# Summary Report
## Fourth quarter and Full year 2017

**Ahold Delhaize reports a strong fourth quarter with further margin expansion and raises dividend for 2017 to €0.63, up 10.5%**

- Net sales of €15.8 billion, up 1.6% at constant exchange rates
- Net income increased by 318.0% to €744 million, up 377.9% at constant exchange rates
- Pro forma net sales of €15.8 billion, up 2.5% at constant exchange rates
- Pro forma net consumer online sales up 23.2% at constant exchange rates
- Pro forma underlying operating margin up 0.1%-point, for full year 2017 up 0.2%-point
- Integration substantially completed, with synergies driving strong margin delivery in the U.S.
- Strong free cash flow of €903 million, up €47 million, €1.9 billion free cash flow for 2017, up 40%
- Proposed dividend of €0.63, up 10.5% compared to 2016

*Zaandam, the Netherlands, February 28, 2018* – Ahold Delhaize, one of the world's largest food retail groups and a leader in both supermarkets and e-commerce, continued its strong performance during the fourth quarter of 2017.

Dick Boer, CEO of Ahold Delhaize, said: "2017 was the first full year as Ahold Delhaize, one in which we substantially completed the integration. We delivered synergies ahead of schedule and continued to show underlying operating margin expansion with stable or increasing market share in our major markets.

"In a dynamic environment, our great local brands delivered strong results, tapping into changing consumer behavior. We grew our online consumer sales by more than 20%, with already €1.2 billion sales in food online. In 2017 we realized €2.8 billion online consumer sales and are well on track realizing nearly €5 billion by 2020. We are expanding our digital capabilities in all our brands and are rolling out successful customer loyalty programs. In 2017 we sent out close to 2.5 billion personalized offers, which we expect to increase significantly in 2018.

"We are investing to make shopping more convenient, introducing new technologies to improve the customer experience and further ease the check-out process, as we live up to our promise to be a better place to shop. We also are stepping up our focus on fresh inspiration as customers are increasingly looking for healthier options, organic products and locally grown produce, which will help us to reach our target of 50% healthy products in own brand sales by 2020.

"Both Ahold USA and Delhaize America reported strong underlying operating margins, driven by synergies. Inflation remained at low levels and volumes at Food Lion continued to benefit from the implementation of its "Easy, Fresh and Affordable" program that has now been rolled out to more than half of its store base. Hannaford reported its 15th consecutive quarter with positive comparable sales growth.

"In the Netherlands, the supermarkets and our online businesses showed strong sales performance, supported by successful commercial campaigns and a strong holiday season. Both ah.nl and bol.com reported record sales in December, benefiting from investments in 2017 to increase capacity in their fulfillment centers.

"In Belgium, new leadership is in place and developing plans to improve commercial, logistical and operational performance. In Central and Southeastern Europe, the good performance in all four markets was partly offset by Greece, where comparable sales reflect a competitive landscape that is normalizing compared to 2016.

"We are making good progress deploying our Better Together strategy and are on track implementing our brand-centric organization at Ahold Delhaize USA, which we expect to be completed by the end of the first quarter of 2018. The synergy delivery is ahead of schedule, with €268 million net synergies realized for the year.

"In 2017 we delivered a strong free cash flow of €1.9 billion, allowing us to continue to invest in our store network, grow our omni-channel offering and further develop digital capabilities, providing customers with a unique and competitively priced offer. We will return a record €2 billion through our share buyback program for 2018, while maintaining our strong financial foundation and commitment to continually invest across our business.

"We are pleased to propose a €0.63 dividend to our shareholders, an increase of 10.5% compared to 2016, reflecting our ambition of sustainable growth of the dividend per share."

