund growth in key channels

- Supermarkets
- eCommerce
- Smaller formats

### New Produce Departments

Delivering ~4% ID sales growth and improved quality perception



### Nature's Promise

Growing double digits vs LY



### New Bakery Departments

Delivering ~5% ID sales growth



### Deli Grab & Go

Starting deployment



# Ahold USA is seeing encouraging signs of progress

While we have seen signs of improved sales trend - the focus is to continue to enhance our execution and accelerate top line growth

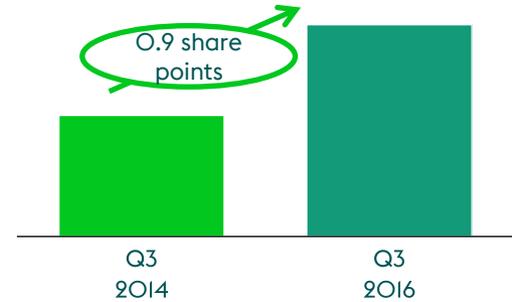
Our Sustainable Business Model

Fund growth in key channels

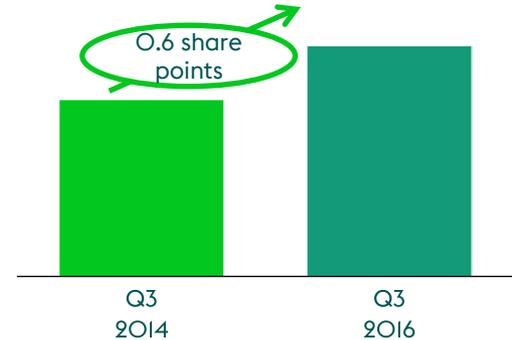
- Supermarkets
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AUSA Food Market Volume Share Change



AUSA AOC Market Volume Share Change



Source: Nielsen Scan Track .

# Ahold USA will continue its progress and accelerate sales growth <sup>49</sup>

## Our Sustainable Business Model



### Fund growth in key channels

Supermarkets

eCommerce

Smaller formats

- Good progress in our market share, price positioning and brand perception
- Real commitment to **accelerate our sales growth**
- In 2017, we will continue to focus our efforts to better enable our local brands to connect with our customers:
  - Continue to invest in price and effective promotions
  - Launch additional waves focused on:
    - Fresh (Meat, Deli)
    - Center Store Experience
    - Own Brands
- These waved customer value investments will continue to be fully funded through our **cost savings initiatives**, which are incremental to our synergies

## Our Sustainable Business Model

### Fund growth in key channels

Supermarkets

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Smaller formats

# Stop & Shop Supermarkets in Greater New York

Acquired **25 high-quality stores** from A&P in white space locations

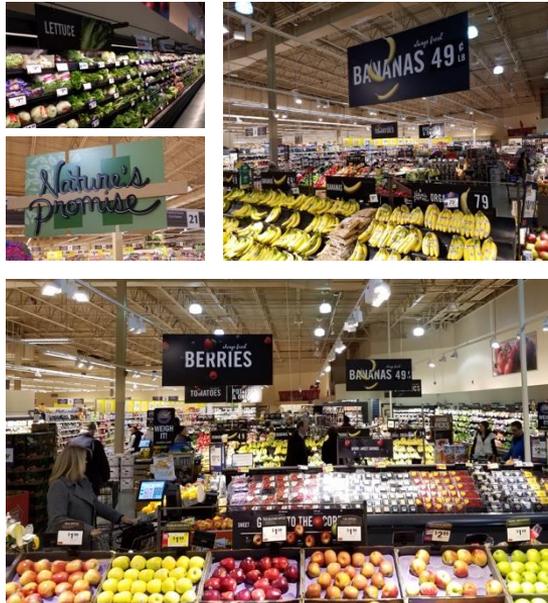
- Rebranded to Stop & Shop in **accelerated 1 week conversions**
- **Strong store execution** from day 1



July 2015

November 2015

2016



- **#2** within New York DMA, closely following ShopRite
- **+3.5pts Food, +2pts AOC** share improvement
- **Sales post-conversion comparable to other NYM stores** right away
- Customer tracking scores matching other NYM stores

## Our Sustainable Business Model

- 
- 188 stores
  - Very high Net Promoter Score (65)
  - Loyal customer base
  - Fresh, service oriented
  - Priced right
  - Local image, close to communities
  - High profitability
  - Positive volume growth over last 3 years

Quality perception scores (Q2 16)	Hannaford	Key competitors (5)
Produce	56	22-50
Meat	52	15-50
Seafood	53	12-52
Deli	58	29-58
Bakery	57	32-56

## Fund growth in key channels

- Supermarkets
- eCommerce
- Smaller formats



Number of stores and NPS as of 2015

## Our Sustainable Business Model

### Fund growth in key channels

- Supermarkets
- eCommerce
- Smaller formats

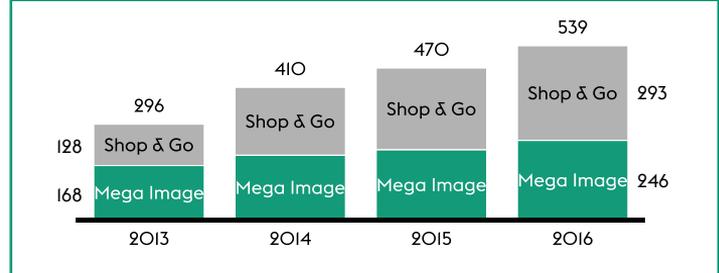
#2 in Czech Republic

#1 in Greater Bucharest

### Accelerated growth through differentiated remodeling...

Supermarkets remodels  
YTD +3% sales

### Strong growth in supermarkets



### ...combined with store-led interventions to maximize operational performance and drive engagement

### Innovative store concepts...

...with store related solutions based on customer needs

\* Central and Southeastern Europe

# Fund growth in key channels

## Our Sustainable Business Model

### Fund growth in key channels

Supermarkets

eCommerce

Smaller formats

Supermarkets

Examples



eCommerce



Smaller formats



## Our Sustainable Business Model

### Fund growth in key channels

Supermarkets

eCommerce

Smaller formats

Smaller formats present a great opportunity in all our markets <sup>54</sup>

### Examples

Supermarkets



eCommerce



Smaller formats



# Most of our brands have strong expertise in smaller formats

## Our Sustainable Business Model

### #1 or #2 in smaller formats across Europe



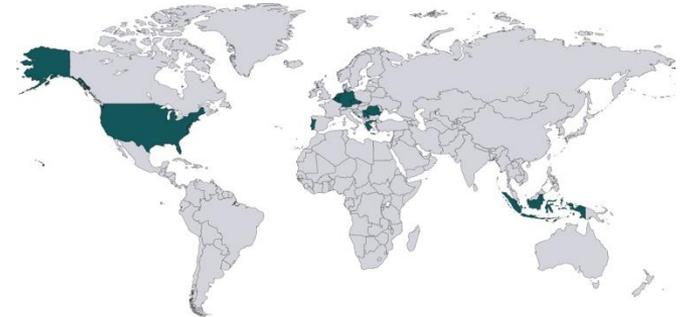
## Fund growth in key channels

Supermarkets

eCommerce

Smaller formats

### Test concepts in the US



## Our purpose

Together, we build Great Local Brands, bringing Fresh Inspiration Every Day

## Our sustainable business model

### Save for our customers:

- Buy better
- Operate smarter
- Waste less

### Fund growth in key channels:

- Supermarkets
- eCommerce
- Smaller formats



### Invest in our customer proposition:

- Affordable for all
- Best own brands
- Fresher & healthier
- Most local & personal service

## Our promises



## 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 we don't take ourselves too seriously.

Our promises

# Every day, a better place to shop



**MEGA IMAGE** **Albert Heijn** **Peapod**

Equilibrium (health & wellness corner)    Our Albert Heijn    Own Brand line of fresh meal kits

Examples

**FOOD LION** **Albert Heijn** **albert**

Count on me    Associate summer camps    Best store in town

**Hannaford** **DELHAIZE SERBIA** **Giant**

Sustainable seafood    Super Lunch for kids    Food donation Meat the Needs

Better place to shop

Better place to work

Better neighbor

## Our promises

Every AH store is right for its specific location and in connection with its neighbourhood



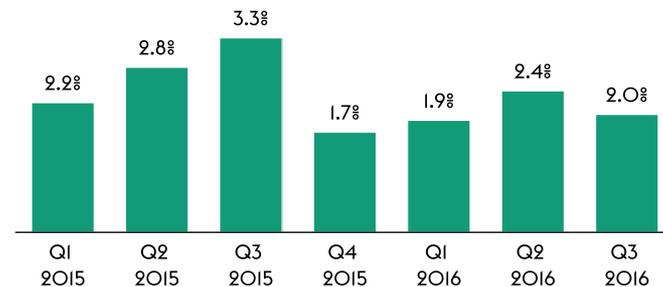
Innovation & improvement in our assortment across all categories



Everbody Appie movement: locally connected and personal



Strong comparable sales growth Netherlands (excl. Bol.com)\*



\*Includes Etos, Gall & Gall; Q4 2015 excludes week 53, no pro forma sales numbers for 2015

Better place to shop

Better place to work

Better neighbor

## Our promises



Equilibrium  
(health & wellness corner)

Our Albert Heijn

Own Brand line of  
fresh meal kits

### Examples



Count on me

Associate summer  
camps

Best store in town



Sustainable  
seafood

Super Lunch for  
kids

Food donation  
Meat the Needs

Better place to shop

Better place to work

Better neighbor

# Associates key to delivering great local brands



**375,000** Associates

Over **83%** participation  
rates in Global  
Engagement Surveys



**top 10**  
International  
food retailer

Inclusive and  
healthy workplace

47,7% Male  
52,3% Female

Balanced gender  
representation  
male / female

**5 Values**

Courage  
Integrity  
Teamwork  
Care  
Humor



Better place to shop

Better place to work

Better neighbor

# Every day, a better neighbor

## Our promises



Equilibrium  
(health & wellness corner)

Our Albert Heijn

Own Brand line of  
fresh meal kits

## Examples

Count on me

Associate summer  
camps

Best store in town

Sustainable  
seafood

Super Lunch for  
kids

Food donation  
Meat the Needs

Better place to shop

Better place to work

Better neighbor

# Sustainable Retailing is embedded in our Strategy<sup>62</sup>

## Our promises

A better place to shop

A better neighbor

A better place to work

Promote healthier eating

Reduce food waste

Create healthy and inclusive workplace

Product safety & sustainability

Climate impact

Associate development

Safety at work

Local Community connection



Better place to shop

Better place to work

Better neighbor

Ahold Delhaize ranks among leaders in Dow Jones Sustainability World Index

- Ahold Delhaize received a total score of 79
- Food and Staples Retailing industry average score of 44

# Building our Better Together strategy

## Key Trends

More value

More convenience

More fresh & healthy

More personal

**Better Together Strategy**

**Our purpose**  
Together, we build Great Local Brands, bringing Fresh Inspiration Every Day

**Our sustainable business model**

**Save for our customers:**

- Buy better
- Operate smarter
- Waste less

**Fund growth in key channels:**

- Supermarkets
- e-Commerce
- Smaller formats

**Our promises**

- A better place to work
- A better neighbor
- Every Day

**Our values**

<b>Courage</b> We drive change, are open-minded, bold, and innovative.	<b>Integrity</b> We do the right thing and earn customers' trust.	<b>Teamwork</b> Together, we take ownership, collaborate, and win.	<b>Care</b> We care for our customers, our colleagues, and our communities.	<b>Humor</b> We are humble, down-to-earth, and we don't take ourselves too seriously.
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## Key Strengths

Solid foundation

Great local brands

- Best-in-class in Supermarkets
- Superior omnichannel & digital offering

Leadership

## Our commitment to succeed

Proven track record in execution and integration

# Clear measures to track strategy execution

Tracking the strategy execution using specific KPIs (e.g., market share, Net Promoter Score) and management incentives using a well-defined plan

## Short-term Incentive Plans

Financial			Non-financial
Underlying Operating Margin	Sales Growth	Operating Cash Flow	Individual KPIs
30%	30%	30%	10%

## Long-term Incentive Plans

Financial		Non-financial	
Return on Capital	Relative TSR	Sustainable Retailing	
40%	40%	DJSI	Healthy Sales
		10%	10%

 Internal measures

 External measures

## ... a solid foundation

- Great local brands
- Both sides of the Atlantic
- Best-in-class Supermarkets
- Superior Omni-channel / Digital
- Operating cash flow among industry leaders
- Proven skills in:
  - Fresh
  - Own brands
  - Focus on affordability
- Sustainable retailing and community engagement
- Great talent and leadership track record



## ... and a strong Better Together Strategy

- Built from powerful combined strengths
- From companies with
  - Complementary cultures
  - Similar values
  - Shared focus on the customer
- Leveraging key industry and consumer trends
- Clear growth drivers and business model



Together, we build **Great Local Brands**, bringing **Fresh Inspiration Every Day**.

