



 **Ahold** **DELHAIZE**  **GROUP**



Brussels, June 24, 2015

# Cautionary notices

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## **NO OFFER OR SOLICITATION**

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## **IMPORTANT ADDITIONAL INFORMATION WILL BE FILED WITH THE SEC**

*In connection with the proposed transaction, Ahold will file with the U.S. Securities and Exchange Commission (the “SEC”) a registration statement on Form F-4 that will include a prospectus. The prospectus will be mailed to the holders of American Depositary Shares of Delhaize and holders of ordinary shares of Delhaize (other than holders of ordinary shares of Delhaize that are non-U.S. persons (as defined in the applicable rules of the SEC)). **INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT AHOLD, DELHAIZE, THE TRANSACTION AND RELATED MATTERS.** Investors and security holders will be able to obtain free copies of the prospectus and other documents filed with the SEC by Ahold and Delhaize through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, investors and security holders will be able to obtain free copies of the prospectus and other documents filed by Ahold with the SEC by contacting Ahold Investor Relations at [investor.relations@ahold.com](mailto:investor.relations@ahold.com) or by calling +31 88 659 5213, and will be able to obtain free copies of the prospectus and other documents filed by Delhaize by contacting Investor Relations Delhaize Group at [Investor@delhaizegroup.com](mailto:Investor@delhaizegroup.com) or by calling +32 2 412 2151.*

# Cautionary notices continued

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## **FORWARD-LOOKING STATEMENTS**

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# Ahold and Delhaize announce intention to merge

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Dick Boer

CEO of Royal Ahold

# Agenda

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- » Introducing Ahold Delhaize Dick Boer
- » Terms of the transaction Dick Boer
- » Strategic rationale Dick Boer
- » Delivering value for all stakeholders Frans Muller
- » Closing remarks Frans Muller
- » Q&A

# Introducing Ahold Delhaize

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- » **Merger of equals which** forms a complementary base of **more than 6,500 stores**, with **enhanced scale** across regions, characterized by **trusted brands** with strong local identities
- » Serving **over 50 million customers in the United States and Europe** per week\*
- » Enables **accelerated innovation** and an ability to leverage own brands and expertise to bring **better value and choice**, delivering a **better shopping experience for customers**
- » **Creates significant value** with anticipated run-rate synergies of €500 million per year, to be fully realized in the third year after completion
- » **Highly cash generative** businesses will allow Ahold Delhaize to continue to **invest in future growth** and deliver **attractive returns to shareholders**
- » **Balanced** governance structure

\* Excluding joint ventures



# Key terms of the transaction

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## Financial Terms

- » 4.75 Ahold shares for each Delhaize share
- » Ahold to terminate ongoing share buyback programme; €1 billion to be returned to Ahold shareholders via a capital return and a reverse stock split prior to completion of the transaction
- » Pro-forma ownership after completion circa: Delhaize 39% / Ahold 61%

## Transaction Structure

- » Cross-border merger of Ahold and Delhaize; Ahold to be ongoing listed entity
- » Listing on Euronext Amsterdam and Euronext Brussels post completion of the merger

