Peapod

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• Peapod has a unique set of strengths in online
• Our strategy for growth
Peapod has always been innovative, since 1989

- Peapod founded
- Peapod launches its website
- Royal Ahold acquires Peapod
- Peapod enters Washington, DC
- Peapod enters Manhattan
- First Pick-up Point opened
- Peapod Mobile app launched
- Lake Zurich, IL distribution center opens
- Peapod by S&S Home Delivery begins
- In-store picking with Jewel Foods
- Peapod enters Philadelphia
- Peapod Propulsion Labs opened
- Pod Pass introduced

Timeline:
- 1989: Peapod founded
- 1990: Peapod launches its website
- 1996: Royal Ahold acquires Peapod
- 1998: Peapod enters Washington, DC
- 2000: Peapod enters Manhattan
- 2001: First Pick-up Point opened
- 2003: Peapod Mobile app launched
- 2007: Lake Zurich, IL distribution center opens
- 2009: Peapod enters Philadelphia
- 2010: Peapod Propulsion Labs opened
- 2012: Pod Pass introduced
Peapod has a unique set of strengths to win online

- Strong online brands in dense urban markets
- Easy and inspirational online shopping experience
- Broad range of high quality products
- Serving customers anyhow, anytime, anywhere
- Operational excellence in online (fresh) food

![Peapod Logo]

![Peapod Delivery Vehicle]

![Peapod Fulfillment Center]

![Peapod Technology Solutions]
Strong brand and established customer loyalty

Robust customer KPIs

- 75% Brand Awareness in established markets
- 500K active, unique customers
- Average customer orders 17 times per year
- 84% Overall Satisfaction
- 83% Likely to Recommend

Key Brand Equity Attributes for: Reliable, Innovative, Great Customer Service, “Makes my life easier”
The Peapod network: attractive dense urban markets

- More than **50 million** people
- **17%** of US population
Peapod has proven business model in mature home delivery markets

New England:

- **125,000** customers
- **$155 million** sales

2014E EBITDA of 2-3% in mature home delivery markets

2014E EBITDA unprofitable including investments in growth
Easy and inspirational shopping experiences
Broad range of high quality products

Offering 12,000 - 18,000* SKU’s

Fresh/Frozen products representing 40% of total sales

Own brands offering organic & value propositions

Local specialties per market

*New Jersey warehouse
Serving customers anyhow, anytime, anywhere

Shop Anywhere, Anytime

Brick & Mortar Stores

Pick-Up Point

Home Delivery

Strong Offering

Loyalty Card

Single Customer ID is the centerpiece
Serving customers anyhow, anytime, anywhere

One day, the person at the grocery store told my mom that soon they will close the store and rebuild it. That was bad because there weren't many other stores close. And the stores close where expensive, so we had to find a new store. My mom went looking for a new store, but she couldn't find one. But finally, my mom found something called the Peapod. The Peapod is a giant food service that brings food to our house in a truck. Now we are still using it.
Operational excellence in fresh food fulfillment

Peapod video
Peapod – Unique Transportation Technology

- Proprietary ICT systems
- Route 3,600,000+ orders/year
- Creating 150,000+ optimized routes

Directed Driver Workflow

Guide each aspect of a drivers day from start to end; driving efficiency through all phases
Maximize potential through our online growth strategy

More customers
Market share and market growth

More places
Well-positioned for geographical expansion

More choices
Continue to expand quality, ranges, value and choices for our customers and our partners
Market share and market growth

• Total local grocery market $130 bn

• Online grocery market less than 2% today

• Peapod 2014 sales $590 mn

• Peapod share of total grocery market <0.5% (2% in its best areas)

• Increase share B2B (currently 6%)
Geographical expansion

- **Optimize** PUP network
- **Expand in** the Midwest
- **Build market share in** NYC

Ahold Online Strategy
Quality, range, value and choice

Roll out podpass

Expand Assortment

New Mobile Consumer Interface

Continuous Improvement Customer Service

Chicago’s Best Launched 2011
37 vendors in 12 categories

New York’s Best Launched 2014
12 vendors in 6 categories
Conclusion

- Strong foundation and expertise built over past 25 years
- Significant room for growth in existing and new markets
- Investing to accelerate innovation and improve shopping experience
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