

Q2 2023

# Ahold Delhaize Results

August 9, 2023

## Cautionary notice

*This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words and expressions such as continue, expects, outlook, leading, transition, planned or other similar words or expressions are typically used to identify forward-looking statements.*

*Forward-looking statements are subject to risks, uncertainties and other factors that are difficult to predict and that may cause the actual results of Koninklijke Ahold Delhaize N.V. (the “Company”) to differ materially from future results expressed or implied by such forward-looking statements. Such factors include, but are not limited to, risks relating to the Company’s inability to successfully implement its strategy, manage the growth of its business or realize the anticipated benefits of acquisitions; risks relating to competition and pressure on profit margins in the food retail industry; the impact of economic conditions, including high levels of inflation, on consumer spending; changes in consumer expectations and preferences; turbulence in the global capital markets; political developments, natural disasters and pandemics; climate change; energy supply issues; raw material scarcity and human rights developments in the supply chain; disruption of operations and other factors negatively affecting the Company’s suppliers; the unsuccessful operation of the Company’s franchised and affiliated stores; changes in supplier terms and the inability to pass on cost increases to prices; risks related to environmental, social and governance matters (including performance) and sustainable retailing; food safety issues resulting in product liability claims and adverse publicity; environmental liabilities associated with the properties that the Company owns or leases; competitive labor markets, changes in labor conditions and labor disruptions; increases in costs associated with the Company’s defined benefit pension plans; ransomware and other cybersecurity issues relating to the failure or breach of security of IT systems; the Company’s inability to successfully complete divestitures and the effect of contingent liabilities arising from completed divestitures; antitrust and similar legislation; unexpected outcomes in the Company’s legal proceedings; additional expenses or capital expenditures associated with compliance with federal, regional, state and local laws and regulations; unexpected outcomes with respect to tax audits; the impact of the Company’s outstanding financial debt; the Company’s ability to generate positive cash flows; fluctuation in interest rates; the change in reference interest rate; the impact of downgrades of the Company’s credit ratings and the associated increase in the Company’s cost of borrowing; exchange rate fluctuations; inherent limitations in the Company’s control systems; changes in accounting standards; inability to obtain effective levels of insurance coverage; adverse results arising from the Company’s claims against its self-insurance program; the Company’s inability to locate appropriate real estate or enter into real estate leases on commercially acceptable terms; and other factors discussed in the Company’s public filings and other disclosures.*

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

# Welcome

**JP O'Meara**

SVP Investor Relations





## Ahold Delhaize delivers solid Q2 2023 results driven by growth in loyalty and online sales, raises free cash flow guidance for 2023

- Through our brands' loyalty programs, which offer customers highly personalized discounts to fit their needs; the scale and leverage provided by our global portfolio and award winning own brand proposition; and our **€1 billion** Save for Our Customers program, we continue to help customers navigate this dynamic inflationary environment.
- Q2 Group net sales were **€22.1 billion**, up **4.3%** at constant exchange rates and up **2.9%** at actual exchange rates.
- Q2 comparable sales excluding gas increased by **3.6%** in the U.S. and **6.3%** in Europe. Excluding weather and calendar impacts, U.S. comparable sales grew **4.0%**. Excluding the impact of strikes in Belgium, Europe comparable sales grew **7.6%**.
- Net consumer online sales increased by **9.3%** in Q2 at constant exchange rates.
- Q2 underlying operating margin was **4.1%**, in line with the prior year. Modest declines in the U.S. and in Europe were offset by insurance benefits at the Global Support Office.
- Q2 IFRS-reported operating income was **€724 million** and Q2 IFRS-reported diluted EPS was **€0.48**.
- Q2 diluted underlying EPS was **€0.62**, an increase of **4.7%** compared to the prior year at actual rates.
- 2023 interim dividend is **€0.49** (2022: **€0.46**), based on the Group's interim dividend policy.
- The Company now expects free cash flow in range from **€2.0 billion** to **€2.2 billion** (previously: around **€2 billion**).
- The Company reiterates its 2023 full-year outlook, including underlying operating margin of **≥4.0%**; underlying EPS at **around 2022 levels**; and net capital expenditures of approximately **€2.5 billion**.