# Group performance

## Group performance on an IFRS basis

| € million, except per share data | Q4 2017 | Q4 2016 | % change | % change constant rates | 2017 | 2016[1] | % change | % change constant rates |
|---|---|---|---|---|---|---|---|---|
| Net sales | 15,763 | 16,359 | (3.6)% | 1.6% | 62,890 | 49,695 | 26.6% | 28.9% |
| Operating income | 564 | 536 | 5.2 % | 12.0% | 2,225 | 1,584 | 40.5% | 43.4% |
| Income from continuing operations[2] | 744 | 179 | 315.6 % | 376.6% | 1,817 | 830 | 118.9% | 125.0% |
| Net income[2] | 744 | 178 | 318.0 % | 377.9% | 1,817 | 830 | 118.9% | 125.0% |
| Basic income per share from continuing operations | 0.60 | 0.14 | 328.6 % | 392.3% | 1.45 | 0.81 | 79.0% | 83.8% |
| Free cash flow[3] | 903 | 856 | 5.5 % | 11.6% | 1,926 | 1,441 | 33.7% | 38.0% |

1. *Results from former Delhaize segments are included as of July 24, 2016.*
2. *Income from continuing operations and net income in 2016 included one-off finance costs of €243 million relating to the buy-back of the JPY33 billion notes. Furthermore 2017 reflects the decrease in income tax expenses as a result of income tax rate changes as a consequence of the U.S. and Belgium tax reforms.*
3. *Free cash flow is an alternative performance measure. For a description of alternative performance measures, refer to section* Use of alternative performance measures *at the end of this report.*

## Group performance on a pro forma basis

| € million, except per share data | Pro forma Q4 2017 | Pro forma Q4 2016 | % change | % change constant rates | Pro forma 2017 | Pro forma 2016 | % change | % change constant rates |
|---|---|---|---|---|---|---|---|---|
| Net sales | 15,763 | 16,216 | (2.8)% | 2.5% | 62,694 | 62,331 | 0.6% | 1.7% |
| Operating income | 559 | 526 | 6.3 % | 12.7% | 2,236 | 1,974 | 13.3% | 14.9% |
| Income from continuing operations[1] | 744 | 176 | 322.7 % | 384.0% | 1,828 | 1,078 | 69.6% | 72.7% |
| Basic income per share from continuing operations[2] | 0.60 | 0.14 | 328.6 % | 400.0% | 1.46 | 0.85 | 71.8% | 75.9% |
| Underlying EBITDA | 1,081 | 1,092 | (1.0)% | 4.7% | 4,247 | 4,063 | 4.5% | 5.9% |
| Underlying EBITDA margin | 6.9% | 6.7% | | | 6.8% | 6.5% | | |
| Underlying operating income | 631 | 635 | (0.6)% | 5.2% | 2,456 | 2,298 | 6.9% | 8.4% |
| Underlying operating margin | 4.0% | 3.9% | | | 3.9% | 3.7% | | |
| Underlying income per share from continuing operations[1] | 0.32 | 0.34 | (5.9)% | 0.0% | 1.27 | 1.17 | 8.5% | 10.4% |

1. *Income from continuing operations and net income in 2016 included one-off finance costs of €243 million relating to the buy-back of the JPY33 billion notes. Furthermore 2017 reflects the decrease in income tax expenses as a result of income tax rate changes as a consequence of the U.S. and Belgium tax reforms.*
2. *For more information on the (underlying) income per share from continuing operations, refer to table on page 32.*

# Performance by segment

## Ahold USA

| € million | Q4 2017 | Q4 2016 | % change | % change constant rates | 2017 | 2016 | % change | % change constant rates |
|---|---|---|---|---|---|---|---|---|
| Net sales | 5,566 | 6,134 | (9.3)% | (0.7)% | 23,045 | 23,845 | (3.4)% | (1.5)% |
| Operating income | 209 | 234 | (10.7)% | (2.8)% | 821 | 818 | 0.4 % | 2.7 % |

## Ahold USA on a pro forma basis

| | Pro forma Q4 2017 | Pro forma Q4 2016 | % change | % change constant rates | Pro forma 2017 | Pro forma 2016 | % change | % change constant rates |
|---|---|---|---|---|---|---|---|---|
| $ million | | | | | | | | |
| Net sales | 6,555 | 6,485 | 1.1 % | | 25,823 | 25,790 | 0.1 % | |
| € million | | | | | | | | |
| Net sales | 5,566 | 6,025 | (7.6)% | 1.1% | 22,894 | 23,316 | (1.8)% | 0.1 % |
| Underlying EBITDA | 393 | 411 | (4.4)% | 4.5% | 1,601 | 1,591 | 0.6 % | 2.7 % |
| Underlying EBITDA margin | 7.1% | 6.8 % | | | 7.0 % | 6.8% | | |
| Underlying operating income | 234 | 239 | (2.1)% | 7.2% | 943 | 921 | 2.4 % | 4.6 % |
| Underlying operating margin | 4.2% | 4.0 % | | | 4.1 % | 4.0% | | |
| Comparable sales growth | 1.1% | (0.4)% | | | 0.4 % | 0.0% | | |
| Comparable sales growth excluding gasoline | 0.6% | (0.5)% | | | 0.0 % | 0.7% | | |