*This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words such as strategic, sustainable, buy better, operate smarter, waste less, growth, invest, customer proposition, promises, follow-up, accelerating, opportunities, continuous learning, increasingly, incremental, future, road map, ambition, growth, going forward, model, innovation, leverage, proposition, leading to and well positioned 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 competition and pressure on profit margins in the food retail industry; the impact of the Company's outstanding financial debt; future changes in accounting standards; the Company's ability to generate positive cash flows; general economic conditions; the Company's international operations; the impact of economic conditions on consumer spending; turbulences in the global credit markets and the economy; the significance of the Company's U.S. operations and the concentration of its U.S. operations on the east coast of the U.S.; increases in interest rates and the impact of downgrades in the Company's credit ratings; competitive labor markets, changes in labor conditions and labor disruptions; environmental liabilities associated with the properties that the Company owns or leases; the Company's inability to locate appropriate real estate or enter into real estate leases on commercially acceptable terms; exchange rate fluctuations; additional expenses or capital expenditures associated with compliance with federal, regional, state and local laws and regulations in the U.S., the Netherlands, Belgium and other countries; product liability claims and adverse publicity; risks related to corporate responsibility and responsible retailing; the Company's inability to successfully implement its strategy, manage the growth of its business or realize the anticipated benefits of acquisitions; its inability to successfully complete divestitures and the effect of contingent liabilities arising from completed divestitures; unexpected outcomes with respect to tax audits; disruption of operations and other factors negatively affecting the Company's suppliers; the unsuccessful operation of the Company's franchised and affiliated stores; natural disasters and geopolitical events; inherent limitations in the Company's control systems; the failure or breach of security of IT systems; changes in supplier terms; antitrust and similar legislation; unexpected outcome in the Company's legal proceedings; adverse results arising from the Company's claims against its self-insurance programs; increase in costs associated with the Company's defined benefit pension plans; 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.*

**Together, we build Great Local Brands,  
bringing Fresh Inspiration Every Day**



Zoeken

- Producten
- Bonus
- Allerhande box
- Recepten
- Winkels
- Acties
- Kim Verdouw-Essebaggers
- Eerder gekocht
- Mijn bestellingen
- Favorieten

Mijn lijst

Online bestellen

Klantenservice  
 Zakelijk  
 Over Albert Heijn

Je hebt 6  
 persoonlijke  
 Bonus  
 aanbiedingen  
 en 9 van je  
 eerdere  
 aankopen  
 in de Bonus



# Ahold Delhaize

# Capital Markets Day

## Digital Personalization and eCommerce

# Hanneke Faber

## Chief eCommerce and Innovation Officer

December 7, 2016



15% KORTING

0.99

0.84

Marne Franse mosterd  
 Per stuk  
 persoonlijke Bonus



35% KORTING

1.53

0.99

Goody Good stuff  
 Per stuk  
 persoonlijke Bonus



25% KORTING

0.69

0.52

Alle AH Gedroogde  
 kruiden in zakje  
 Per stuk  
 persoonlijke Bonus



25% KORTING

0.30

0.23

AH Kaiserbroodjes naturel  
 Per stuk  
 persoonlijke Bonus



25% KORTING

1.99

1.49

AH Citroenen  
 persoonlijke Bonus



2E HALVE PRIJS

2.59

AH Excellent Spaanse  
 fuet  
 175 g



1 + 1 GRATIS

1.99

AH Mandarijnen net  
 1 kg

## Our purpose

Together, we build Great Local Brands, bringing Fresh Inspiration Every Day

## Our sustainable business model

### Save for our customers:

- Buy better
- Operate smarter
- Waste less

### Fund growth in key channels:

- Supermarkets
- eCommerce
- Smaller formats



### Invest in our customer proposition:

- Affordable for all
- Best own brands
- Fresher & healthier
- Most local & personal service

## Our promises



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Our  
Sustainable  
Business  
Model

Invest in our  
customer  
proposition

Affordable for all

Best own brands

Fresher & healthier

Most local & personal

# Most local & personal service



Welkom Hanneke

bol.com

Waar ben je naar op zoek?

Kies een categorie

- Boeken
- Muziek, Film & Games
- Computer & Elektronica
- Speelgoed & Hobby
- Baby, kind & Mama
- Mooi & Gezond
- Sieraden & Accessoires
- Sport & vrije tijd
- Wonen & Keuken
- Tuin & Klussen
- Dier
- Cadeaus & Inspiratie
- Aanbiedingen

Speelgoed toppers Elektronica laag geprijsd Kersttrends Dap; & weekeaanbiedingen

Gratis verzending vanaf 20 euro, gratis retourneren, bezorging waar en wanneer je wilt met: **Beleef & archiveren**

**Zoek en vind cadeau voor ieder (groot) kind**

**NEW Nintendo 3DS XL met Pokémon**

**Voor alle wizards de Harry Potter shop**

**Sin's Cadeau-Machine**

Interesse in meer van dit merk?

**OLAZ**

- Olaz Essentials - 150 ml - Reinigende... €4,49 € 4,79
- Olaz Double Action - 50 ml - Dagcrème €4,49 € 5,19
- Olaz Essentials 2-in-1 - 200 ml - Rei... €4,49 € 4,79

**dagaanbieding**  
Je hebt nog 10 uur, 25 minuten, 44 seconden

TP-Link TL-PE2500 Powerbank 2000 mAh Power Bank - Wit  
Deze TP-Link TL-PE2500 Powerbank is de perfecte oplossing als je onderweg zonder netten hoeft te zitten! Het formaat is ideaal om mee te nemen in je broekzak of tas.

€2,00  
**9,-**

+ in winkelwagen

Aanbevelingen gebaseerd op je eerdere aankopen

# Bol.com generates about 20% of sales from personalization



Bol.com builds a unique experience for each customer, based on...

...which it uses to make recommendations in real time ...

...and to keep innovating

- Browse, buy & response behavior
- Demographic and socio-economic data, preferences
- Timing & trigger events
- For **7 million** active customers and **32 million** customer visits/month...
- ...and **>14 million** products
- **1.3** petabytes of big data

*Promotions based on current search & browse*

*Suggest relevant products or other inspiration*

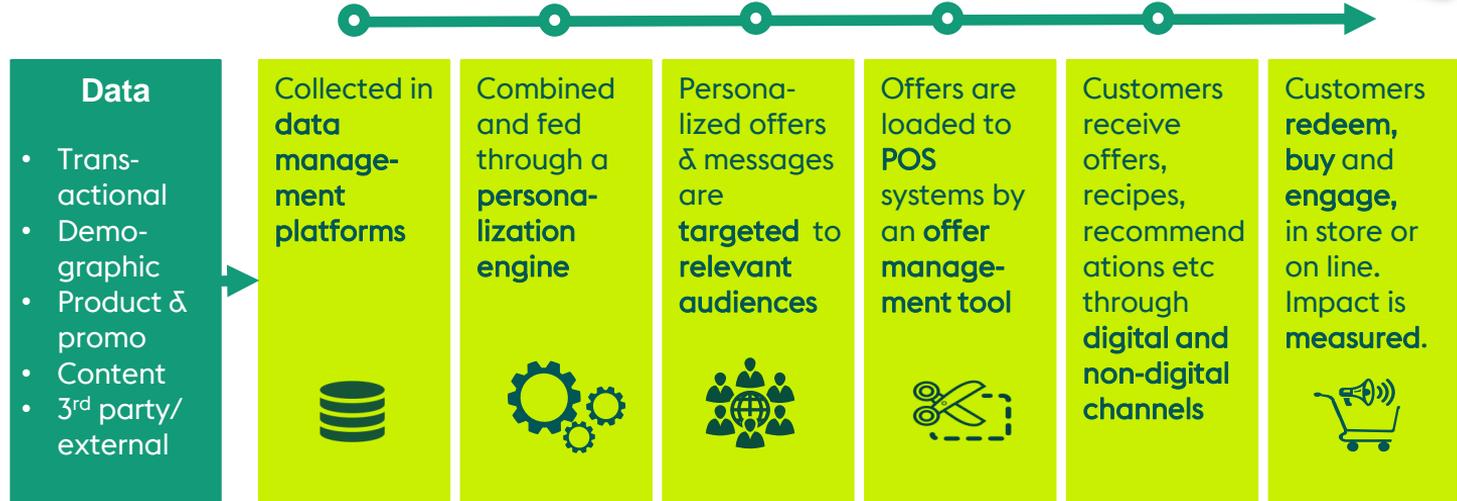


*Follow-up with survey, use tips & offers (e.g. sequel to the movie)*

*Suggest complementary products "frequently bought together"*

- World class data science and machine learning capabilities
- ~200 FTEs across 'Shopping Experience' team, including IT
- Attracting top university talent
- Home-built algorithms
- Continuous learning loops

# We are sharing bol.com personalization capabilities across supermarket brands



Customer behavior data is fed back into the databases and used to drive new growth

- Infrastructure increasingly run on public cloud (central, scalable, connectable)
- >30 million customer members around the world; >80% of sales covered
- Incremental sales from personalization up ~50% this year

# ...to offer personalized benefits for every customer 73

## Recent examples:

### Our Sustainable Business Model

### Invest in our customer proposition

- Affordable for all
- Best own brands
- Fresher & healthier
- Most local & personal

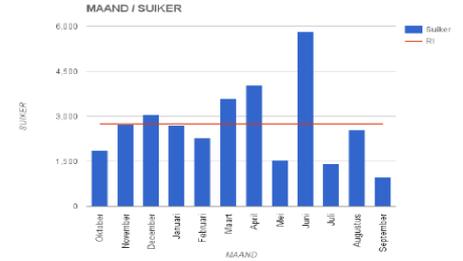
### Saving money: Personal promo & pricing

### Saving time: Advanced list building

Predicting supermarket shopping list based on personal data, time, promotions and other triggers

Will be predicting 1.3 billion product-customer combinations each week, by executing 25 billion calculations at Albert Heijn

### Eating healthier: Personal health dashboards



### Sugar in shopping list per month

1. Puur  
2 x aangeschaft  
27 gram per 100 gram
2. Chocolate Fudge Brownie  
1 x aangeschaft  
27 gram per 100 gram
3. Tomato ketchup topdown  
1 x aangeschaft  
22 gram per 100 gram
4. Finest extra noir 78 %  
1 x aangeschaft  
22 gram per 100 gram
5. Groentechips  
2 x aangeschaft

# The future: more data & relevance; global expansion<sup>74</sup> of digital personalization across all brands

## Our Sustainable Business Model

Customer transaction data

Web/app data

Previous offer response data

Avg. product use time (e.g. eggs 4 days)

What people like you buy

Product ingredients and provenance

Available offers

Other data

## Invest in our customer proposition

Affordable for all

Best own brands

Fresher & healthier

Most local & personal

**ACCELERATE BRANDS**

**TRANSFORM TO DIGITAL BRANDS**

**START BRANDS**



**FOOD LION**

**GIANT**

Stop&Shop



Giant

**Βασιλόπουλος**  
...και του πουλιού το γάλα!



# Our sustainable business model

## Our Sustainable Business Model

### Save for our customers:

- Buy better
- Operate smarter
- Waste less

### Fund growth in key channels:

- Supermarkets
- eCommerce
- Smaller formats



### Invest in our customer proposition:

- Affordable for all
- Best own brands
- Fresher & healthier
- Most local & personal service