Q2 2023

# Business Highlights

Frans Muller, President & CEO



# Second Quarter results 2023

## Underlying Results



Net sales  
**€22.1bn**  
vs LY constant rates  
**+4.3%**

Comparable  
Sales Growth  
excl. gas  
**+4.6%**  
U.S. **+3.6%** EU **+6.3%**

Underlying  
operating income  
**€904m**  
vs LY constant rates  
**+4.4%**

Underlying  
operating  
margin  
**4.1%**  
In line vs LY  
constant rates

Net Consumer  
Online Sales<sup>1</sup>  
**€2.9bn**  
vs LY constant rates  
**+9.3%**

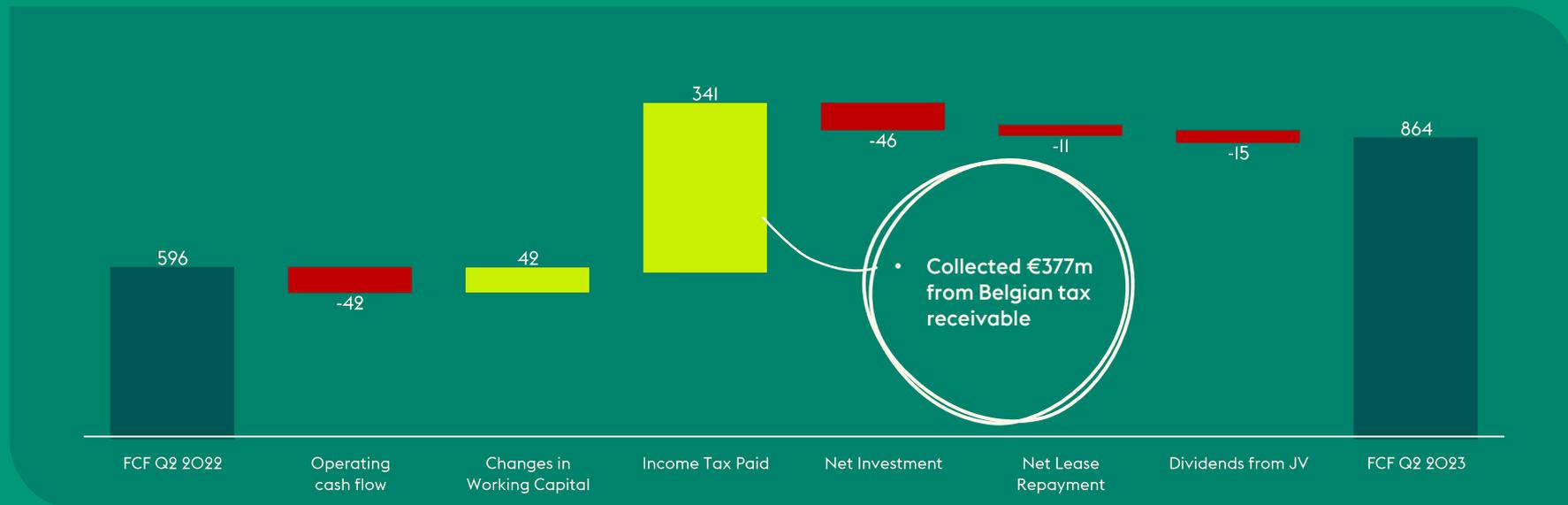
Underlying income  
from continuing op.<sup>2</sup>  
**€601m**  
vs LY constant rates  
**+2.9%**

Diluted Underlying  
EPS  
**€0.62**  
vs LY actual rates  
**+4.7%**

1. Net consumer online sales is defined as online sales including sales of third parties via bol.com's Plaza. Net consumer online sales excludes Value Added Tax (VAT).  
2. Adjusted for impairments of non-current assets, gains and losses on the sale of assets and leases/subleases, restructuring and related charges and other items considered not to be directly related to the underlying operating performance