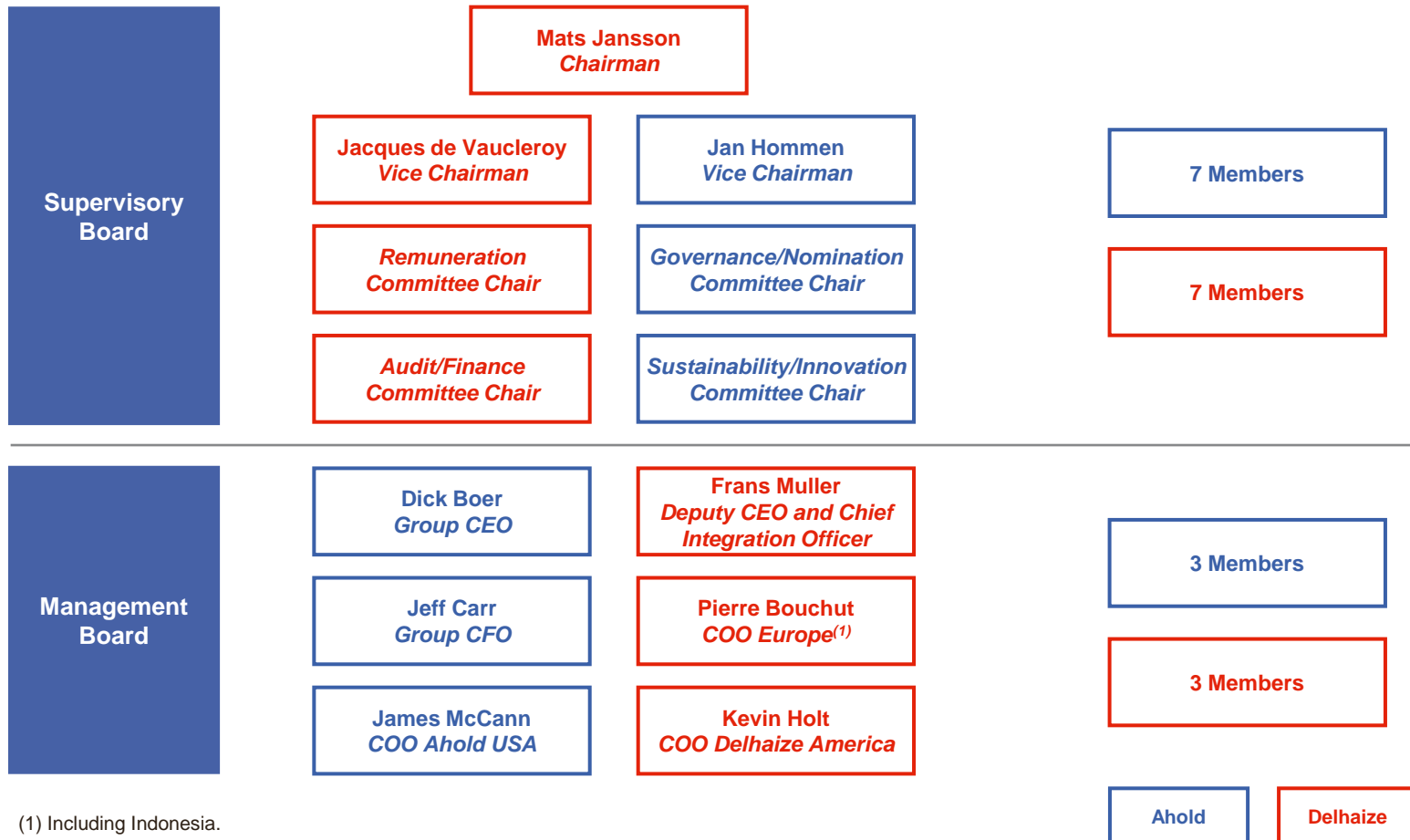
## Timetable

- » Ahold and Delhaize Extraordinary Shareholder Meetings H1 2016
- » Completion mid 2016

# Governance Structure

## Key Positions

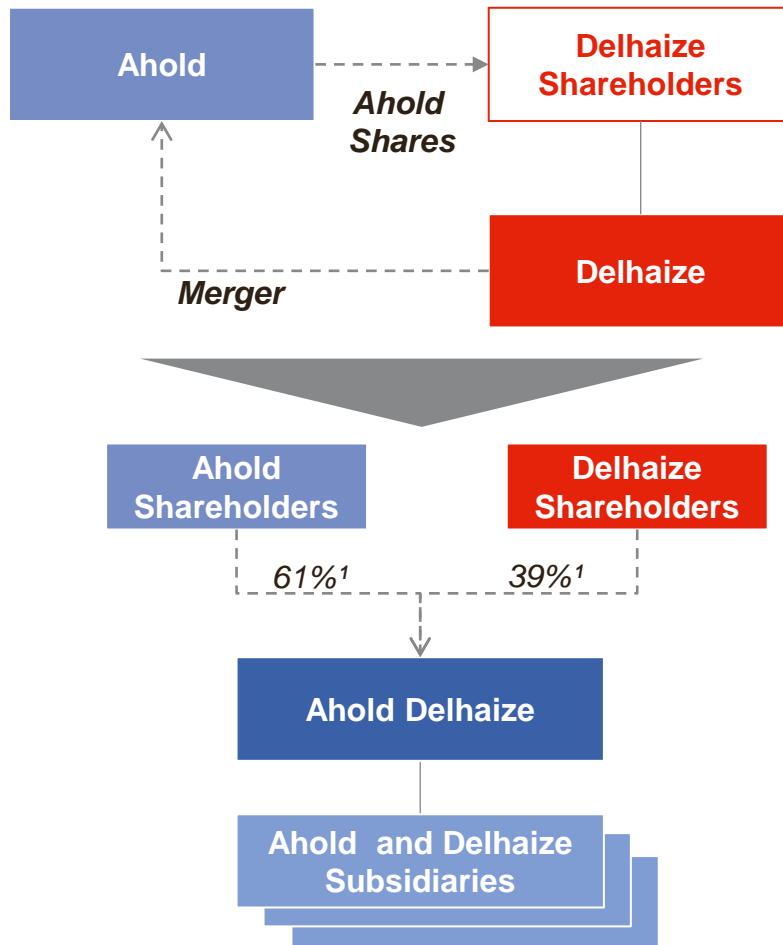
## Composition



(1) Including Indonesia.