In the fourth quarter of 2017, pro forma net sales at Ahold USA increased by 1.1% at constant exchange rates to €5,566 million. Sales growth excluding gasoline was 0.6% and comparable sales excluding gas increased by 0.6%, slightly higher after adjusting for weather and holiday shifts compared to the previous quarter. Market share is expected to be stable compared to last year. Price inflation was 1.1%, broadly in line with the previous quarter.

During the quarter, Giant Carlisle opened eight new in-store Beer & Wine Eatery locations, each offering domestic and international wines as well as a wide assortment of craft, domestic and imported beer and a variety of eat-in and take-out food selections. The expanded assortment is valued by our customers and driving increased transactions. At year end, Giant Carlisle operated 54 of these eateries.

Peapod raised its customer satisfaction score by improving key drivers such as on-time delivery, available delivery slots, in-stock items, value perception and the user-friendliness of its website.

Ahold USA's pro forma underlying operating margin was 4.2%, up 0.2 percentage points from the same quarter last year. During the quarter, strong synergy savings and "save for our customers" programs were partly offset by lower pharmacy margins, cost pressures in produce and increased promotional spend.

### Delhaize America

| € million | Q4 2017 | Q4 2016 | % change | % change constant rates | 2017 | 2016 | % change | % change constant rates |
|---|---|---|---|---|---|---|---|---|
| Net sales | 3,683 | 3,978 | (7.4)% | 1.2% | 15,395 | 7,065 | 117.9% | 124.3% |
| Operating income | 128 | 115 | 11.3 % | 23.8% | 550 | 218 | 152.3% | 160.3% |

1. *Results from Delhaize America are included as of July 24, 2016.*

### Delhaize America on a pro forma basis

| | Pro forma Q4 2017 | Pro forma Q4 2016 | % change | % change constant rates | Pro forma 2017 | Pro forma 2016 | % change | % change constant rates |
|---|---|---|---|---|---|---|---|---|
| $ million | | | | | | | | |
| Net sales | 4,337 | 4,276 | 1.4 % | | 17,371 | 17,156 | 1.3 % | |
| € million | | | | | | | | |
| Net sales | 3,683 | 3,969 | (7.2)% | 1.4% | 15,395 | 15,501 | (0.7)% | 1.3 % |
| Underlying EBITDA | 275 | 271 | 1.5 % | 10.6% | 1,101 | 1,030 | 6.9 % | 9.1 % |
| Underlying EBITDA margin | 7.5% | 6.8% | | | 7.2% | 6.6% | | |
| Underlying operating income | 148 | 141 | 5.0 % | 14.7% | 595 | 538 | 10.6 % | 13.2 % |
| Underlying operating margin | 4.0% | 3.6% | | | 3.9% | 3.5% | | |
| Comparable sales growth | 1.5% | 2.2% | | | 1.3% | 2.1% | | |

In the fourth quarter of 2017, pro forma net sales at Delhaize America increased by 1.4% to €3,683 million at constant exchange rates. Comparable sales grew by 1.5% with both Food Lion and Hannaford reporting positive comparable sales growth, and market share is expected to increase compared to last year. Food Lion continued to benefit from the roll-out of the "Easy, Fresh and Affordable" program in the Charlotte market last year and the Richmond and Greensboro markets this year. Price inflation at 0.7%, was broadly similar to the previous quarter.

Food Lion also successfully completed the pilot of its "Shop & Earn" digital loyalty program, which offers customers the opportunity to receive personalized savings on the products and categories they shop the most. The program will be rolled out to all markets in the first quarter of 2018.

At Hannaford, the "My Hannaford Rewards" loyalty program became available to more stores during the quarter, with the company-wide launch in January 2018. The program is a reinvention of grocery store loyalty programs providing further incentives to customers for buying own-brand items, in addition to the already low prices.