# Q2 Free Cash Flow Bridge

FCF Q2 2023 vs Last Year (in €m)



# Diligently staying the course to deliver short and long-term ambitions

Agile & flexible  
local brands adapt  
quickly to  
customers' needs



Transforming  
operating models to  
drive **efficiency &  
profitability**

Leading the  
transition to a  
**healthy &  
sustainable food  
system**



# Comparable sales growth trends by region

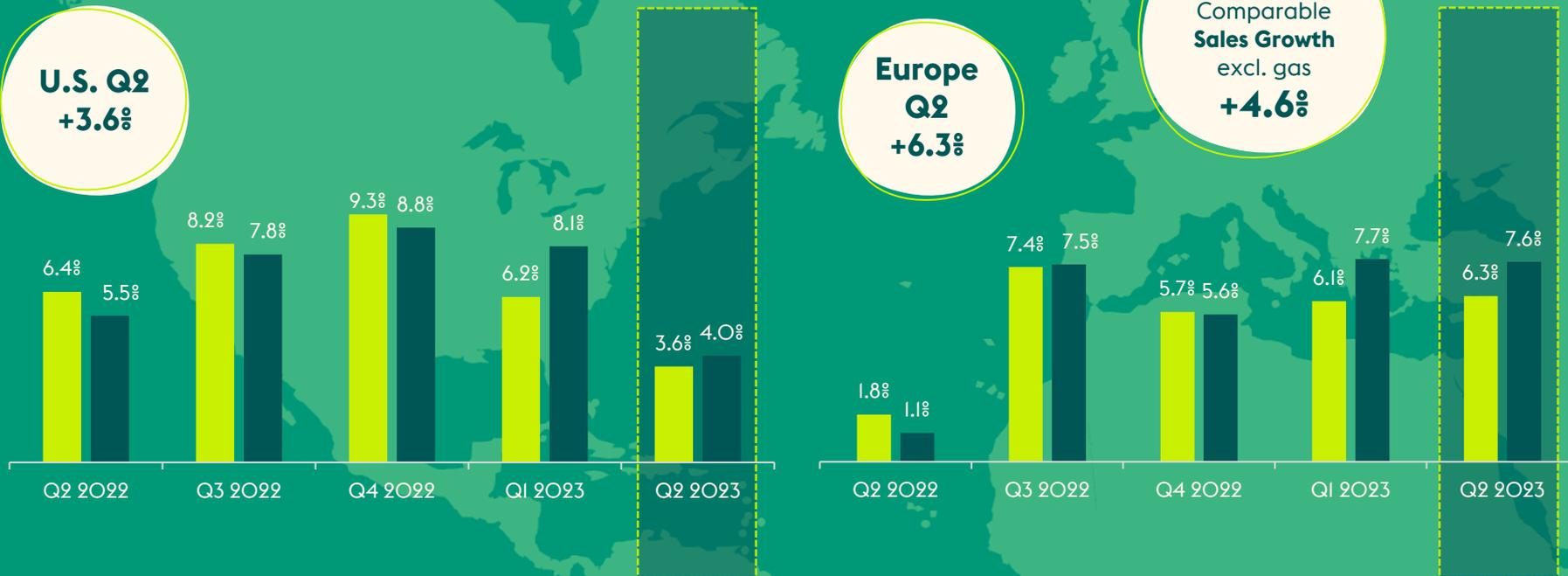
Ex. Gas



**U.S. Q2**  
**+3.6%**

**Europe**  
**Q2**  
**+6.3%**

**Q2 Group**  
**Comparable**  
**Sales Growth**  
excl. gas  
**+4.6%**



# The GIANT Company celebrates 100 years



## Highlights

- Introduced Bonus Buys in 1979 paving the way for its **award-winning loyalty program** GIANT Choice Rewards
- Honoring 100 years of giving by launching inaugural **Make a Difference Challenge** to give \$500k to non-profits
- Diverted **6 million pounds** of food with Flashfood app since its launch in May 2020