# Transaction structure



- » Pre-closing capital return of €1 billion to Ahold shareholders
- » Execution of a cross-border merger with Ahold as the ongoing listed entity
- » Under the merger, Delhaize shareholders will receive 4.75 Ahold shares for each Delhaize share
- » Ahold to be renamed “Ahold Delhaize”
- » Ahold Delhaize will have listings in Amsterdam and Brussels

<sup>1</sup> Indicative share ownership based on €1bn capital return at market prior to completion

# Compelling strategic rationale

## Driving increased customer relevance, innovation and sustainable growth

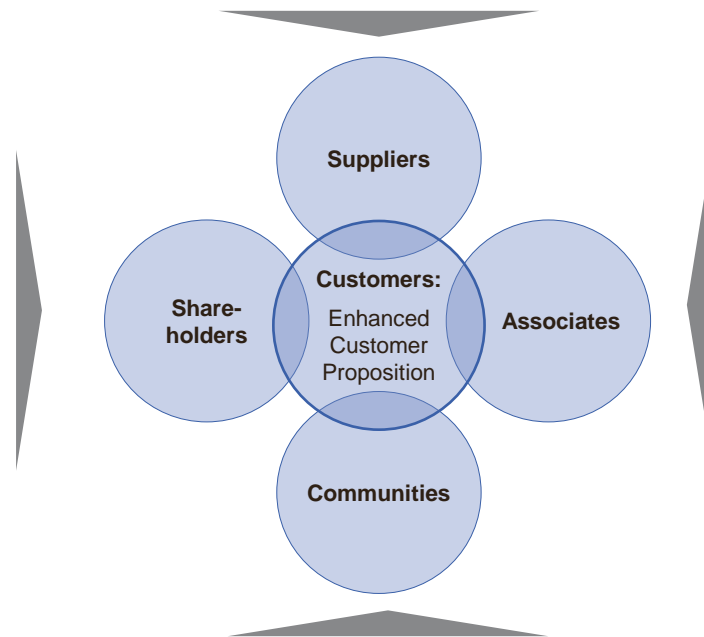
- » Merger to form a **stronger, bigger, more innovative** company with **market-leading** retail offerings and **strong, trusted local brands**
- » Combination of two companies with **complementary cultures, similar values and neighboring geographies**, as well as a **shared focus on the customer**
- » Will create a **superior customer offering** with enhanced choices in products, services and shopping anytime, anywhere
- » The combined business will offer **an even better place to work for associates** as well as a continued commitment to the local communities it serves
- » A **strong financial profile** will enable Ahold Delhaize to fund continued innovation and investment in future growth to deliver **attractive returns to shareholders**



# Combining strong heritage, similar values and a shared focus on the customer

- » Ahold and Delhaize have a long track record of mutually beneficial relationships with suppliers
- » Committed to engaging with suppliers and ensuring seamless transition

- » Significant value creation via synergies
- » Strong cash flow
- » Expected dividend policy: 40-50% pay-out ratio



- » Full commitment to social agreements and plans
- » Significant opportunities to build long-term successful careers

- » Shared heritage and common values
- » Combined scale, skills and experience
- » Increased impact by combining CSR programmes

# Bringing together two complementary businesses

Comparable business profiles with strong, trusted local brands



Net Sales

€32.8bn

Underlying Operating Income

€1.3bn

with underlying margin of 3.9%

Free cash flow

€1.1bn

Market cap

€15.8bn

Stores worldwide

3,206

Employees worldwide

227,000

Net Sales

€21.4bn

Underlying Operating Income

€0.8bn

with underlying margin of 3.6%

Free cash flow

€0.8bn

Market cap

€9.1bn

Stores worldwide

3,280

Employees worldwide

143,000



Note: Sales, Underlying Operating Income, Stores and Employees 2014 excludes JVs i.e. JMR for Ahold in Portugal and Super Indo for Delhaize in Indonesia