# eCommerce: Where did we leave you in 2014?

Our  
Sustainable  
Business  
Model

2014  
€1.4 billion  
online sales\*



■ bol.com ■ Peapod ■ Albert Heijn Online

Ambition 2017  
€2.5 billion  
online sales\*  
20-25% CAGR



Fund growth  
in key channels

Supermarkets

eCommerce

Smaller formats

## Strategy:



More customers



More places

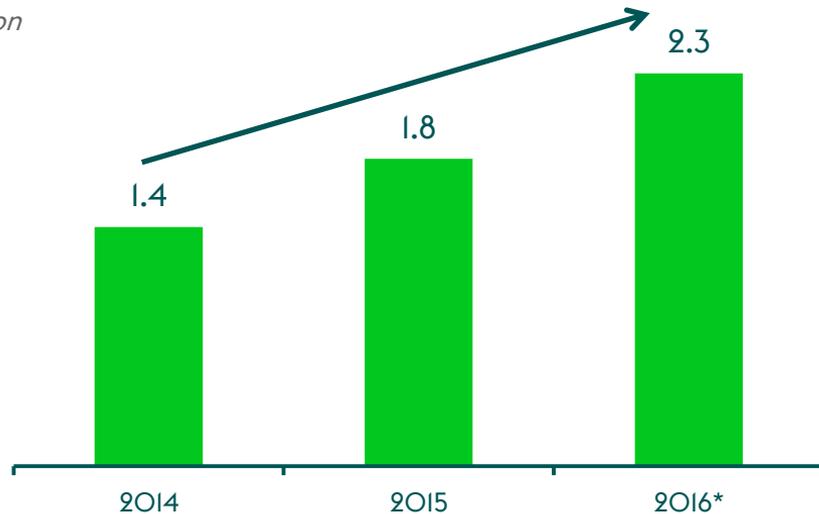


More choices

\*(Estimated) consumer sales includes sales from third parties (f.e. Market Place sales)

# Where are we today? Well on track to € 2.5 billion<sup>77</sup>

*In € billion*



Growth is accelerating,  
new brand opportunities

Our  
Sustainable  
Business  
Model

Fund growth  
in key channels

Supermarkets

eCommerce

Smaller formats



**bol.com**

Peapod



**hannaford to go**  
Shopping made easy.



\*Estimated consumer sales includes sales from third parties (f.e Market Place sales), including sales from Delhaize brands

# More customers, more places, more choices

## Our Sustainable Business Model

### Fund growth in key channels

Supermarkets

eCommerce

Smaller formats

### More customers



NPS: ((promoters / detractors)\*100 -- promoters defined 9 & 10 and detractors 0-6).

### More places



Belgium: Bol.com '16 sales growth >50%

NYC: Peapod '16 sales growth >25%

### More choices

#### Assortment



Increased assortment to >14 million products

#### Delivery

Select

- Same day delivery
- Sunday delivery
- Evening delivery



Delivery by bike

#### For media partners



Net media revenue from zero to -1% of sales in '16, with growth potential

# A clear roadmap to profitability

## Our Sustainable Business Model

### Fund growth in key channels

Supermarkets

eCommerce

Smaller formats

Online grocery delivers **3-5% EBITDA margins** in dense home delivery areas and B2B ; overall still negative due to investments in new growth areas

Amsterdam



Boston



Five must-have's for online grocery profitability:

1. Large baskets
2. High density routes
3. Productivity
4. Delivery fee
5. Media & advertising income



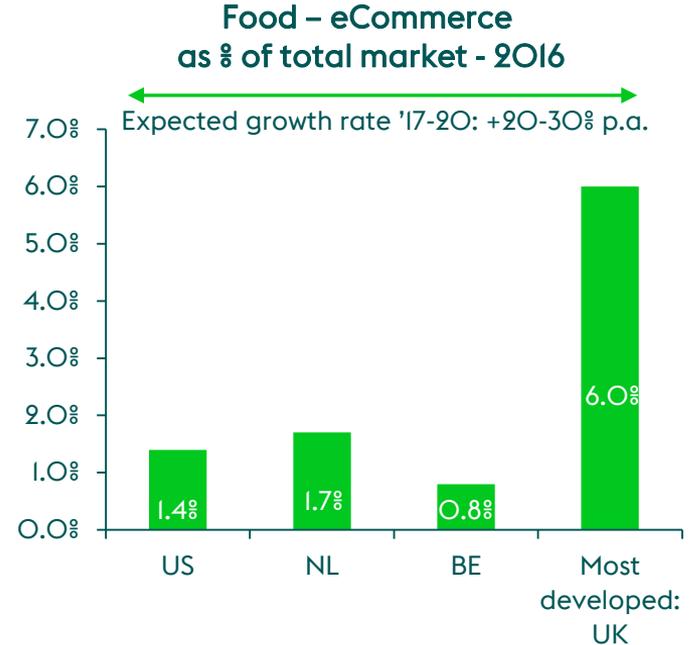
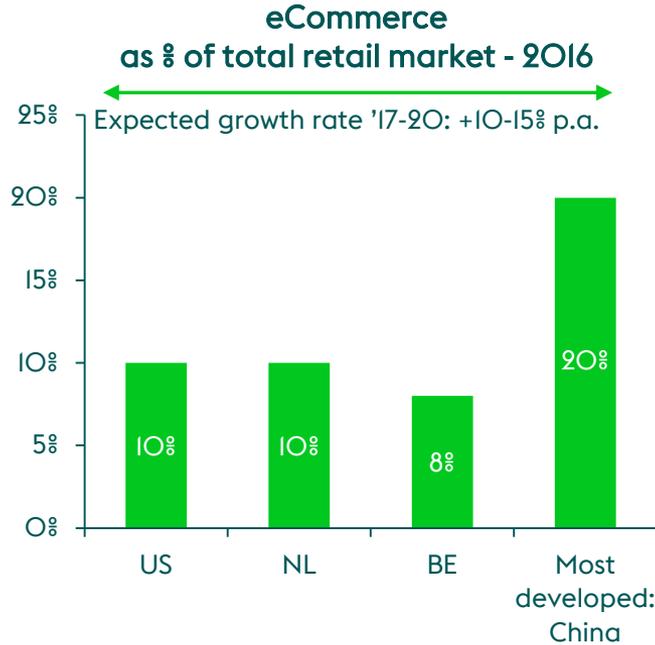
Bol.com profitable today in more **established categories...**



...while **investing in innovation and growth** from new categories, places and services



# Continued strong market growth expected



# Our 2020 ambition: double eCommerce sales

Our  
Sustainable  
Business  
Model

Fund growth  
in key channels

Supermarkets

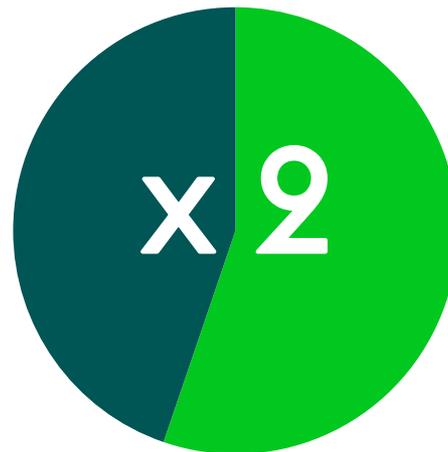
eCommerce

Smaller formats

2016\*



**Ambition 2020**  
Double eCommerce sales\*  
(20-25% CAGR)



■ Bol.com ■ Online Grocery

\*Estimated consumer sales includes sales from third parties (f.e. Market Place sales) and includes Delhaize brands

# Continued investments to support further growth

## Our Sustainable Business Model

Investing  
in talent,  
capabilities

...

...  
and in  
operational  
capacity

- Continued EBIT investments; decreasing as % of sales
- Underlying EBITDA levels of 2-3% in mature markets
- Dilutive impact of Bol.com growth on NL margin ~60 bps in 2017
- Capital expenditure going forward broadly in line with prior years

## Fund growth in key channels

Supermarkets

eCommerce

Smaller formats

# Our eCommerce strategy

## Our Sustainable Business Model

### Fund growth in key channels

Supermarkets

eCommerce

Smaller formats

## Lead in online grocery



## No. 1 eCommerce platform in NL & Belgium

Sell Business Gift voucher Photo service



**bol.com**

Waar ben je naar op zoek?

Choose a category

Discount Saint gifts

Low priced toys

Free shipping from 20 euros, free returns, delivery where and when you want with **Select** articles

## Christmas gifts and trends



Ko  
kers



# Winning in online grocery

## Our Sustainable Business Model

### Fund growth in key channels

Supermarkets

eCommerce

Smaller formats

1. Strong brands in Europe and US

Peapod

Albert Heijn

DELHAIZE.be

**hannaford to go**  
Shopping made easy.

2. High quality, cost efficient operations



3. Fresh Assortment



4. Own brand products



5. Omni-channel leverage



# I: Strong online grocery brands in Europe

## #1 online food retailer in the Netherlands

- #1 most trusted brand
- Covers **86%** of Dutch households with home delivery, also offers Pick Up
- **NPS at 36**, adding halo to the Albert Heijn brand
- Fast growing **market share** in grocery



## Unique in Belgium

- Relaunched **Delhaize.be** Oct '16
- Strong growth in **Click & Collect** (113 points)...
- ...*and* introduced home delivery to **~65%** of Belgian households
- **NPS at 27** and rising



## ...and new 'small gems'



# I: Strong online grocery brand potential in the US

## Our Sustainable Business Model

#1 online grocery brand in the United States

- 80% brand awareness in mature markets; high scores for 'ease' and 'innovation'
- NPS Score of 59
- 80% of Peapod customers also shop at Giant / Stop&Shop
- Fast growing 'Podpass' membership

Significant opportunities for growth:

- ~140 million customers in Ahold Delhaize trading area, Peapod service available for ~40%
- Growing market share where available, but share of total grocery still <1%
- New Jersey warehouse capacity up +50% vs LY

## Fund growth in key channels

- Supermarkets
- eCommerce
- Smaller formats

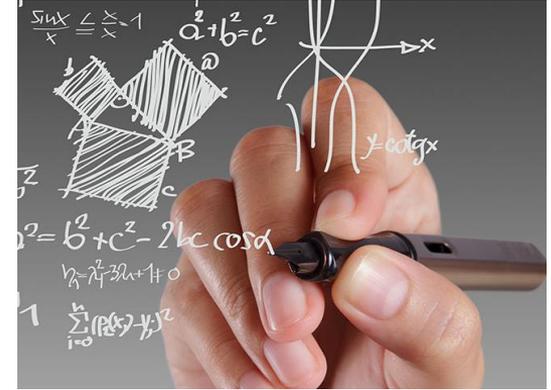
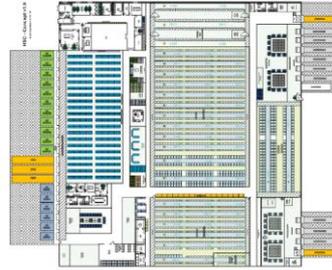


...and a 'small gem':



## 2: A winning operational model, ready to expand

Our Sustainable Business Model



Fund growth in key channels

- Supermarkets
- eCommerce
- Smaller formats

	Ah.nl	Best in class automated warehouse benchmark
All in Productivity	135	150-160
Item completeness	99.6%	~99%
Driver timeliness	98.8%	~95%
Capex	~IOM	>100M

# 3/4: Proven Fresh and Own Brand advantages

## Our Sustainable Business Model

HI '16 as % of sales	Peapod	AUSA stores
% Fresh / Frozen	41%	40%
% Organic	7%	3%
% Own Brand	32%	39%

HI '16 as % of sales	Ah.nl	AH
% Fresh / Frozen	56%	56%
% Organic	5%	4%
% Own Brand	51%	52%