During the quarter Hannaford also further expanded its Hannaford To Go "click and collect" service, which provides a convenient solution to customers with same-day pick-up at their local Hannaford store.

Delhaize America’s pro forma underlying operating margin was 4.0%, up 0.4 percentage points from the same quarter last year, as a result of strong synergy savings as well as "save for our customers" programs that were partly offset by wage increases and increased depreciation expenses mostly related to "Easy, Fresh and Affordable" investments at Food Lion.

## The Netherlands

| € million | Q4 2017 | Q4 2016 | % change | 2017 | 2016 | % change |
|---|---|---|---|---|---|---|
| Net sales | 3,673 | 3,471 | 5.8% | 13,706 | 13,101 | 4.6% |
| Operating income | 167 | 135 | 23.7% | 669 | 578 | 15.7% |

## The Netherlands on a pro forma basis

| € million | Pro forma Q4 2017 | Pro forma Q4 2016 | % change | Pro forma 2017 | Pro forma 2016 | % change |
|---|---|---|---|---|---|---|
| Net sales | 3,673 | 3,451 | 6.4% | 13,672 | 13,015 | 5.0 % |
| Underlying EBITDA | 250 | 245 | 2.0% | 966 | 917 | 5.3 % |
| Underlying EBITDA margin | 6.8% | 7.1% | | 7.1% | 7.0% | |
| Underlying operating income | 174 | 170 | 2.4% | 674 | 629 | 7.2 % |
| Underlying operating margin | 4.7% | 4.9% | | 4.9% | 4.8% | |
| Comparable sales growth | 6.0% | 6.0% | | 4.5% | 4.1% | |

Pro forma net sales of €3,673 million increased by 6.4% compared to the previous year. Comparable sales grew by 6.0%, compared to a strong quarter last year, with a positive calendar impact at year end 2017. Albert Heijn ran successful commercial campaigns and had a very strong holiday season, both in the supermarkets and online, increasing its full year market share compared to last year.

During the quarter Albert Heijn piloted "tap to go" technology at AH to go, allowing customers to pay for items without going through the checkout. The technology provides customers with a fast, efficient shopping experience by using a card or, in the near future, a smartphone. It will be rolled out to other AH to go stores in the Netherlands during 2018.

Bol.com and ah.nl reported another strong quarter of sales growth that was particularly strong during the holiday period. At bol.com, the introduction of “Singles Day” in addition to "Black Friday" and the traditional holidays resulted in record breaking sales. Full-year net consumer sales of bol.com reached €1.6 billion. Ah.nl, meanwhile, rolled out its subscription model nationally and the capacity added during the year allowed for a record number of orders to be delivered in the holiday period.

The pro forma underlying operating margin of the Netherlands was 4.7%, down 0.2 percentage points from the fourth quarter last year. The margin excluding bol.com was 5.4%. This was flat versus the same quarter last year, as a result of synergy savings, and other savings programs, as well as good cost control offset by increased pension charges.

## Belgium

| € million | Q4 2017 | Q4 2016 | % change | 2017 | 2016 | % change |
|---|---|---|---|---|---|---|
| Net sales | 1,290 | 1,285 | 0.4 % | 4,953 | 2,199 | 125.2% |
| Operating income | 12 | 23 | (47.8)% | 86 | 51 | 68.6% |

1. *Results from Belgium are included as of July 24, 2016.*

## Belgium on a pro forma basis

| € million | Pro forma Q4 2017 | Pro forma Q4 2016 | % change | Pro forma 2017 | Pro forma 2016 | % change |
|---|---|---|---|---|---|---|
| Net sales | 1,290 | 1,280 | 0.8 % | 4,942 | 4,942 | 0.0 % |
| Underlying EBITDA | 50 | 66 | (24.2)% | 256 | 266 | (3.8)% |
| Underlying EBITDA margin | 3.9% | 5.2 % | | 5.2 % | 5.4% | |
| Underlying operating income | 13 | 30 | (56.7)% | 110 | 121 | (9.1)% |
| Underlying operating margin | 1.0% | 2.3 % | | 2.2 % | 2.4% | |
| Comparable sales growth | 0.0% | (0.9)% | | (0.2)% | 1.7% | |

Pro forma net sales in Belgium were €1,290 million, up 0.8% versus the same quarter last year. Comparable sales were flat versus last year, and adjusted for having two less sales days versus last year, comparable sales growth was positive in the quarter. The affiliated stores and the stores in Luxembourg continued to perform well during the quarter, and all stores (including the company-owned supermarkets) had a good holiday sales performance.