# Enhanced scale to meet evolving customers' needs

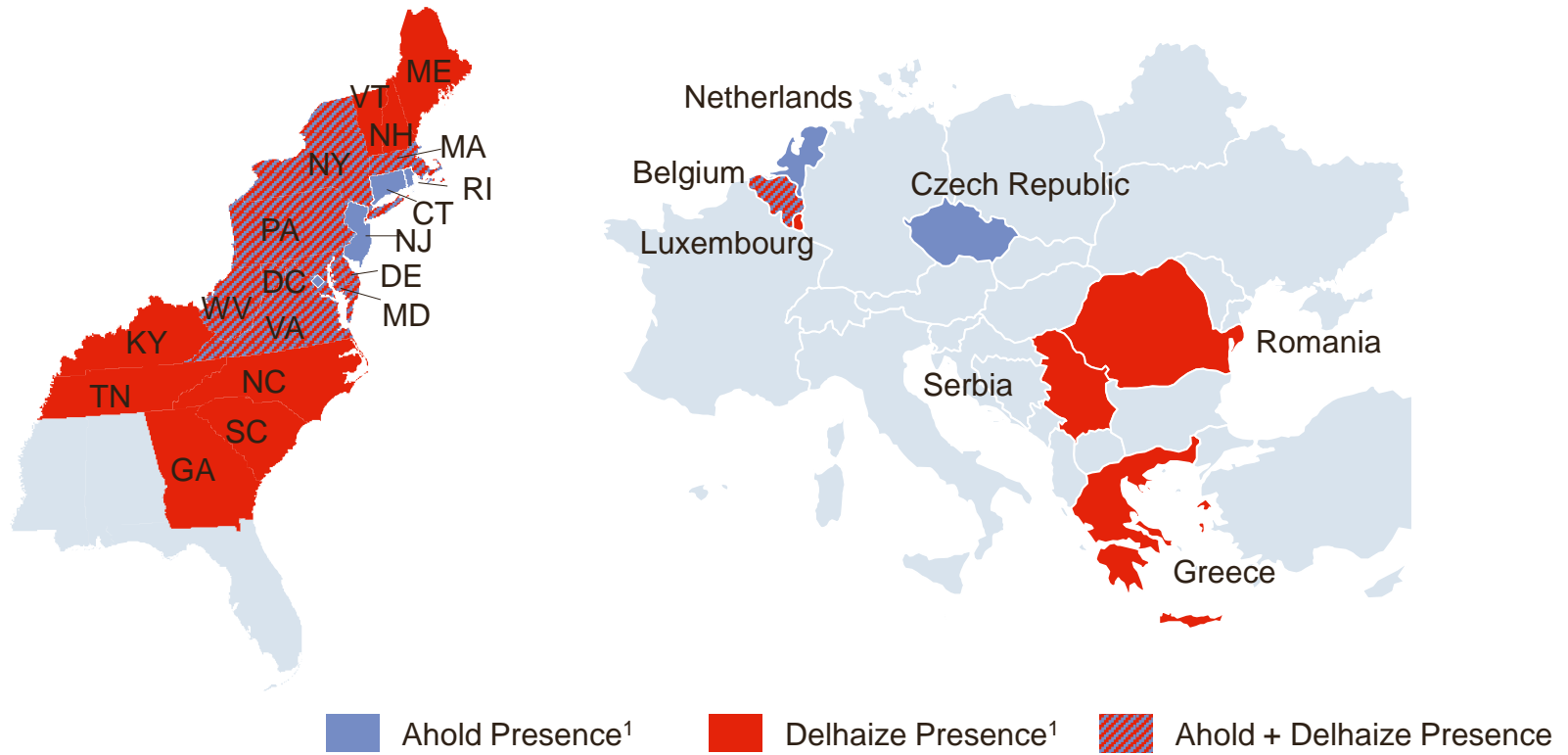
Serving over 50 million customers weekly across expanded geographic reach