Strong shares of fresh, organic and own brands

### Continuous fresh innovation

**WHATS FOR DINNER?**  
— HAS NEVER BEEN EASIER —

ONLY THE FRESHEST MEAT & PRODUCE

MEAL KIT

kits for 2  
from **\$14.99**

STEP-BY-STEP RECIPE CARDS

- 1 WE PREP**  
PORTIONED INGREDIENTS
- 2 YOU COOK**  
EASY STEP-BY-STEP RECIPES
- 3 ENJOY!**  
IN 35 MIN. OR LESS



## Fund growth in key channels

Supermarkets

eCommerce

Smaller formats

# 5: Omni-channel leverage

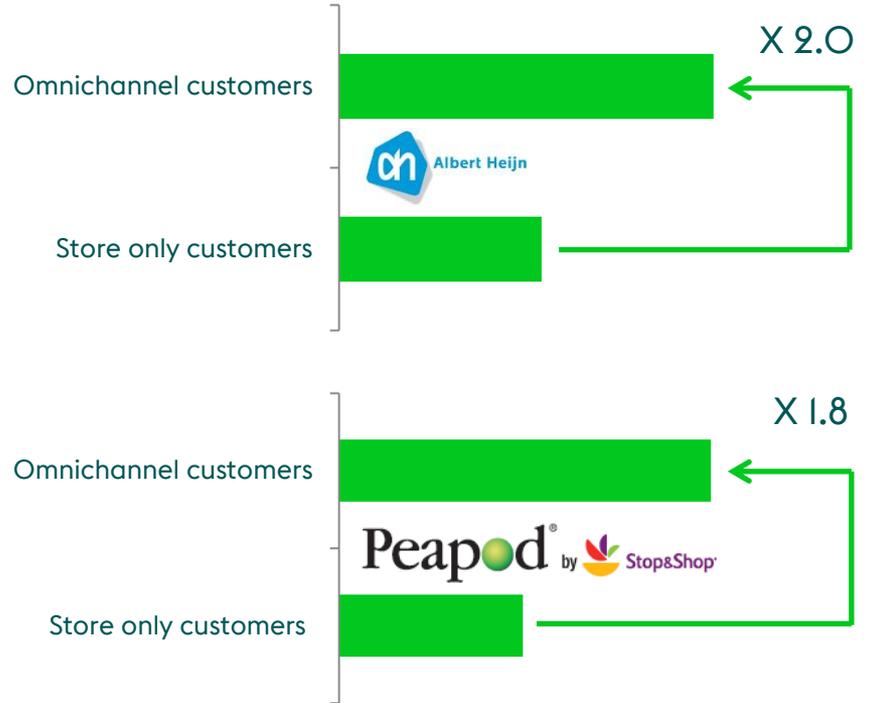
Our Sustainable Business Model

Fund growth in key channels

- Supermarkets
- eCommerce
- Smaller formats



Omni-channel customers' annual spend  
= ~2x store-only customers



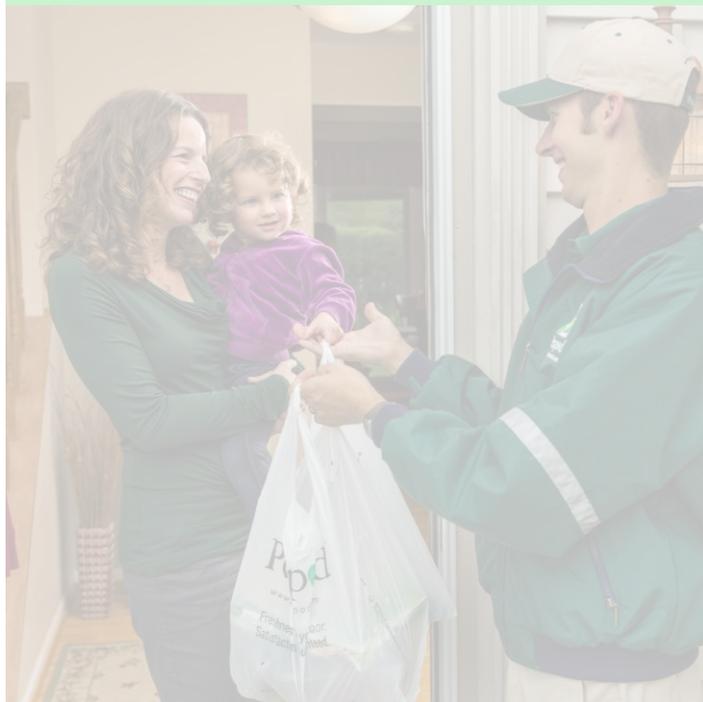
Supermarkets

eCommerce

Smaller formats

# Our eCommerce strategy

Lead in online grocery



No. 1 eCommerce platform  
in NL & Belgium

Sell Business Gift voucher Photo service



**bol.com**

Waar ben je naar op zoek?

Choose a category

Discount Saint gifts

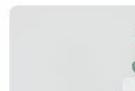
Low priced toys

Free shipping from 20 euros, free returns, delivery where and when you want with **Select** articles

## Christmas gifts and trends



Ko  
kers



## Netherlands/Belgium vision:

Bol.com is the  
undisputed **#1 retail platform**  
for **anyone**  
who wants to **buy or sell anything**  
in the **Netherlands and Belgium**



# Bol.com is an unrivalled proposition for NL & BE customers <sup>92</sup>

## Our Sustainable Business Model

### Fund growth in key channels

- Supermarkets
- eCommerce
- Smaller formats

Large, relevant assortment

>14.000.000 items



>14.000 marketplace business partners

Fast, free delivery (order before midnight, delivered tomorrow)



Uniquely personalized shopping experience

Op je verlanglijstje

Ook interessant?

Speciaal voor jou geselecteerd:

Bestverkocht

- Who Moved My Cheese?
- Organizational Behaviour
- Expert Planning
- The Six Sigma Memory Juggler
- The Platinum Rule

WoensdagDeal

Je hebt nog 5 van 52 minuten, 46 seconden

14,99

Gillette Fusion Manual - 4 stuks - Scheermesjes

Cadeautje?

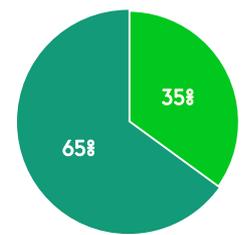
De artikel staat op je verlanglijstje.

The Circle

15,00

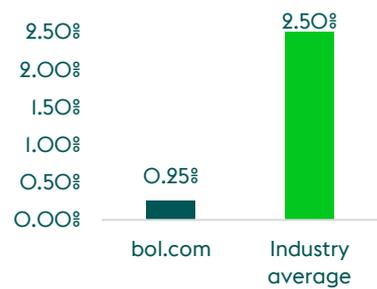
Unique open invoice payment option, yet low bad debt

Customer payment methods - 2016 %



■ Payment afterwards ■ Payment on purchase

Bad debt rate 2016 (%) of sales



# ...leading to a very strong brand

## Our Sustainable Business Model

### Fund growth in key channels

- Supermarkets
- eCommerce
- Smaller formats

### Indispensable Dutch brands <sup>1</sup>

1. Hema
2. **bol.com**
3. Ikea
4. Kruidvat
6. Albert Heijn
11. Google
28. Facebook

### Brand awareness <sup>2</sup>

No. 1 brand associated with shopping online in NL and BE <sup>3</sup>



<sup>1</sup> Eurib (European Institute for Brand Management) 2015

<sup>2</sup> 2016

<sup>3</sup> Flemish part of Belgium

### Strongest Dutch retail brands <sup>4</sup>

1. **bol.com**
2. Kruidvat
3. Hema
4. Albert Heijn
5. Action

### Most trusted Dutch brands <sup>5</sup>

1. Albert Heijn
2. Philips
3. Google
4. **bol.com**
5. Samsung

<sup>4</sup> Retail Merkenonderzoek 2016, Hendrik Beerda

<sup>5</sup> Synergie, de Inspirerende 40 van Nederland 2015

### Top marks customer for satisfaction



## Our Sustainable Business Model

### Fund growth in key channels

Supermarkets

eCommerce

Smaller formats

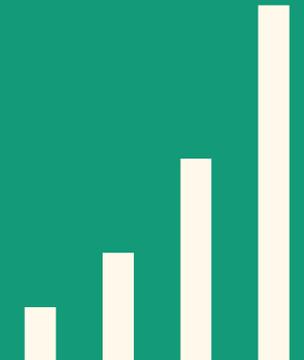
### Category growth



Annual spend per customer up from €111 in 2011 to €167 in 2016

### Belgium

CAGR '13-'16: ~+70%

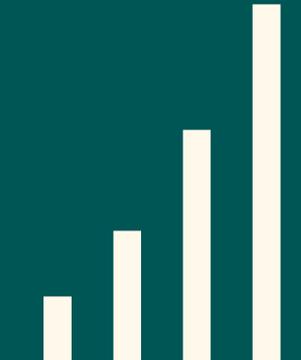


2013 2014 2015 2016



### Marketplace

CAGR '13-'16: +~80%



2013 2014 2015 2016



### Cross brand



# In summary: Ahold Delhaize eCommerce

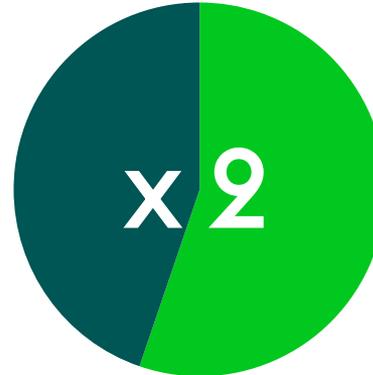
Our Sustainable Business Model

Proven track record of growth



\* Expected 2016

Ambition 2020  
Double eCommerce sales<sup>†</sup>

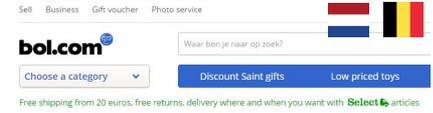


<sup>†</sup> From base year 2016 including Delhaize brands

Clear strategy



Lead in online grocery



Christmas gifts and trends



No. 1 eCommerce platform in NL/Belgium

Fund growth in key channels

Supermarkets

eCommerce

Smaller formats



*This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words such as strategic, sustainable, buy better, operate smarter, waste less, growth, invest, customer proposition, promises, follow-up, accelerating, opportunities, continuous learning, increasingly, incremental, future, road map, ambition, growth, going forward, model, innovation, leverage, proposition, leading to and well positioned or other similar words or expressions are typically used to identify forward-looking statements.*

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**Together, we build Great Local Brands,  
bringing Fresh Inspiration Every Day**



# Capital Markets Day Integration and Synergies

## Frans Muller

Deputy CEO and Chief Integration Officer

December 7, 2016



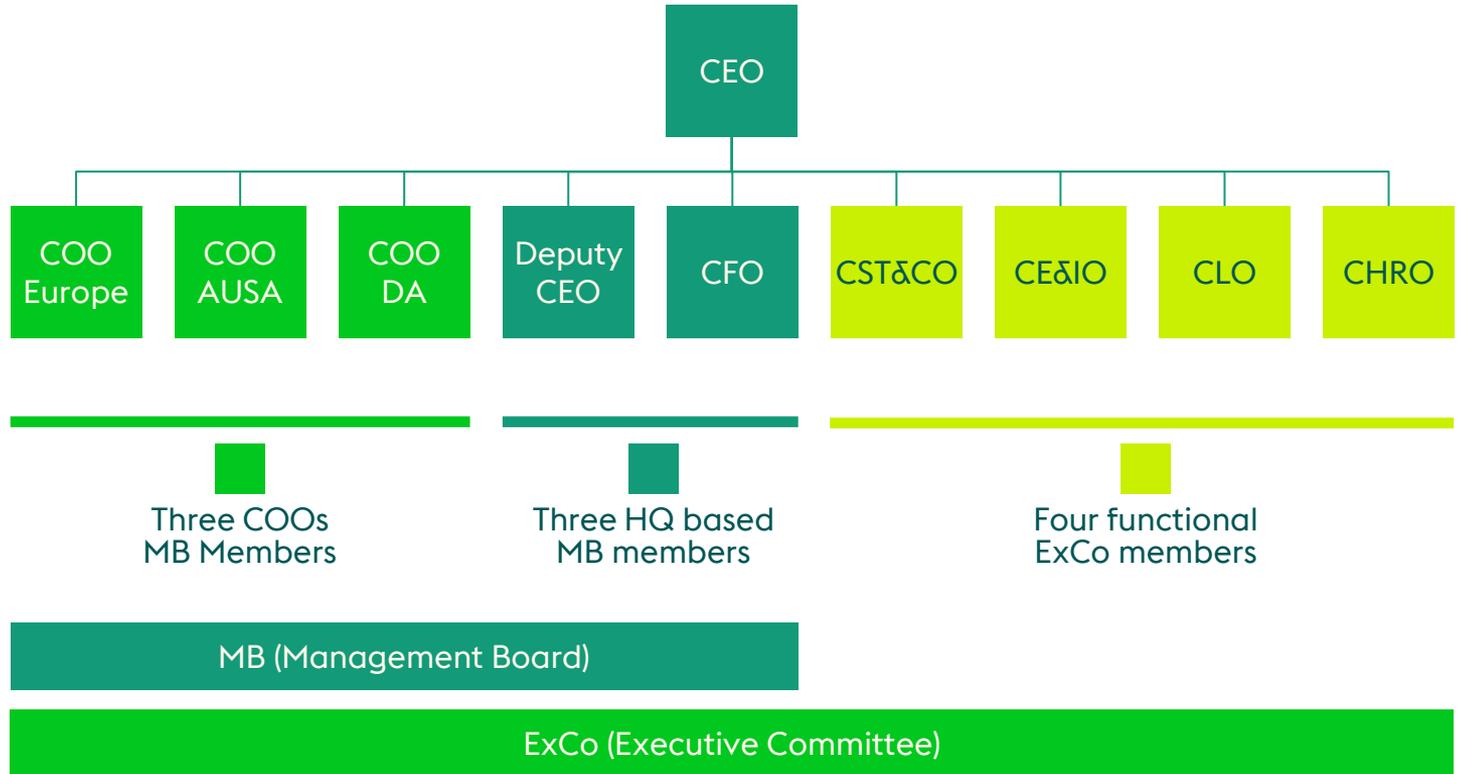


1. Achievements since Day 1

2. Synergies 2016 - 2019

3. Integration costs 2015 - 2019

# New corporate governance in place from Day 1



# Swift and smooth integration of Corporate HQs



# Strong collaboration across entire organization

- Good mix of former Ahold / Delhaize associates
- Compatible cultures facilitating collaboration
- Committed to changing legacy ways of working
- Dedicated teams focusing on synergy capture
- Implementing “the best of both worlds” solutions
- Leveraging our larger scale for new opportunities
- Integration Management Office driving Integration