Delhaize.be, our online business in Belgium, grew home delivery sales and customer satisfaction increased as a result of higher product availability and on-time delivery following further improvements in fulfillment and logistics.

Pro forma underlying operating margin was 1.0%, down 1.3 percentage points compared to last year. Gross margin was impacted by increased promotional activities, higher shrink in company-operated supermarkets and higher logistical costs, while operating expenses were mainly impacted by higher staff costs.

### Central and Southeastern Europe (CSE)

| € million | Q4 2017 | Q4 2016 | % change | % change constant rates | 2017 | 2016 | % change | % change constant rates |
|---|---|---|---|---|---|---|---|---|
| Net sales | 1,551 | 1,491 | 4.0% | 2.3% | 5,791 | 3,485 | 66.2% | 63.9% |
| Operating income | 80 | 75 | 6.7% | 6.4% | 236 | 125 | 88.8% | 88.6% |

1. *Results from former Delhaize entities in Central and Southeastern Europe (Greece, Romania and Serbia) are included as of July 24, 2016.*

### Central and Southeastern Europe (CSE) on a pro forma basis

| € million | Pro forma Q4 2017 | Pro forma Q4 2016 | % change | % change constant rates | Pro forma 2017 | Pro forma 2016 | % change | % change constant rates |
|---|---|---|---|---|---|---|---|---|
| Net sales | 1,551 | 1,491 | 4.0% | 2.3% | 5,791 | 5,557 | 4.2% | 3.4% |
| Underlying EBITDA | 128 | 114 | 12.3% | 11.9% | 403 | 378 | 6.6% | 6.1% |
| Underlying EBITDA margin | 8.3% | 7.6% | | | 7.0% | 6.8% | | |
| Underlying operating income | 84 | 75 | 12.0% | 11.7% | 242 | 231 | 4.8% | 4.5% |
| Underlying operating margin | 5.4% | 5.0% | | | 4.2% | 4.2% | | |
| Comparable sales growth | 0.2% | 3.4% | | | 0.9% | 5.5% | | |
| Comparable sales growth excluding gasoline | 0.3% | 3.5% | | | 1.0% | 5.7% | | |

Pro forma net sales increased by 2.3% to €1,551 million at constant exchange rates. Net sales growth in the fourth quarter resulted from comparable sales growth of 0.2% and the net addition of 112 stores compared to a year ago. Comparable sales growth was driven by the strong performance of Romania, Czech Republic and Serbia. In Greece, comparable sales growth was negative and reflected a normalization of market circumstances, which in the prior two years were impacted by competitive disruptions.

In November our brand in Romania, Mega Image, launched its own online store providing customers in the Bucharest area with home delivery and in-store pick-up.

CSE's pro forma underlying operating margin increased by 0.4 percentage points to 5.4%. Margins increased in the whole region mainly driven by an improved sales mix, positive leverage and higher vendor income. This, coupled with strong cost control, has more than offset the effect of wage increases.

### Global Support Office on a pro forma basis

| € million | Pro forma Q4 2017 | Pro forma Q4 2016 | % change | % change constant rates | Pro forma 2017 | Pro forma 2016 | % change | % change constant rates |
|---|---|---|---|---|---|---|---|---|
| Underlying operating loss | (22) | (20) | (10.0)% | 0.5% | (108) | (142) | 23.9% | 24.9% |
| Underlying operating loss excluding insurance activities | (41) | (43) | 4.7 % | 4.5% | (148) | (165) | 10.3% | 10.2% |

Pro forma underlying Global Support Office costs were €22 million, €2 million higher than the prior year. Excluding insurance activities, underlying costs were €41 million compared with €43 million in Q4 2016.

## Synergy savings

Ahold Delhaize remains committed to delivering net synergies of €500 million in 2019, incremental to underlying operating income, resulting from the integration of the two companies. Total identified gross synergies are €750 million, of which €250 million are to be reinvested in our brands.[1] The expected synergies are to be delivered in addition to the "save for our customers" programs in the brands. For the full year 2017 net cumulative synergies amounted to €268 million.