Over 6,500 multi-format stores

Leading positions in key regions

Over 50 million customers in U.S. and Europe per week

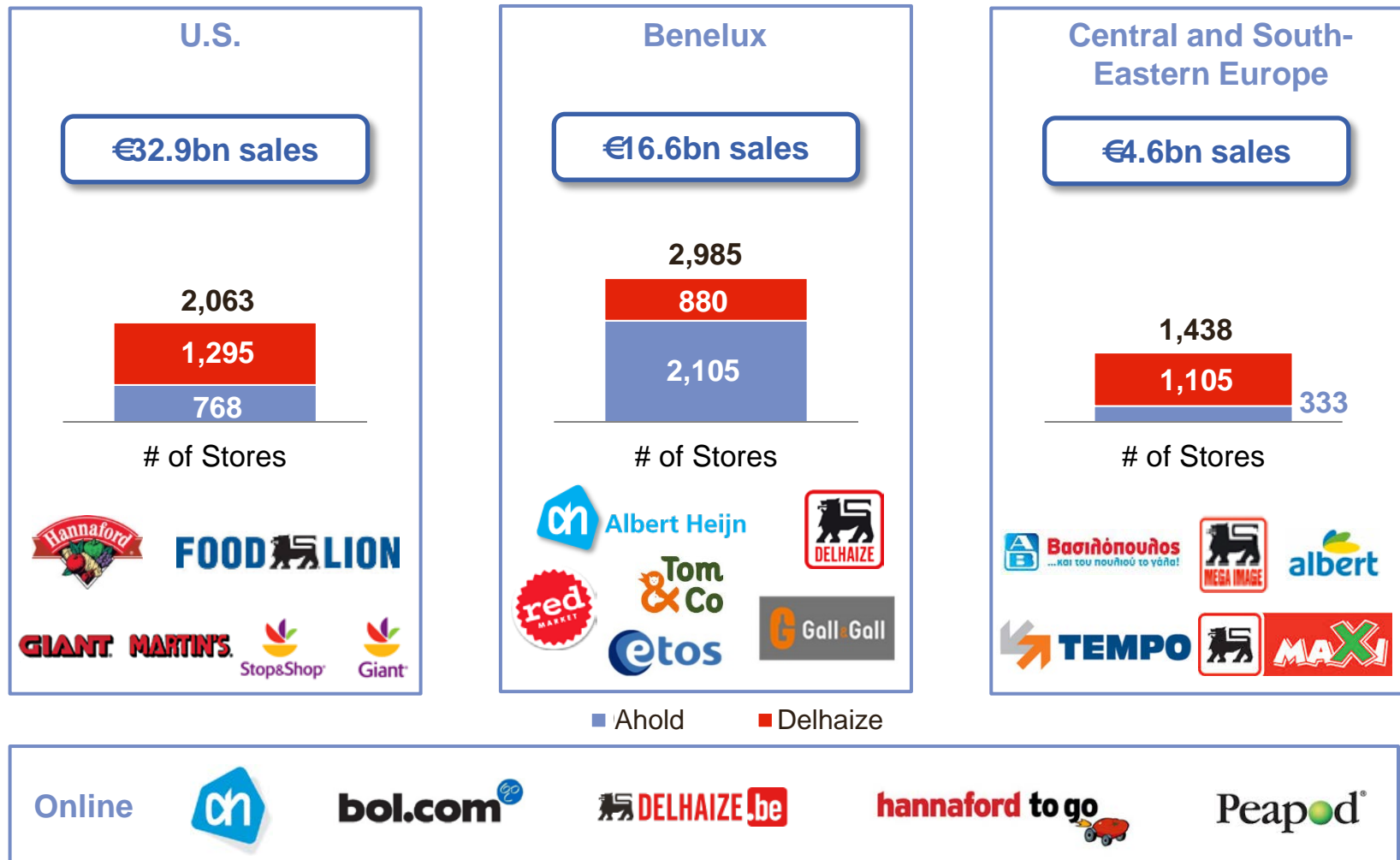
€54.1bn Aggregated sales 2014



Source: Ahold and Delhaize 2014 annual reports, company websites

<sup>1</sup> Excludes JVs i.e. JMR for Ahold in Portugal and Super Indo for Delhaize in Indonesia

# Strong brands and leading online propositions



Source: Ahold and Delhaize 2014 annual reports  
 Note: Excludes JVs i.e. JMR for Ahold in Portugal and Super Indo for Delhaize in Indonesia