Achievements  
since Day 1

Managing business portfolio

Leveraging scale

Capturing synergies

Sharing best practices

Driving new growth



# Set-up of new U.S. business services organization <sup>104</sup>



## Strategic Objective

A new effective and efficient Shared Services Organization to support great local Brands

## Design Priorities<sup>1</sup>

Leverage scale and apply best practices

World class support providing expertise and tools

Simplicity mindset to operate as efficiently as possible

Enabling brands to focus on growth

<sup>1</sup> Brands option to retain services offered

# Retail Business Services offering first class services to U.S. brands<sup>105</sup>

## Activities in scope

- Finance, HR, Legal & IT Services
- Supply Chain
- Own Brands
- Retail Operations Support

## Service Level Framework

1. Charter

2. Scope of service

3. Service level metrics

4. Chargeback methodology

5. Headcount mapping

6. Intercompany agreements

# Leveraging opportunities for transactional processes



## Sourcing

Leveraging existing know-how and outsourcing models



## Technology

Leveraging existing ERP and IT solutions for Finance and HR



## Operating Model

Determining service delivery models



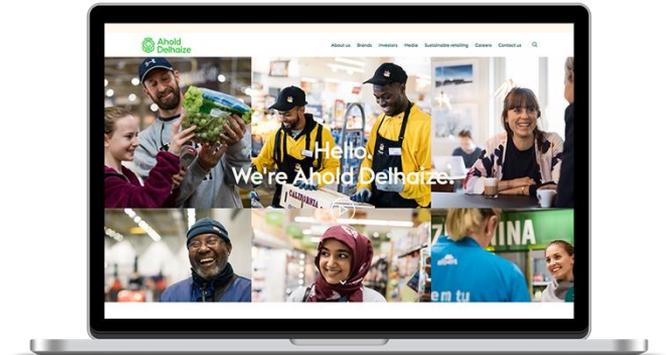
## Optimization

Realizing identified improvement projects and sharing best practices

# IT enabling the business

## Readiness for Day 1-30-90:

- Defined the purpose of IT in the new company
- Design of new organization structure
- Setting the new cultural tone
- New external corporate website
- Systems changes for financial & operating structures
- Enabling compliance & resilient operations



# IT enabling the business

## Looking further ahead - 90 days to 2020

- Business & IT operating models – focus U.S.
- Strategic framework for IT
- Keep legacy systems in place
- High quality local execution for local trading performance
- Enable the new ways of working
- Negotiation of vendor contracts for synergies & savings
- Defining the IT capability development needs
- Winning the war for talent
- Quick wins



Achievements  
since Day 1



# Similar values and shared focus on the customer

- Strategic Framework and values drafted based on the two companies' historic strengths
- The top 80 leaders came together to discuss, give feedback and fine-tune (May 2016)
- Deployment started with 350 leaders in Washington (Oct 2016)
- Brands work towards defining their local deployment plans to enable full roll-out by end 2017



GET TO KNOW THE BRANDS  
AND OUR COLLEAGUES

DISCUSS THE STRATEGIC  
FRAMEWORK

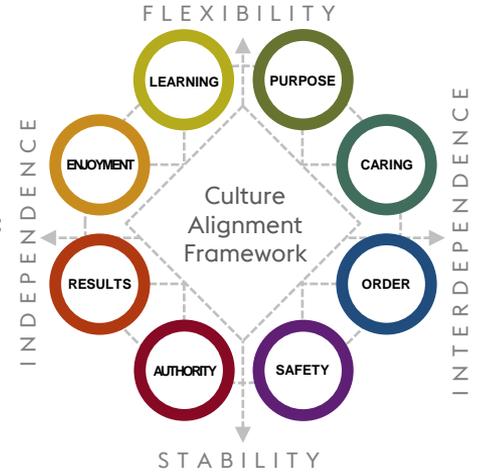
UNDERSTAND THE JOURNEY  
AND MY ROLE AS LEADER



# Complementary capabilities result in best practice exchange<sup>III</sup>

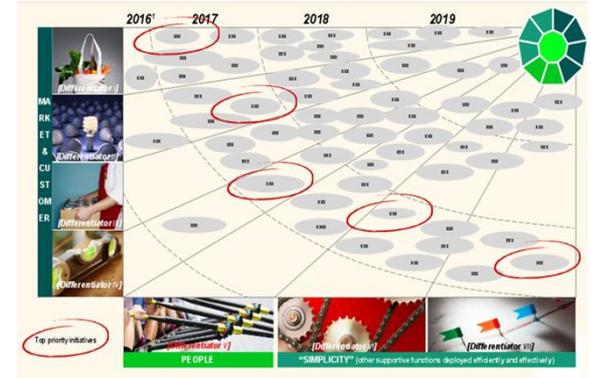
## Culture diagnostic shows similar strengths

- Result driven
- Caring Leaders, Associates, & Environment
- Strong retail operations with a strong sense of order



## And complimentary capabilities

- Strategy
- eCommerce & digital loyalty
- Sourcing capabilities and tools
- Own brands
- Retail operations
- Talent mobility



1. Achievements since Day 1

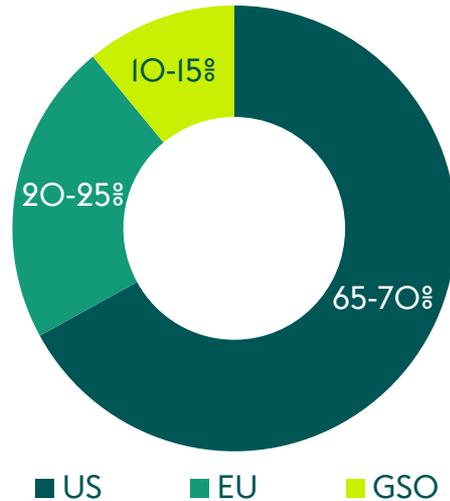
2. Synergies 2016 - 2019

3. Integration costs 2015 - 2019

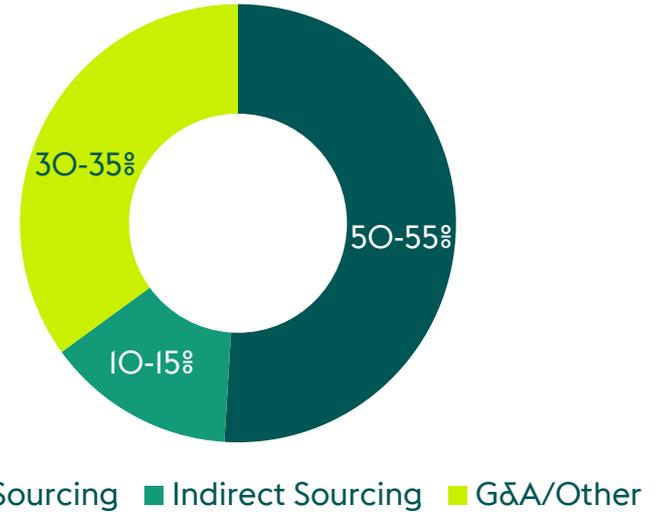
# Commitment to deliver €500 million net synergies<sup>113</sup>

Synergies in excess of € 500 million will be reinvested in the business

Split per geography



Split per category



Quarterly synergy reporting and annual outlook

# On-target progress harmonizing buying prices of A-brands

Synergies  
2016 - 2019

90% deals closed  
On target  
Completion Dec 2016



35% deals closed  
On target  
Completion Q1 2017



# Key US Sourcing negotiations on-target

A

A-Brands  
(n=240)

## Description

- National branded goods primarily sold in center store
- Negotiations will take place over 6-8 months in three key phases, prioritizing food in waves 1 and 2 and other products in wave 3

B

Fresh  
(n=30)

- Produce and other perishable products (e.g., meat, deli, bakery)
- Negotiations across 26 priority categories with the majority within 7 months and some extending longer due to seasonality

C

Our Brands  
(n=135)

- Private label brands specific to DA and AUSA
- Negotiations will take place over 7-8 months in 100+ categories

# Expanded partnership with Coopernic

Synergies  
2016 - 2019

## Coopernic for International Brands:

<p><b>Key facts</b></p>	<ul style="list-style-type: none"> <li>• Combined sales of €133 billion</li> <li>• 22,000 stores across 22 countries</li> <li>• On top rebates</li> </ul>
<p><b>Partners</b></p>	<ul style="list-style-type: none"> <li>• Ahold Delhaize</li> <li>• Leclerc</li> <li>• Rewe</li> <li>• Coop Italy</li> </ul>
<p><b>Current status</b></p>	<ul style="list-style-type: none"> <li>• At target; most vendor negotiations completed</li> </ul>

**COOPERNIC**★



Synergies  
2016 - 2019

## AMS for Own Brands:

<p><b>Key facts</b></p>	<ul style="list-style-type: none"> <li>• Combined sales of €113 billion</li> <li>• 15,000 stores across 22 countries</li> <li>• Dry groceries only</li> </ul>
<p><b>Partners</b></p>	<ul style="list-style-type: none"> <li>• Ahold Delhaize</li> <li>• Danske Supermarket</li> <li>• ICA</li> <li>• Jeronimo Martins</li> <li>• Kesko</li> <li>• Migros</li> <li>• Morrisons</li> </ul>
<p><b>Current status</b></p>	<ul style="list-style-type: none"> <li>• Scale allowing for quality improvement and efficient buying</li> </ul>

**ams**  
creating synergy



Dansk  
Supermarked Group

Morrisons  
Since 1899

**KESKO**

Ahold  
Delhaize

**ICA**

UNIAMME

**BOOKER**

JERÓNIMO MARTINS

hagar

**MIGROS**

# Significantly reducing Not For Resale expenditure <sup>118</sup>

- Annual spend on NFR goods and services €6.4 billion (Opex & Capex)
- Opportunities for synergies through:
  - Rate harmonization
  - Alignment of demand and specifications
  - Operating model (In-house or Outsource)
- Office (incl. IT, Banking and Insurance contracts)
- Stores (incl. PP&E, Maintenance, Cleaning and Waste)