# Food Lion's Omnichannel Remodeled Stores outperform expectations



FOOD LION  
**MVP**  
customer

FOOD LION



## Highlights

- Additional **47** Omnichannel Store remodels planned for August
- **43** consecutive quarters of positive comparable sales growth
- Launched **new web and app presence** with migration to PRISM platform



# Albert Heijn pushing boundaries in innovation and sustainability



## Highlights

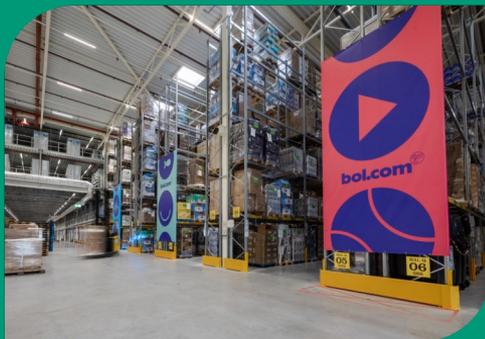
- Launched its own AI start-up – **Gen AI Labs** – and own AH GPT platform
- Continued focus on organic with more than **75 new organic products** added in the first half of the year
- Reached **agreement on CLAs** for various business units for colleagues working at AH, Etos, and Gall & Gall



# Double-digit sales growth at bol.com



**bol.com**



## Highlights:

- GMV was **€1.4 billion**, up **10.5%** versus the prior year
- bol.com advertising revenues up **73%** versus prior year
- Published **2022 Sustainability Report**
- Introduced **'What's buzzing in Belgium'** page tailored and visible to shoppers in Belgium



# USA: Q2 2023

Net sales  
**€13.6bn**  
vs LY constant rates  
**+2.7%**

Comparable  
sales growth ex gas  
**3.6%**  
vs LY  
**(2.8) pts**

Underlying  
operating margin  
**4.6%**  
vs LY  
**(0.1) pts**

Online  
sales growth  
**6.6%**  
vs LY constant rates  
**(9.8) pts**

## ADUSA

ADUSA Distribution adds Chester, New York, facility to their **self-distribution network**

## Stop & Shop

Remodeled **12** stores, including **3** in NYC area focused on enhancing the multicultural assortment



## Giant Food

Over **500,000** own brand redemptions through **Flexible Rewards'** value program focused on eggs, milk and other staples

## The GIANT Company

Awarded **\$300,000** in support of local projects that address **food waste prevention, reduction and recovery**



## PDL

Completed the rollout of the **native app** to Stop & Shop and Food Lion



# Europe: Q2 2023

Net sales

€8.5bn

vs LY constant rates  
+7.0%

Comparable  
sales growth ex gas

6.3%

vs LY  
+4.5 pts

Underlying  
operating margin

3.2%

vs LY  
(0.2) pts

Online  
sales growth

8.6%

vs LY constant rates  
+10.9 pts

## Albert

Expanded online  
services coverage to  
two additional cities  
and now offers same  
day delivery



## Maxi Serbia

Opened **first** home shop  
center - the **first**  
warehouse for **online  
food distribution** for any  
organization in Serbia



## Mega Image

Launched new CVP  
around message that  
**good matters for  
everyone**



## Alfa Beta

Received **World  
Quality Awards** for  
seven products from  
the "**AB close to the  
Greek land**" product  
series