# Delivering value to all stakeholders

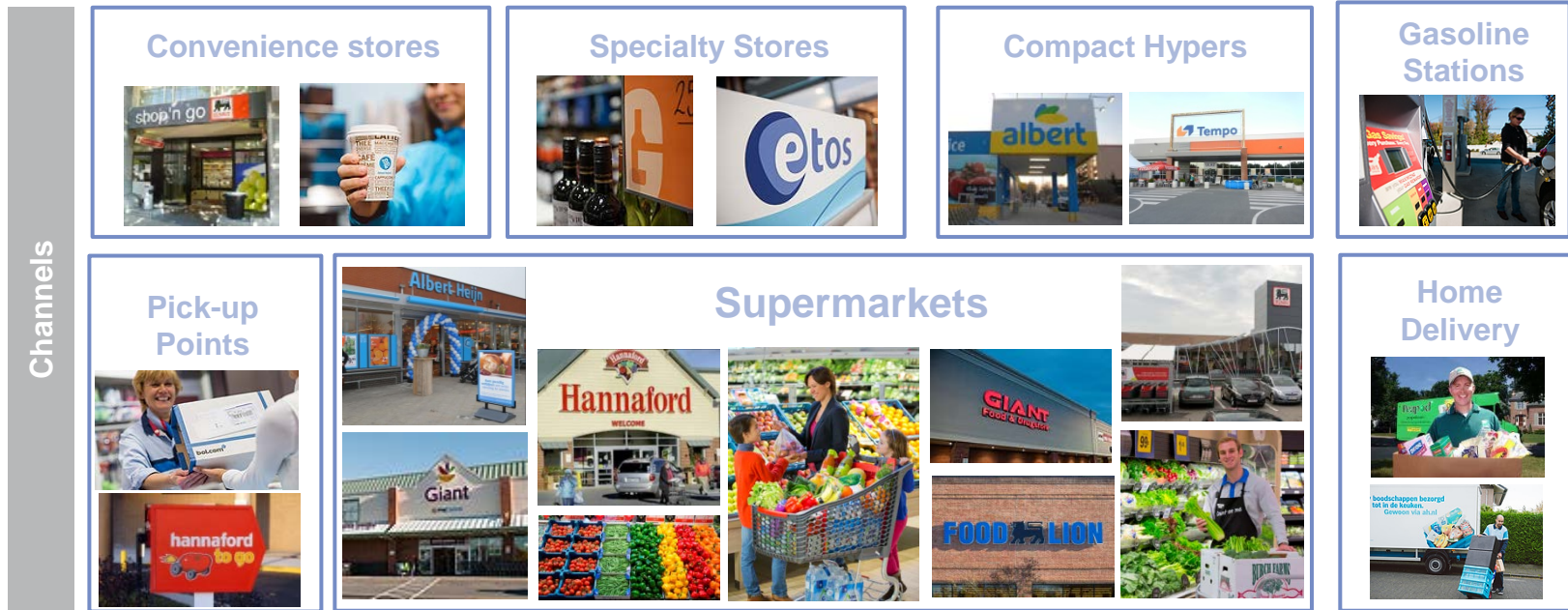
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Frans Muller

CEO of Delhaize Group

# Delivering a superior customer offering

Enhanced choices in products, services and shopping anytime, anywhere



- » Expanding and innovating the range of **high-quality goods and services** at competitive prices
- » Providing a **broader selection** in own brand products and wider range of store formats
- » Offering **more and easier ways to shop in stores and online**, with pick-up points and home delivery, both in food and non food
- » **Great locations** and real estate across the combined network
- » **Longstanding relationships** with affiliates/franchisees in both Belgium and the Netherlands



# Creating an even better place to work for associates

## Building on similar values and heritage of family entrepreneurship

### Best of both

- » Bringing together the best of both cultures, management practices and business processes, making Ahold Delhaize a better, more attractive place to work

### Great Talent

- » Combining talented and committed associates from both organizations to create a dynamic, engaged and high performing work force

### Compelling Opportunities

- » Larger, more diverse company will offer compelling career development opportunities



# Better serving our communities

## Increasing the impact of our CSR and sustainability programs

### Ahold Vision

- » Being **responsible** is integral to our business
- » Together we can make a **bigger impact** on our **communities**
- » We have defined **five priority areas** for our stakeholders



### Delhaize Vision



- » Leveraging our combined **scale, skills** and **values**
- » Driving **actions, innovation** and **impact**
- » Creating **further commercial benefit** from the combined efforts

# Attractive combined financial profile

**Strong financial profile which will be further enhanced by synergies over time**

- » Aggregated sales of €54.1 billion further enhances scale, enabling Ahold Delhaize to better compete in its key regions, invest in innovation and meet evolving customer needs