In addition to synergies from efficiencies in our buying activities across all parts of the Group, integration of the two corporate head offices into one Global Support Office has thus far resulted in synergies of €31 million for the full year 2017. In the United States, the implementation of the brand-centric operating model in which the brands will be supported by Retail Business Services – which enables efficiencies in back office and support functions, and builds retail expertise in own brand, digital and IT - is progressing well, and is expected to be completed by the end of the first quarter of 2018.

In 2017, the following net synergy savings have been delivered:

| € million | Q4 2017 | Q4 2016 | 2017 | 2016 |
|---|---|---|---|---|
| United States | 51 | 8 | 159 | 8 |
| Europe | 25 | 7 | 78 | 7 |
| Global Support Office | 7 | 4 | 31 | 7 |
| **Ahold Delhaize Group** | **83** | **19** | **268** | **22** |

Pro forma operating income in the fourth quarter included €13 million (Q4 YTD €107 million) of integration costs.

*1. Amounts are based on HY1 2017 exchange rates.*

## Financial review IFRS

**Fourth quarter 2017 (compared to fourth quarter 2016)**

Operating income increased by €28 million to €564 million. Operating income, after adjusting for impairments of €29 million (Q4 2016: €29 million); restructuring and related charges of €41 million (Q4 2016: €92 million); and the gain on sale of assets of €3 million (Q4 2016: €20 million), resulted in underlying operating income of €631 million (down €6 million from Q4 2016). Impairments are mainly related to the closure of bfresh locations and operating stores at Ahold USA. The restructuring and related charges of €41 million included €13 million of integration costs related to the merger between Ahold and Delhaize, €10 million related to the setup of the U.S. brand-centric organization, €7 million related to the closure of bfresh locations at Ahold USA, €4 million related to the closure of stores in Germany, and €5 million related to a pension plan amendment. The integration costs included a one-time €25 million benefit related to an alignment of pension benefits at our U.S. operations.

Income from continuing operations was €744 million; €565 million higher than last year. This follows from the increase in operating income of €28 million, lower financial expenses of €259 million and a decrease in income taxes of €281 million, offset by lower income from joint ventures of €3 million. The decrease in the financial expenses is mainly due to the one-off finance costs of €243 million relating to the buy back of the JPY33 billion notes in Q4 2016. The decrease in income tax expense in 2017 is mainly the result of income tax rate changes as a consequence of the U.S. and Belgian tax reforms.

Free cash flow of €903 million increased by €47 million compared to Q4 2016. This increase is mainly driven by higher cash generated from operations of €110 million, lower interest paid of €22 million, lower purchases of non-current assets of €49 million, and higher dividends received from joint ventures of €52 million, partly offset by higher income taxes paid of €161 million and lower proceeds from divestments of assets of €27 million.

Net debt decreased in Q4 2017 by €721 million to €2,503 million, which is mainly a result of our free cash flow of €903 million, partly offset by the share buyback of €170 million.

**Full year 2017 (compared to full year 2016)**

Operating income increased by €641 million to €2,225 million. Recorded in operating income are restructuring and related charges of €214 million (2016: €233 million) and impairments of €64 million (2016: €104 million), offset by a gain on the sale of assets of €47 million (2016: €22 million), which collectively total €231 million (2016: €315 million) and are adjusted to arrive at underlying operating income of €2,456 million (2016: €1,899 million).

Income from continuing operations was €1,817 million; €987 million higher than last year. This reflects the increase in operating income of €641 million, lower net financial expenses of €244 million, lower income taxes of €101 million and higher income from joint ventures of €1 million.

Free cash flow was €1,926 million; €485 million higher than last year. The increase is mainly due to higher cash generated from operations of €1,008 million, higher dividends received from joint ventures of €51 million, higher proceeds from divestment of assets of €38 million and higher interest received of €17 million, partly offset by higher capital expenditures of €396 million, higher income taxes paid of €206 million and higher interest paid of €27 million.