## Pricefavorites

**6,500** EDLP SKUs across  
EU brands with a goal of  
**10,500** in the near term



# Second Quarter results 2023

IFRS-Reported  
Results



Net sales  
**€22.1bn**  
vs LY actual rates  
**+2.9%**

Online Sales  
**€2.2bn**  
vs LY actual rates  
**+6.4%**

Operating income  
**€724m**  
vs LY actual rates  
**(19.1%)**

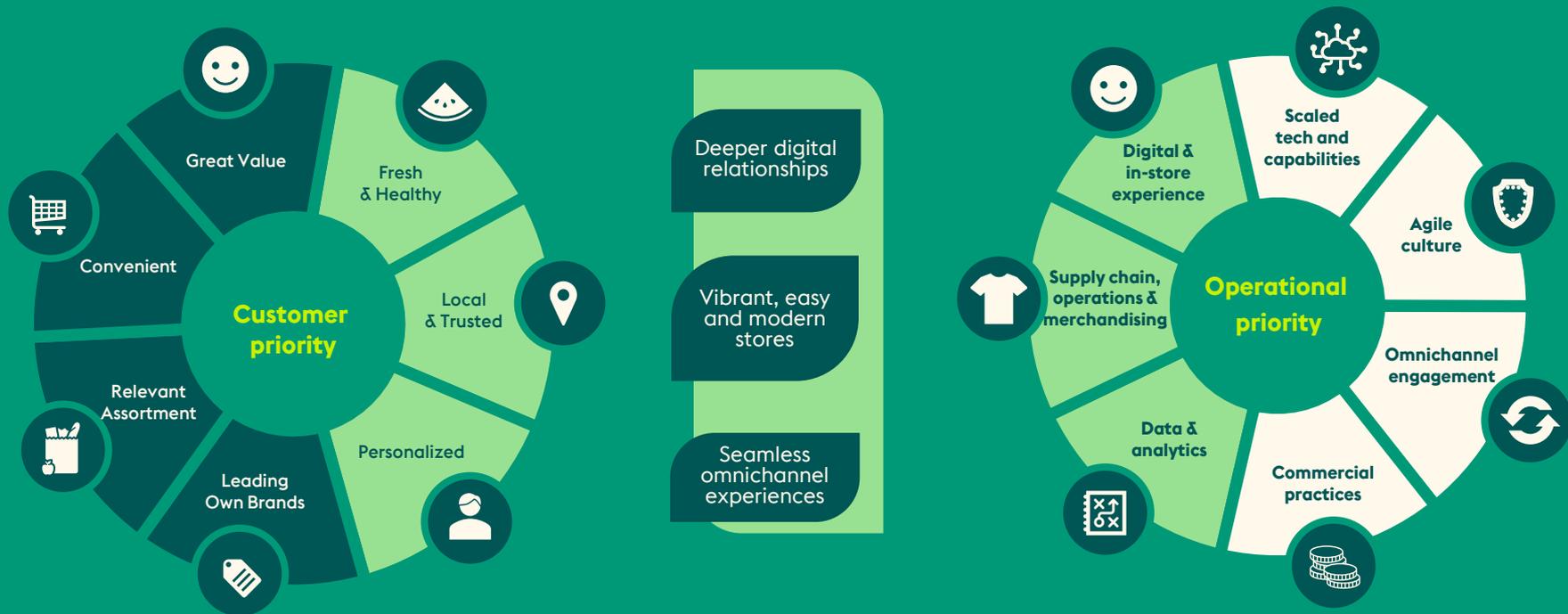
Operating  
margin  
**3.3%**  
vs LY actual rates  
**(0.9) pts**

- €108m impairment for store equipment in Belgium
- €40m impairment for Jersey City warehouse
- €40m restructuring costs for Accelerate initiatives

Income  
from continuing  
operations  
**€468m**  
vs LY actual rates  
**(22.5%)**

Diluted  
EPS  
**€0.48**  
vs LY actual rates  
**(19.9%)**

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



# Creating a more agile organization through transformation projects and Accelerate initiatives



**e-commerce  
profitability**

**Transformation of  
DLL operating  
model**



**Joint CSE  
strategy**

**Simplify  
organizational  
structures**



# Delhaize announces first expected conversion dates of company-owned stores



## Highlights:

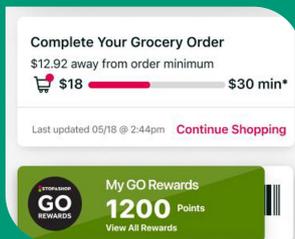
- Announced **first 15** integrated supermarkets will be **affiliated starting in October**
- With proposed changes, all Delhaize stores will be aligned under **one operating model**
- Continue to develop its position in the Belgian market as a **leader in fresh, healthy, quality foods** with an emphasis on sustainability