Besides synergy capture, focus also on best practice sharing <sup>119</sup>

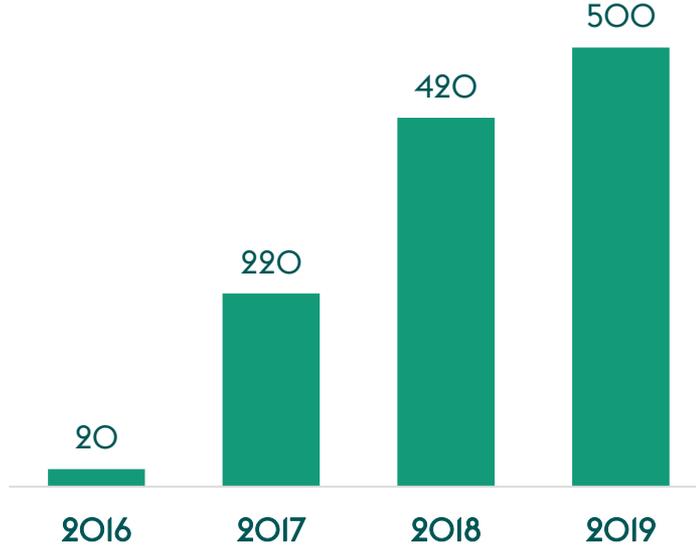


- honey sweetened oat clusters & almonds
- low in fat

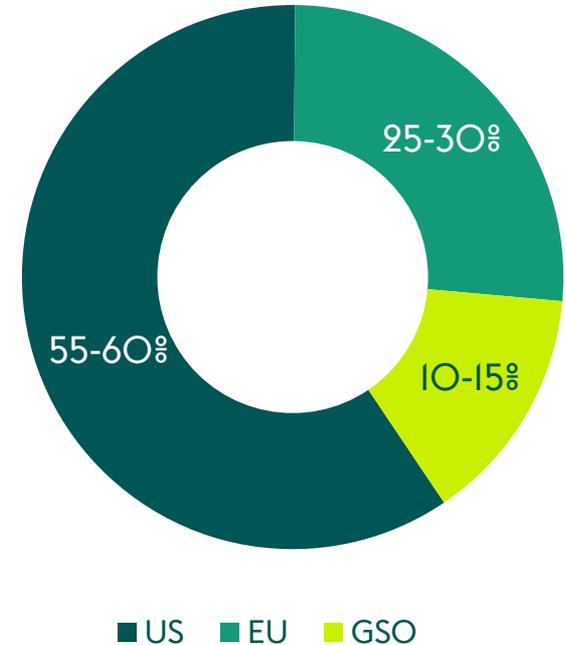
# P&L impact net synergies 2016-2019; confident in 2017 delivery<sup>120</sup>

## Timeline 2016 – 2019

*In € million*



## Split per geography 2017



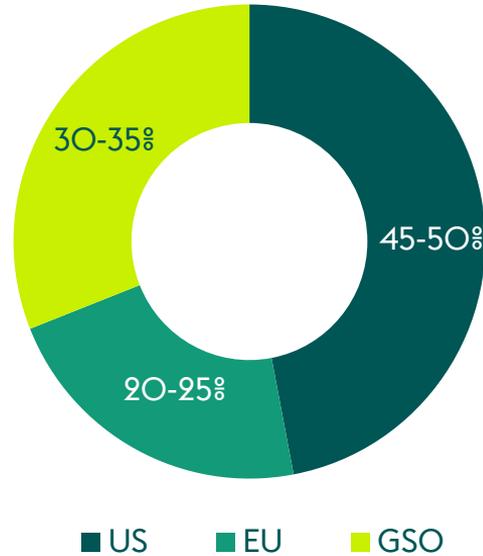
1. Achievements since Day 1

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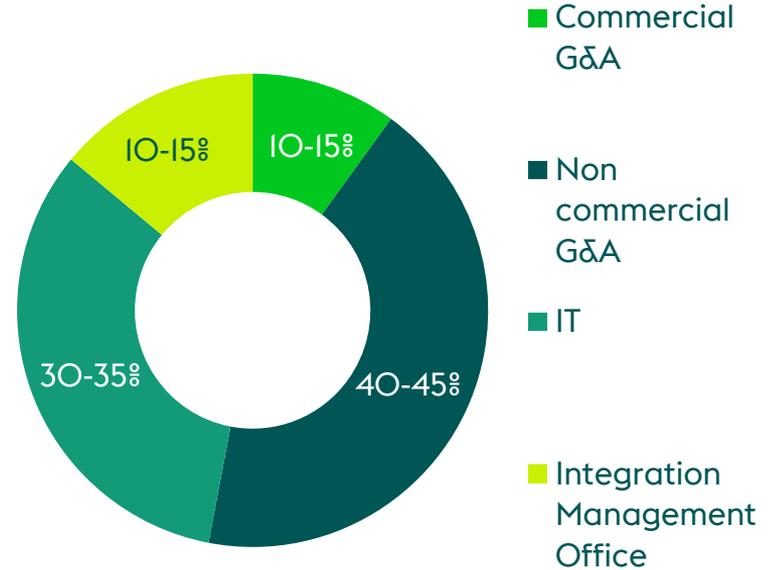
3. Integration costs 2015 - 2019

# Integration costs expected within €350 million estimate<sup>122</sup>

Split per geography



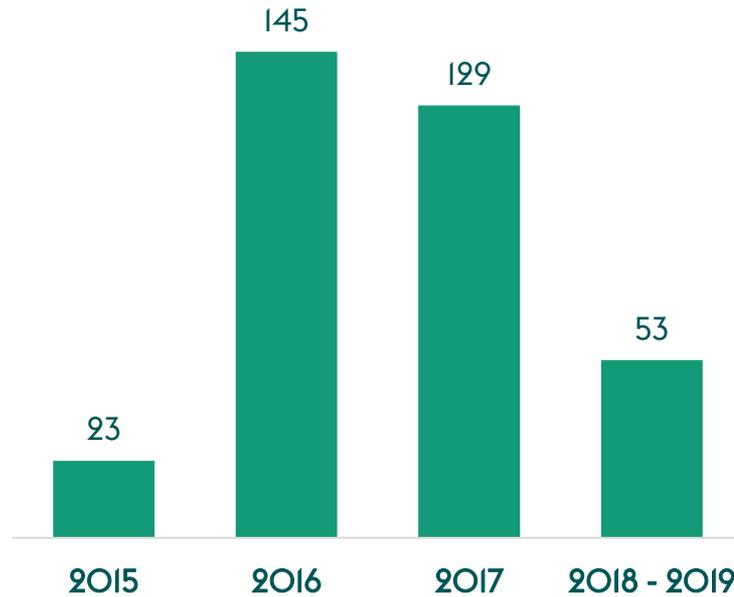
Split per category



# Integration Costs 2015-2019

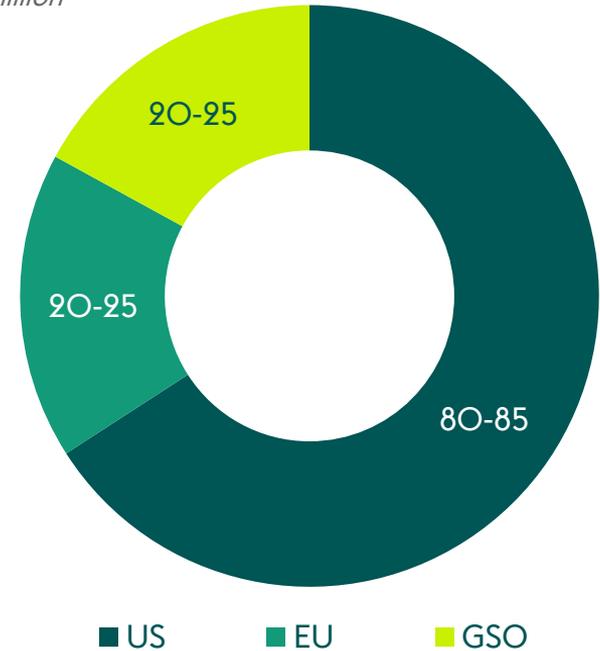
## Timeline 2015 - 2019

In € million



## Split per geography 2017

In € million



Top structure in place; transition to single HQ completed

Compatible cultures drive strong collaboration across organization

Comprehensive synergy program in place;  
confident in €500 million delivery

Early results lead to full confidence in 2017 synergy target

US shared services organization announced

Committed leadership, ready to deliver!

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bringing Fresh Inspiration Every Day**



Ahold  
Delhaize

# Financial framework

Jeff Carr

Chief Financial Officer

December 7, 2016



# A clear financial framework to support our strategy

## Clear operational metrics

- Continuous improvement of the cost base
- Reinvestment in the customer proposition
- Funding growth in key channels

## Disciplined approach to capital investment

- Disciplined capex spending
- Return on capital among top quartile of the industry

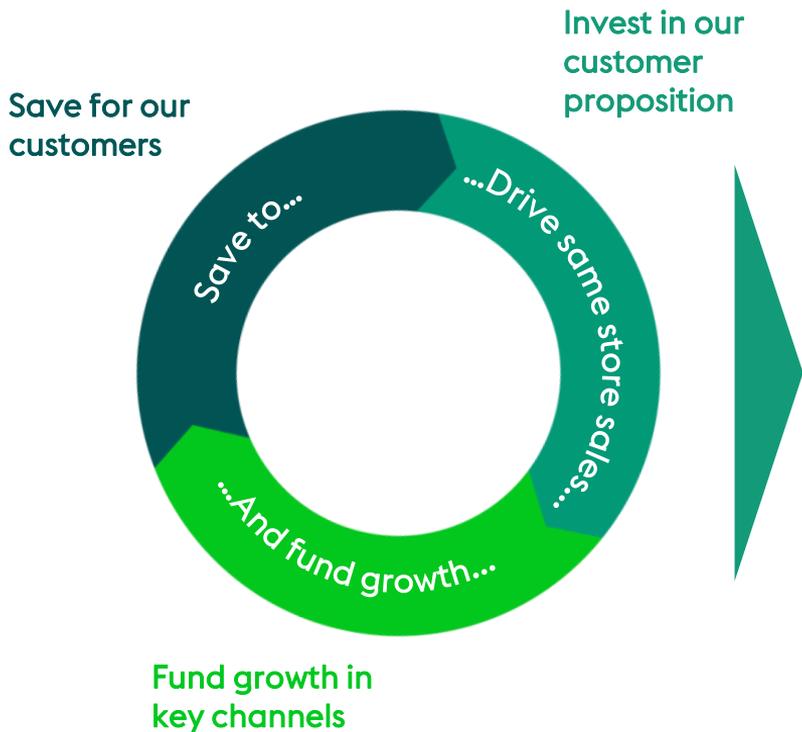
## Best in class cash generation

- Medium-term NWC opportunities
- Strong focus on FCF
- Reinforced by synergies

## Balanced approach to capital allocation

- Solid investment grade credit rating
- Returning excess cash to shareholders

# Our sustainable business model



## Focus on key metrics

- **Underlying operating margin**
  - Save for our customers
- **Sales growth**
  - Price, quality and service
  - Capital expenditures
- **Free cash flow**
  - Working capital

# Cost discipline is in our DNA

## Good track record

- Simplicity at Ahold: over €1 billion savings delivered over 2012-2015
- Focus at Delhaize on SG&A as % of sales
  - in 2015, each operating segment decreased SG&A as % of sales;
  - Transformation Plan Belgium launched to accelerate this

## Future cost savings

- Future cost savings planned throughout the Group to reinvest in price, quality and service, while €500 million merger synergies will flow to the bottom line

# Identified initiatives across our business

Clear operational metrics

Buy better

Not for resale



Fact-based negotiations



Own brands



Operate smarter

Transportation optimization



Promo efficiency



Labor efficiency



Waste less

Recycling



Energy conservation



“Instock”



Save for our customers

Buy better

Operate smarter

Waste less

# Smarter packaging at Albert Heijn

Clear  
operational  
metrics



Fully embedded in  
Albert Heijn's strategy

*Best practice sharing  
through story telling  
Sharing inspiration and  
successes*

Save for our  
customers

Buy better

Operate smarter

Waste less

## Fresh juices

From glass bottle  
(267 grams) to PET  
bottle (29 grams) for  
volumes from 500 ml

Annualized savings  
**€ 2 million**



## Meat tray

Replace AH  
specific meat tray  
with logo (44  
grams) to generic  
meat tray without  
logo (38 grams)

Annualized savings  
**€ 3 million**



## Clear operational metrics

### Deploy in-store resources where it matters the most to our Brands' customers

- New labor processes & scheduling
- More efficient replenishment and back cart stocking process
- Updated performance management systems to support work load projections
- Use of coin sorter to speed up counting of self check out coins

### Improved performance

- Productivity (Items Per Labor Hour) +~4.0%
- Cumulative labor savings (2013-2016) of ~\$200 million, helping to mitigate wage inflation

### What's next?

- Improve self check-out utilization to best in class
- Automate cash processing
- Single queue service desk

## Save for our customers

Buy better

Operate smarter

Waste less



# Utility efficiencies at AUSA

## LED Replacements

- All new LED fixtures installed in stores and refrigerated multi-deck cases

## Variable Speed Drive

- Ventilation: minimize the amount of outside air that needs to be conditioned

## Sub-metering

- Identify energy anomalies in real time
- Helps to provide real consumption and savings data for future initiatives.