In 2017, gross debt decreased by €311 million to €7,250 million, primarily due to the redemption of £250 million and $172 million notes on maturity, the weakening of the U.S. dollar against the euro, and regular payments on finance lease and financing transaction liabilities. This was partially offset by the issuance of a €750 million bond.

Ahold Delhaize's net debt was €2,503 million as of December 31, 2017 – a decrease of €741 million from January 1, 2017. The decrease in gross debt (€311 million) and our strong free cash flow generation (€1,926 million), were mainly offset by the completion of the €1 billion share buyback and payment of common stock dividend (€720 million).

## Financial review pro forma

**Fourth quarter 2017 (compared to fourth quarter 2016)**

Pro forma underlying operating income was €631 million, €4 million lower than last year. Pro forma underlying operating margin was 4.0%, up 0.1% percentage points from last year.

Pro forma operating income increased by €33 million to €559 million. Recorded in operating income are restructuring and related charges of €41 million, impairments of €32 million and gain on sale of assets of €1 million, which total €72 million and are adjusted to arrive at the pro forma underlying operating income. Impairments are mainly related to the closure of bfresh locations and operating stores at Ahold USA. The restructuring and related charges of €41 million included €13 million of integration costs related to the merger between Ahold and Delhaize, €10 million related to the setup of the U.S. brand-centric organization, €7 million related to the closure of bfresh locations at Ahold USA, €4 million related to the closure of stores in Germany and €5 million related to a pension plan amendment. The integration costs included a one-time €25 million benefit related to an alignment of pension benefits at our U.S. operations.

Pro forma income from continuing operations was €744 million, €568 million higher than last year, as a result of the increase in pro forma operating income of €33 million, the decrease in financial expenses of €259 million and the decrease in income taxes of €280 million. The decrease in the financial expenses is mainly due to the one-off finance costs of €243 million relating to the buy back of the JPY33 billion notes in Q4 2016. The decrease in income tax expense in 2017 is mainly the result of income tax rate changes as a consequence of the U.S. and Belgian tax reforms.

# Basis of preparation - Management report

This report includes information presented in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union, and information presented on a pro forma basis ("pro forma information").

In 2017, the reporting calendars of Ahold and Delhaize were aligned and Ahold Delhaize now uses a 4/4/5-week calendar, resulting in four 13-week quarters. The 2016 quarterly information included in this report has been compiled using the new 13-week quarters to align the historical 2016 quarterly results with the 4/4/5-week pattern and to provide a revised comparative basis for assessing the company's performance.

See *Note 2* of the interim financial statements for more information on the basis of presentation of the IFRS information. For more information on the basis of presentation of the pro forma information, refer to the pro forma information as published on April 13, 2017 ("Pro forma booklet").

### Pro forma information

The pro forma information in this report is presented to give effect to the merger of Ahold and Delhaize as if it had occurred on the first day of Ahold's 2015 financial year, using the fair values established as of July 23, 2016 (the merger date), as the basis for the purchase price allocation effects. The pro forma information is not intended to revise past performance, but instead to provide a comparative basis for the assessment of current performance. The pro forma information represents a hypothetical situation and does not purport to represent what Ahold Delhaize's actual result of operations would have been, should the merger with Delhaize actually have occurred at the beginning of Ahold's 2015 financial year, nor are they necessarily indicative of future results of Ahold Delhaize.

The reconciliation of the Q4 2017 IFRS numbers to the Q4 2017 pro forma numbers is included in the section *Pro forma financial information*, commencing on page 33 of this press release. The reconciliation of IFRS numbers to pro forma numbers for Q4 2016 is included in the Pro forma booklet.

### 2018 reporting

As of the first quarter of 2018, the Ahold USA and Delhaize America segments will be combined into one reporting segment for the United States, following the restructuring and set up of the brand-centric organization in the United States, with one parent company, Ahold Delhaize USA, led by CEO Kevin Holt as of January 1, 2018.

Since online is becoming a more substantial part of our business, we will as of the first quarter 2018 provide more detail on online sales, publishing net consumer online sales and net online sales per reporting segment.

As of the first quarter of 2018, Ahold Delhaize will no longer publish pro forma results, as 2017 as a comparable year was already a full year after completion of the merger. Where published pro forma numbers for 2017 differ materially from non-pro forma numbers, this will be explained in the narrative or footnotes.