**KLEINE LEEUW? KLEINE PRIJS!**



# PDL supports ADUSA brands to execute their omnichannel strategies



## Highlights

- ADUSA e-commerce penetration at **8.1%** for the first half of 2023
- Rolled out **Native Mobile Apps** at Stop & Shop & Food Lion
- Will start in Q3 the migration of Food Lion **ecommerce** to **PRISM** platform



# Ahold Delhaize achieves 'AAA' MSCI rating and remains focused on sustainability projects

MSCI

Ahold Delhaize

Achieved 'AAA' MSCI ESG 2023 ranking

Ahold Delhaize is ranked as a leader in its food retail industry

Albert Heijn

Albert Heijn has succeeded in its **second city** to achieve **100% electric** home delivery and the supply of its stores with more cities to follow



bol.com

Acquired all shares in **Cyclcon** for a **greener last mile** delivery with Cyclcon's bicycles



Food Lion

Food Lion Feeds donated more than **40 million meals** in Q2 and a total of **67 million** in the first half of 2023 through hunger relief efforts.

FOOD LION  
FEEDS

Giant Food

Received **2023 Produce Business Retail Sustainability Retailer Award** for its focus on local products, educating customers and associates and its food waste initiatives



Stop & Shop

Introduced **single-use plastic bag elimination strategy** and implemented a fee for paper bags to encourage the switch to reusable bags

# Hannaford leads its market with Fresh & Convenient strategy



## Highlights

- Gained market share in **27** out of last 29 quarters
- Completed Ratio Institute's **Sustainable Food Retail Certification**
- Launched the **Flybuy platform** to support the Hannaford To Go pickup service



# bol.com achieves B Corp Certification

## What is it?

Certification to corporations that meet high, **verified standards** in terms of **social & environmental impact, accountability and transparency**

## Environment

- 1st e-commerce company in Benelux certified to **Climate Neutral Standard**
- fulfillment center runs on **100% green electricity**

## Community

'Bollebozen' program is committed to **equal opportunities for children** in reading development & digital skills

## Certification Process

- Evaluated on five areas: **governance, employees, community, environment, & customers**
- Risk analysis, impact assessment, evaluation & verification
- Reassessed **every three** years

## Customers

Makes sustainable choices easier by labelling products as **'More Sustainable Choice'**

## Employees

Offers, amongst others, a vitality program, option of holiday exchanges and a bonus scheme





**≥4%**  
Underlying  
Operating Margin

**Around  
2022  
levels**  
Underlying  
diluted EPS

**≥€1  
billion**  
Save for  
Our Customers

**~€2.5  
billion**  
Capital  
Expenditures

**~€2.0 -  
€2.2  
billion**  
Free Cash Flow

**40-50%**  
payout;  
**YOY growth** in  
dividend per share

**€1 billion**  
Share Buyback<sup>2</sup>

**Dividend  
payout ratio** <sup>1,2</sup>

1. Calculated as a percentage of underlying income from continuing operations.  
2. Management remains committed to the share buyback and dividend program, but, given the uncertainty caused by the wider macro-economic consequences of the war in Ukraine, will continue to monitor macro-economic developments. The program is also subject to changes resulting from corporate activities, such as material M&A activity.

**2023**

# Q&A

FOOD LION

STOP&SHOP



The GIANT Company

Giant

Albert Heijn



Etos

Gall & Gall  
SINCE 1884

Peapod  
DEPARTMENTAL BRAND

Retail Business Services

albert

bol.com  
de winkel van ons allemaal

MAXI

Tempo

Βασιλόπουλος  
και τοι νομοδοχο το γυφτο

ENA FOOD  
CASH & CARRY



freshdirect



European BUSINESS SERVICES

ADUSA SUPPLY CHAIN

Proud companies of

# Thank you