## Improved efficiency (lower kWh)

- Cumulative savings (2013-2016) of ~\$40 million
- Reduction of ~100 kWh/year over the last 3 years

# Continuous investments in growth...

## Food Lion Easy, Fresh & Affordable

- 16 consecutive quarters of positive volume growth
- 2017: ~\$290 million capex for an additional ~160 stores in 2017



## Albert Heijn Quality investments

- Perception increase across Fresh (+9bps in Fruit & veg, +11 bps in Meat, +16bps in Bakery vs 2015)
- >750 own brands innovations
- Healthy offering: less sugar in >100 products



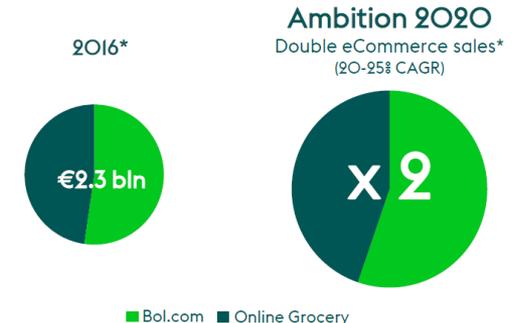
## Ahold USA Price investments

### Ahold USA ID Volume growth



Annualized 2016 price investments  
~\$150 million

## eCommerce

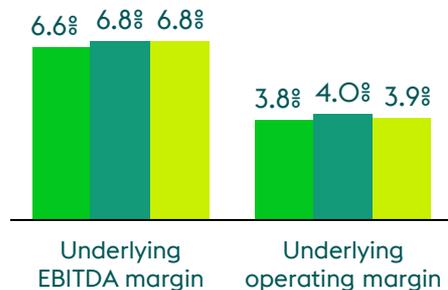


\*Estimates consumer sales includes sales from third parties

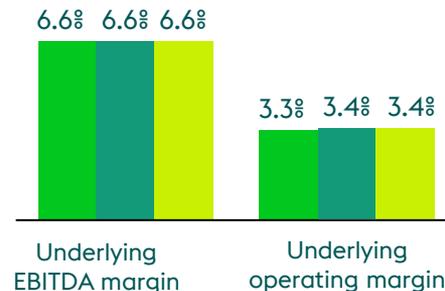
# ...while maintaining resilient margins

Clear operational metrics

## Ahold USA

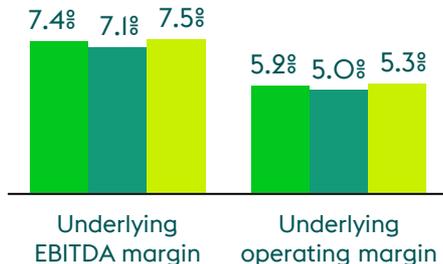


## Delhaize America

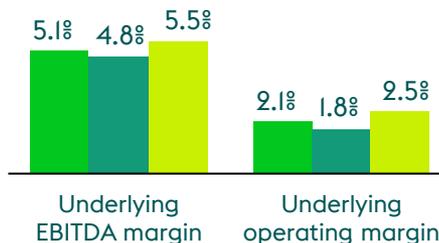


2015 includes a 53rd week

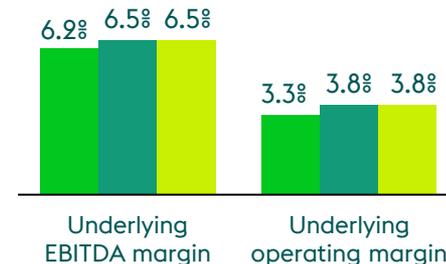
## The Netherlands (excl bol.com)



## Belgium



## CSE



All numbers are pro forma.  
2014 figures have been calculated by using the same pro forma adjustments as for 2015

■ 2014 ■ 2015 ■ 2016 Q3 YTD

# A clear financial framework to support our strategy

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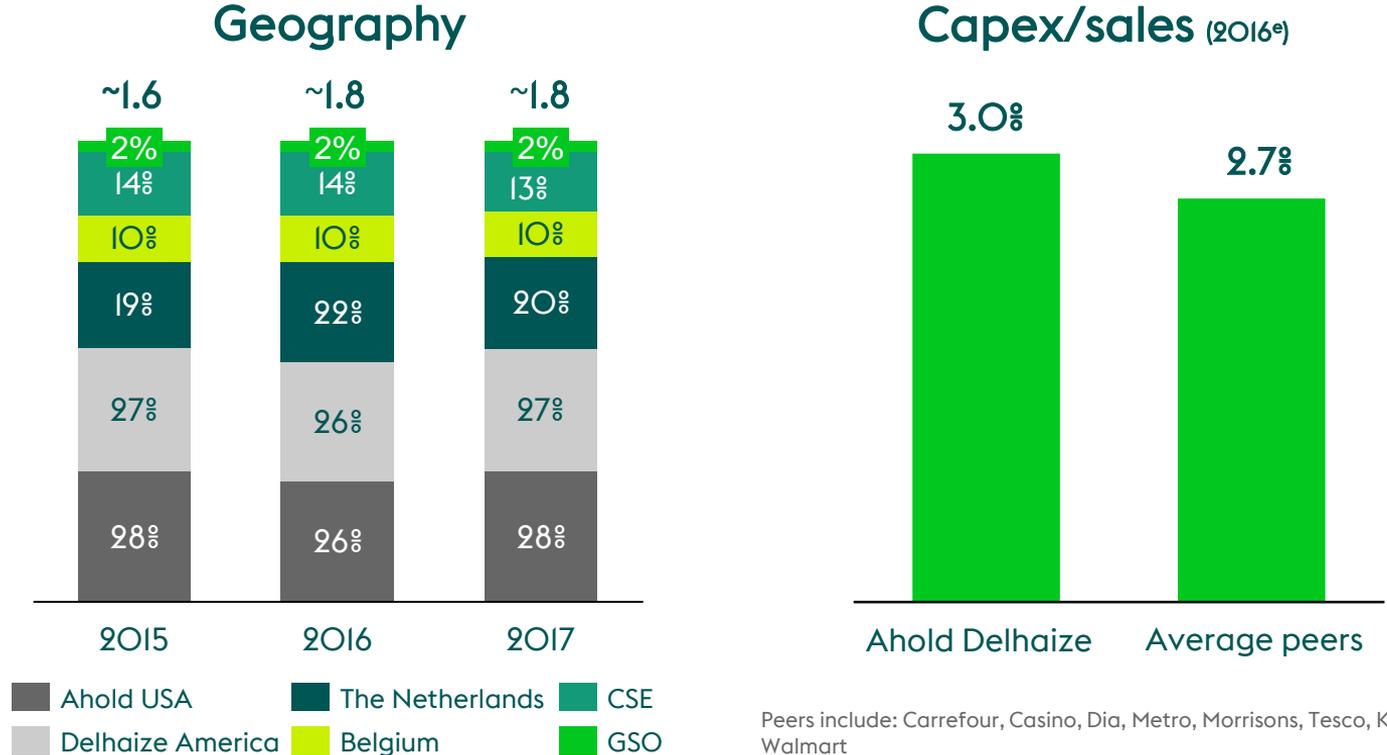
- Solid investment grade credit rating
- Returning excess cash to shareholders

# Disciplined capex spending

Disciplined approach to capital investment

**2017 capex expected broadly similar to 2016 at €1.8 billion**

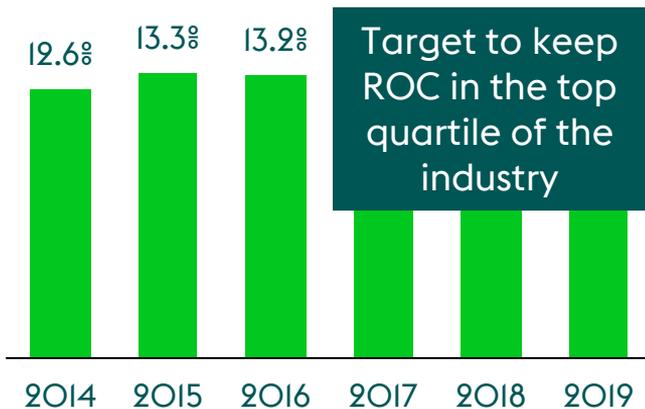
*In € billion*



Peers include: Carrefour, Casino, Dia, Metro, Morrisons, Tesco, Kroger, Walmart  
 Source: Deutsche Bank

Disciplined approach to capital investment

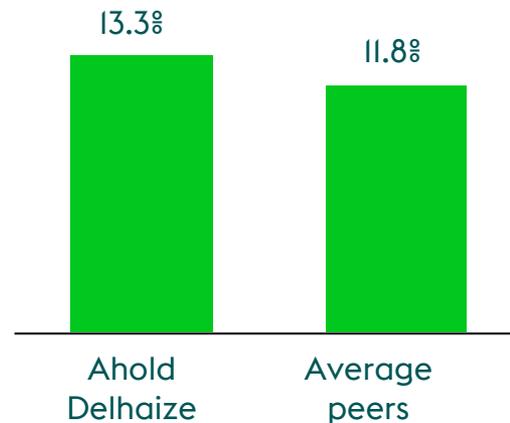
## Return on capital



- Clear and strict return criteria for investment decisions
- Return on capital represents 40% of management’s Long-Term Incentive

ROC defined as:  $EBITDAR / (PPE \text{ at purchase price} + \text{intangibles excl goodwill} + \text{Working capital} + \text{capitalized operating leases})$

## Peer comparison (2015)



Peers include: Carrefour, Casino, Dia, Metro, Morrisons, Tesco, Kroger, Walmart, Ingles, Supervalu  
Source: Deutsche Bank

# A clear financial framework to support our strategy

## Clear operational metrics

- Continuous improvement of the cost base
- Reinvestment in the customer proposition
- Funding growth in key channels

## Disciplined approach to capital investment

- Disciplined capex spending
- Return on capital among top quartile of the industry

## Best in class cash generation

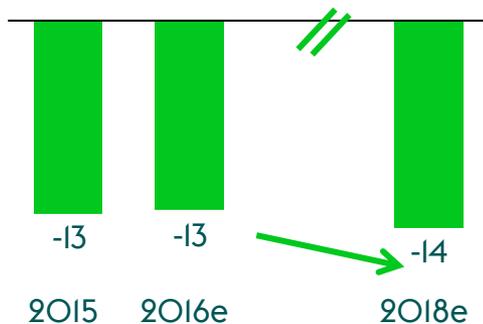
- Medium-term NWC opportunities
- Strong focus on FCF
- Reinforced by synergies

## Balanced approach to capital allocation

- Solid investment grade credit rating
- Returning excess cash to shareholders

# Target to improve working capital by 1 day by 2018

## Working capital days



Focus for 2017-2018: review and align working capital approach within the group to:

- Optimize payment terms
- Improve inventory turnover

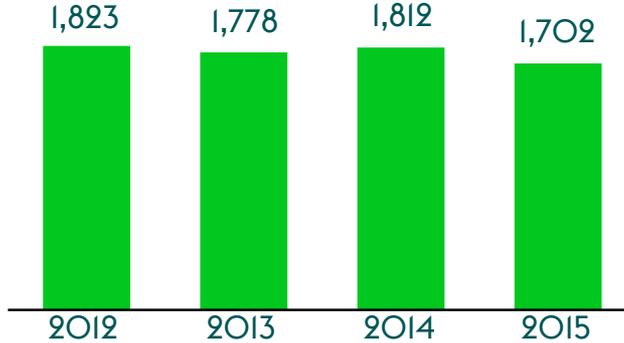
1 day improvement represents €175 million



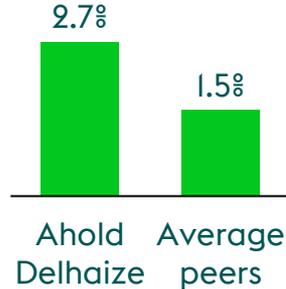
# Target to generate ~€1.6bn FCF in 2017

## Ahold + Delhaize combined

In € million



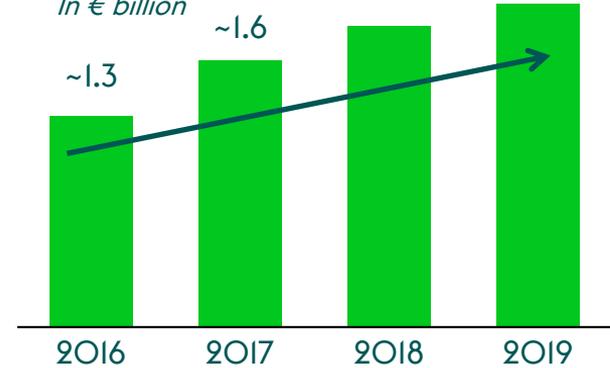
## 2015 FCF (% of sales)