	Ahold	+	Delhaize	+	Synergies	=	PF Ahold Delhaize
Sales	€32.8bn	+	€21.4bn	+		=	€54.1bn
Underlying EBITDA	€2,146m	+	€1,339m	+	€500m <sup>4</sup>	=	€3,985m
Underlying EBIT	€1,267m	+	€762m	+	€500m <sup>4</sup>	=	€2,529m
Net Income	€791m <sup>1</sup>	+	€189m <sup>2</sup>	+	€360m <sup>4</sup>	=	€1,340m
Net Debt <sup>3</sup>	€1,311m	+	€997m			=	€2,308m
Adjusted Net Debt / Underlying EBITDAR <sup>5</sup>	1.9x	+	1.3x			=	1.7x

**Transaction expected to be earnings accretive within 12 months after completion**

Source: Ahold and Delhaize 2014 annual reports, based on their respective accounting definitions

<sup>1</sup> Represents net income, excluding losses from discontinued operations.

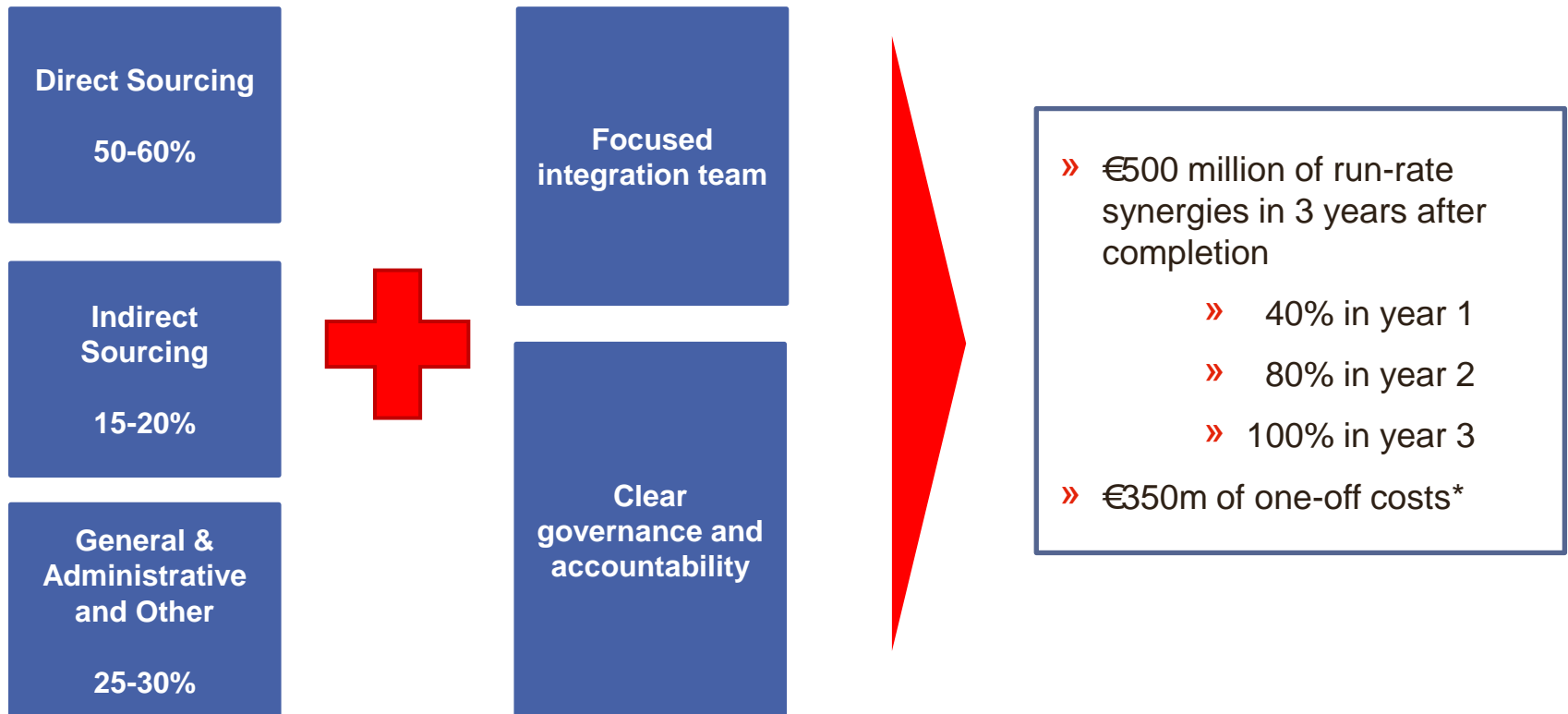
<sup>2</sup> Represents net profit from continued operations.

