

Ahold Delhaize USA to Close Midwest Online Grocery Sales Operations; Focus on Accelerating East Coast Omnichannel Growth

Ahold Delhaize USA to deliver 30% eCommerce sales Growth in 2020

QUINCY, MASS. – Ahold Delhaize USA today announced plans to close the Midwest division of its Peapod online grocery sales business, which comprises \$97 million in revenue of the \$1.1 billion in total online revenue in the U.S. This decision will enable Ahold Delhaize USA to focus on expanding the leadership position of its brands on the East Coast and execute its strategy of enabling each local brand to be the leading omnichannel grocery retailer in each of their markets utilizing the market-leading capabilities of Peapod Digital Labs. There are no changes for customers in other markets.

Effective Feb. 18, 2020, service for Midwest customers placing online grocery delivery orders in Illinois, Wisconsin and Indiana will be discontinued. As a result of this decision, the following facilities will close: a distribution center and food preparation facility in Lake Zurich, Ill., distribution facilities in Chicago, Ill., Milwaukee, Wis., and Indianapolis, Ind., and a pick-up point in Palatine, Ill.

“This was a difficult decision given Peapod’s rich history in the Midwest,” said Kevin Holt, CEO, Ahold Delhaize USA. “We know changes such as these are never easy for consumers and communities. We appreciate the loyalty of associates and customers in the Midwest sales business over the past three decades. We have been and will continue to leverage the learnings from our 30-year legacy of online grocery to enable each of the brands to grow its omnichannel business on the East Coast.”

The announcement is expected to affect approximately 500 associates in the greater Chicago, Indianapolis and Milwaukee markets. Associates affected by this announcement will be eligible to apply for other roles within Ahold Delhaize USA companies. Eligible associates will be offered severance and transition support services.

“As we’ve previously shared, to continue our strong track record of sales growth and market share gains, we are accelerating our growth and expanding the leadership positions of our businesses in our East Coast markets,” added Holt. “This move will enable us to fully focus on markets where we have strong store density, leading market share, and a longstanding heritage of customer loyalty.”

Related to the closure, Ahold Delhaize expects no significant impact to reported operating profits or free cash flow. In addition, this announcement does not impact Ahold Delhaize USA's commitment to its previously stated 30 percent eCommerce growth in 2020.

With over 450 associates located in Chicago and in offices with Ahold Delhaize USA's East Coast brands, Peapod Digital Labs will remain focused on enabling Ahold Delhaize USA's local brands to deliver leading omnichannel experiences for their customers and will deploy a new proprietary eCommerce platform for the local brands of Ahold Delhaize USA, which was built in the Chicago office.

"Chicago will remain the headquarters for our Peapod Digital Labs team, and we will continue to draw from the valuable pool of digital and eCommerce talent in the market," said JJ Fleeman, President, Peapod Digital Labs and Chief eCommerce Officer.

"Through Peapod Digital Labs, we will continue to build upon Peapod's technology legacy. Peapod began here, and we will remain here, in the heart of Chicago. We look forward to honoring and leveraging Peapod's longstanding legacy of expertise in online grocery and fully focusing our team's energy and talent on supporting the growth of each of the East Coast brands."

The first online grocer in the U.S., Peapod was acquired by Ahold USA in 2000. Peapod's grocery delivery technology and innovation is the basis and inspiration for technologies, which are now leveraged by the East Coast Brands of Ahold Delhaize USA. Peapod technologies that will continue to be used for eCommerce and omnichannel growth through Peapod Digital Labs include: order routing technology for same-day and next-day delivery, a back-end order selection application to support the U.S. brands' nearly 700 click-and-collect locations, and new loyalty programs with the ability to integrate in-store and online shopping.

Considered together, the companies of Ahold Delhaize USA comprise the largest grocery retail group on the East Coast and the fourth largest group in the nation, with nearly 2,000 retail stores and more than 6 million annualized online grocery orders.

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About Ahold Delhaize USA

Ahold Delhaize USA, a division of Zaandam-based Ahold Delhaize, is the parent company for Ahold Delhaize's U.S. companies, including its local brands, Food Lion, Giant Food, GIANT/MARTIN'S, Hannaford and Stop & Shop, as well as online grocery retailer Peapod, Retail Business Services, a U.S. support services company providing services to the brands, and Peapod Digital Labs, its eCommerce engine. When considered together, the local brands of Ahold Delhaize USA comprise the largest grocery retail group on the East Coast and the fourth largest grocery retail group in the nation, operating more than 2,000 stores and distribution centers across 23 states and

serving millions of customers each week through a wide variety of store formats with thousands of food and non-food items.

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