Peers include: Carrefour, Casino, Dia, Metro, Morrisons, Tesco, Kroger, Walmart

## Free cash flow

In € billion



Future free cash flow generation driven by:

- Merger synergies
- Disciplined capital expenditures
- Good profitability of the underlying businesses, supported by cost savings
- 1 day working capital improvement by 2018

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# Our approach to capital allocation

Balanced  
approach to  
capital  
allocation

## Balanced approach between



Managing our debt  
portfolio



Funding growth in key  
channels

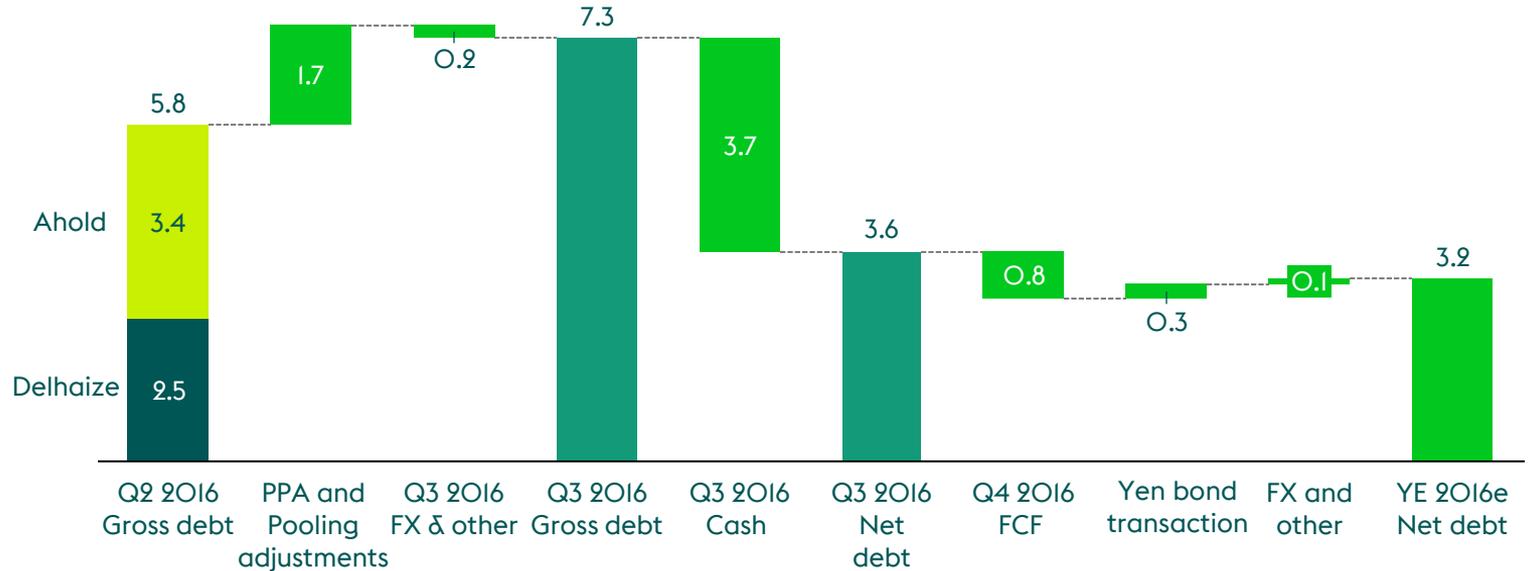


Returning excess liquidity  
to our shareholders

# Ahold Delhaize net debt evolution

Balanced approach to capital allocation

*In € billion*



- PPA adjustments related to fair value adjustments of Delhaize debt and finance leases results in increase in gross and net debt of €0.7 billion
- Gross-up of cash pooling results in increase in gross debt and cash by €1 billion

# Appropriate leverage within credit ratings bandwidth<sup>146</sup>

We will maintain our solid investment grade credit rating and view our leverage as appropriate given it allows us to:

- Fund our growth opportunities
- Maintain financial flexibility
- Maintain a strong liquidity profile while supporting our policy of returning excess liquidity to shareholders

## 2016 S&P Lease adj. Net debt/EBITDA



S&P Lease adjusted Net debt/EBITDA defined as: (Gross debt – cash + NPV rent commitments + post –retirement liabilities adjustment + multi-employer pension adjustment) / (EBITDA + adjustment for rents and other adjustments)

\* 2017 excludes share buybacks

\*\* Peers include: Carrefour, Casino, Dia, Metro, Morrisons, Tesco, Kroger, Walmart

# Optimizing our debt portfolio

Balanced approach to capital allocation

Debt and liquidity management objectives are:

- Achieving efficient balance sheet
- Maintaining strong liquidity
- Reducing refinancing risk

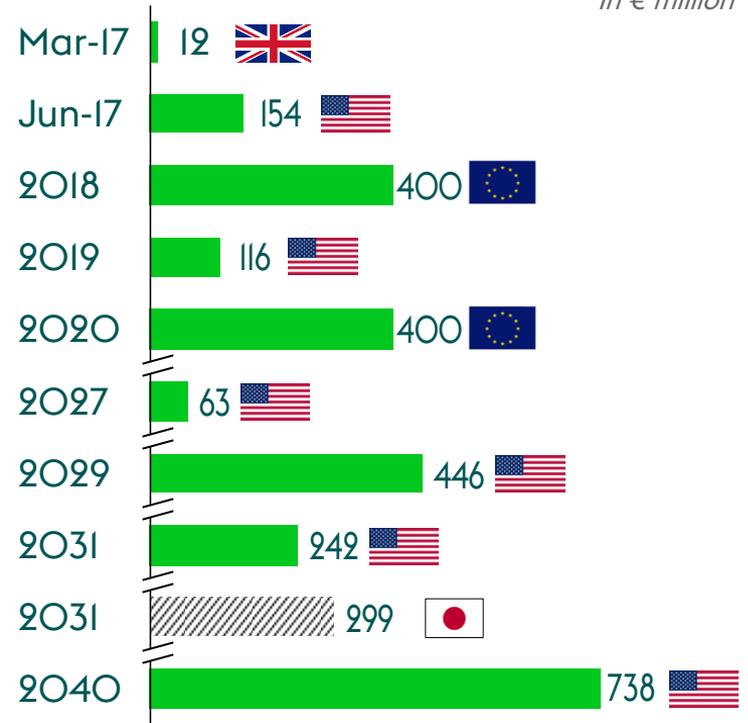
Through a balance between

- Refinancing maturing debt
- Repurchasing expensive debt



## Updated debt maturity profile

*In € million*



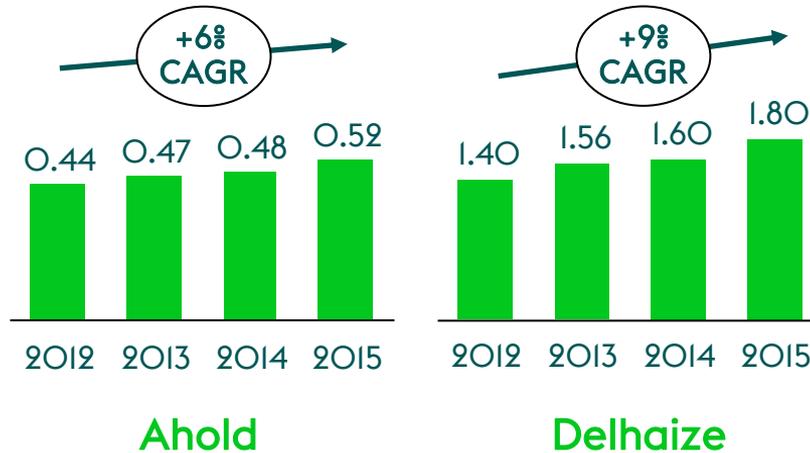
2031 JPY bonds were repurchased in Nov 2016

Balanced  
approach to  
capital  
allocation



# Providing attractive shareholder returns

## Sustainable growth in Dividend per common share (€)



## Returning excess liquidity to shareholders

- €1 billion share buyback over 2017
- Starting mid-January 2017

40-50% dividend payout ratio (based on pro forma underlying income from continuing operations)

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- Solid investment grade credit rating
- Returning excess cash to shareholders

## Strong foundation and confidence in the future

- Strong volume growth in both US segments in Q3
  - Ahold USA: Comparable sales 0.3%, volume growth 1.1%
  - Delhaize America: Comparable sale 1.3%, real growth 2.9%
- Continued growth across Europe in Q3
  - Comparable sales of 3.3% in NL, 1.3% in BE and 6.0% in CSE
- Full year 2016 Group margin expected at 3.6%, 10 bps improvement vs last year
- Net synergies of €220 million (cumulative) expected in 2017, resulting in further margin expansion
- Free cash flow of €1.6bn expected in 2017
- €1 billion share buyback confirming confidence

*This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words such as strategic, sustainable, buy better, operate smarter, waste less, growth, invest, customer proposition, promises, follow-up, accelerating, opportunities, continuous learning, increasingly, incremental, future, road map, ambition, growth, going forward, model, innovation, leverage, proposition, leading to and well positioned 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 competition and pressure on profit margins in the food retail industry; the impact of the Company’s outstanding financial debt; future changes in accounting standards; the Company’s ability to generate positive cash flows; general economic conditions; the Company’s international operations; the impact of economic conditions on consumer spending; turbulences in the global credit markets and the economy; the significance of the Company’s U.S. operations and the concentration of its U.S. operations on the east coast of the U.S.; increases in interest rates and the impact of downgrades in the Company’s credit ratings; competitive labor markets, changes in labor conditions and labor disruptions; environmental liabilities associated with the properties that the Company owns or leases; the Company’s inability to locate appropriate real estate or enter into real estate leases on commercially acceptable terms; exchange rate fluctuations; additional expenses or capital expenditures associated with compliance with federal, regional, state and local laws and regulations in the U.S., the Netherlands, Belgium and other countries; product liability claims and adverse publicity; risks related to corporate responsibility and responsible retailing; the Company’s inability to successfully implement its strategy, manage the growth of its business or realize the anticipated benefits of acquisitions; its inability to successfully complete divestitures and the effect of contingent liabilities arising from completed divestitures; unexpected outcomes with respect to tax audits; disruption of operations and other factors negatively affecting the Company’s suppliers; the unsuccessful operation of the Company’s franchised and affiliated stores; natural disasters and geopolitical events; inherent limitations in the Company’s control systems; the failure or breach of security of IT systems; changes in supplier terms; antitrust and similar legislation; unexpected outcome in the Company’s legal proceedings; adverse results arising from the Company’s claims against its self-insurance programs; increase in costs associated with the Company’s defined benefit pension plans; 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.*

**Together, we build Great Local Brands,  
bringing Fresh Inspiration Every Day**



PROMO

BELGISCH  
PRODUCT  
PRODUIT  
BELGE

Grofstruiken  
Van runder, beige  
CWT 199  
€ 1,99 /kg

BELGISCH  
PRODUCT  
PRODUIT  
BELGE

PROMO

Herfests prijsactie  
Vrijdag vanavond  
Dinsdag tot  
€ 0,99 /kg



Ahold  
Delhaize

Gele paprika's  
Hersmet, Belgij & Nederland  
Lot  
CWT 199  
€ 1,99 /kg

BELGISCH  
PRODUCT  
PRODUIT  
BELGE

Pavlova's rouges  
Origine Belgique & Pays-Bas  
CWT 199  
€ 1,99 /kg

Pavlova's oranges  
Origine Belgique & Pays-Bas  
CWT 199  
€ 1,99 /kg

Capital Markets Day

Dick Boer

President and CEO

December 7, 2016

Growing Excellence

- Well positioned to win across all our markets
- Benefitting from international scale to build great local brands
- Driving cost savings to invest for our customers
- Fund growth in key channels: Supermarkets, Small formats and eCommerce
- Integration on track
- Committed to €500 net synergies, incremental to operating income
- Balanced approach between funding growth and returning cash

**Together, we build Great Local Brands,  
bringing Fresh Inspiration Every Day**