<sup>3</sup> Represents reported net debt as at end of Q4 2014 – net debt as per Ahold and Delhaize respective definitions

<sup>4</sup> Run-rate synergies expected to be fully realised in the third year after completion. Post tax synergies assuming a marginal tax rate of 28%

<sup>5</sup> Based on S&P NPV adjustment to debt for operating leases and underlying EBITDAR per 2014 annual accounts.

# Creating value through realizing cost synergies



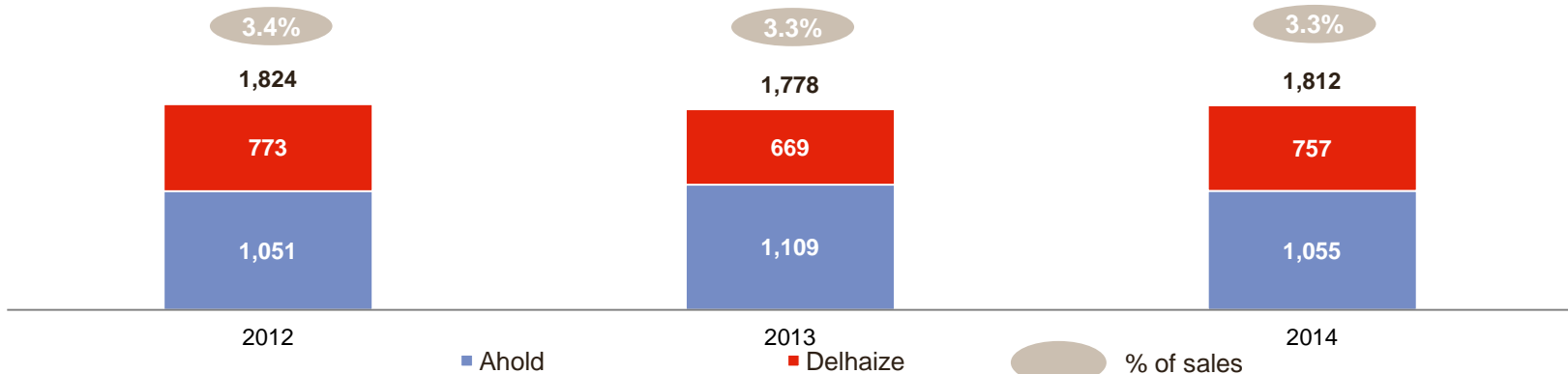
\* Excluding transaction fees

# Strong cash flow generation

- » Strong PF free cash flow generation (over €1.8bn) in 2014
- » Strong balance sheet with PF net debt / EBITDA of 0.7x<sup>1</sup> and PF lease adjusted net debt / EBITDAR of 1.7x<sup>2</sup>
- » Ahold Delhaize will take a balanced approach to investing in profitable growth and returning excess liquidity to its shareholders

Free Cash Flow<sup>3</sup> 2012-14A (€m)

Strong and consistent cash generation driven by stable earnings and capital discipline



Source: Ahold and Delhaize Annual Reports

<sup>1</sup> Based on reported net debt and underlying EBITDA as at end of Q4 2014

<sup>2</sup> Based on S&P NPV adjustment to debt for operating leases and underlying EBITDAR per 2014 annual accounts

<sup>3</sup> Reported free cash flow in 2014 Annual Reports, based on their respective accounting definitions

# Delivering long term value for shareholders

## Realizing significant synergies and investing in long term growth

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- » **Highly cash generative** businesses, enabling Ahold Delhaize to invest in future growth and deliver **attractive returns to shareholders**
- » Anticipated run-rate **synergies of €500 million per annum**, to be fully realized in the third year after completion
- » **One-off costs of €350 million** required to achieve synergies
- » Expected to be **earnings accretive** in first year after completion
- » Ahold Delhaize is currently expected to adopt a dividend policy of a **payout of 40-50%** of adjusted net income

# Ahold Delhaize: an exciting future together

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- » **Focused management team** to achieve synergies
- » Creating a **stronger**, international food retailer and **delivering value** for all stakeholders
  - A superior **customer offering**
  - Attractive opportunities for our **associates**
  - Better serving our **communities**
  - A compelling value proposition for **shareholders**



# Q&A

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Dick Boer, CEO of Royal Ahold

Frans Muller, CEO of Delhaize Group

Jeff Carr, CFO of Royal Ahold

Pierre Bouchut, CFO of Delhaize Group