## Outlook

We confirm our target for 2018 of realizing €420 million net synergies, including €268 million realized in 2017, and we remain confident to reach €750 million of gross synergies for 2019, of which €250 million will be reinvested in addition to our "save for our customers" savings.

Free cash flow of €1.9 billion was exceptionally strong in 2017 and we expect free cash flow in 2018 to be at a similar level after taking into account a cash benefit of around €200 million resulting from the U.S. tax reforms. Working capital improved by €131 million in 2017 and we expect to fully deliver our targeted improvement of €175 million in 2018, compared to 2016.

Our capital expenditure is expected to increase to €1.9 billion in 2018, focused on improving our store network, expanding our omni-channel offering and further developing our digital capabilities.

Following tax reforms in the U.S. and Belgium, we expect the effective tax rate for the Group to move to the low 20% range going forward.

## Dividend per share

We propose a cash dividend of €0.63 for the financial year 2017, an increase of 10.5% compared to 2016, reflecting our ambition of sustainable growth of the dividend per share. This represents a payout ratio of 47%, based on the expected dividend payment on pro forma underlying income from continuing operations.

## Auditor's involvement

The full year 2017 and 2016 information in the summary financial statements, as set out on pages 12 to 26 of this summary report, is based on Ahold Delhaize's 2017 Financial Statements, as included in the 2017 Annual Report (the Financial Statements), published on February 28, 2018. In accordance with article 2:395 of the Netherlands Civil Code, we state that our auditor, PricewaterhouseCoopers Accountants N.V., has issued an unqualified opinion on the Financial Statements, dated February 27, 2018. For a better understanding of the company's financial position and results and of the scope of the audit of PricewaterhouseCoopers Accountants N.V., this report should be read in conjunction with the Financial Statements. The General Meeting of Shareholders has not yet adopted the Financial Statements.

# Consolidated income statement

| € million, except per share data | Note | Q4 2017 | Q4 2016[1] | 2017 | 2016 |
|---|---|---|---|---|---|
| Net sales | 4 | 15,763 | 16,359 | 62,890 | 49,695 |
| Cost of sales | 5 | (11,578) | (12,025) | (46,121) | (36,317) |
| **Gross profit** | | **4,185** | **4,334** | **16,769** | **13,378** |
| | | | | | |
| Selling expenses | | (3,043) | (3,167) | (12,245) | (9,876) |
| General and administrative expenses | | (578) | (631) | (2,299) | (1,918) |
| Total operating expenses | 5 | (3,621) | (3,798) | (14,544) | (11,794) |
| | | | | | |
| **Operating income** | 4 | **564** | **536** | **2,225** | **1,584** |
| | | | | | |
| Interest income | | 9 | 6 | 32 | 15 |
| Interest expense | | (71) | (84) | (294) | (273) |
| Net interest expense on defined benefit pension plans | | (5) | (5) | (22) | (18) |
| Other financial income (expenses) | 10 | 1 | (242) | (13) | (265) |
| Net financial expenses | | (66) | (325) | (297) | (541) |
| | | | | | |
| **Income before income taxes** | | **498** | **211** | **1,928** | **1,043** |
| | | | | | |
| Income taxes | 6 | 235 | (46) | (146) | (247) |
| Share in income of joint ventures | | 11 | 14 | 35 | 34 |
| **Income from continuing operations** | | **744** | **179** | **1,817** | **830** |
| | | | | | |
| Loss from discontinued operations | | — | (1) | — | — |
| **Net income attributable to common shareholders** | | **744** | **178** | **1,817** | **830** |
| | | | | | |
| Net income per share attributable to common shareholders | | | | | |
| Basic | | 0.60 | 0.14 | 1.45 | 0.81 |
| Diluted | | 0.59 | 0.14 | 1.43 | 0.81 |
| Income from continuing operations per share attributable to common shareholders | | | | | |
| Basic | | 0.60 | 0.14 | 1.45 | 0.81 |
| Diluted | | 0.59 | 0.14 | 1.43 | 0.81 |
| Weighted average number of common shares outstanding (in millions) | | | | | |
| Basic | | 1,232 | 1,272 | 1,251 | 1,022 |
| Diluted | | 1,262 | 1,282 | 1,281 | 1,031 |
| Average U.S. dollar exchange rate (euro per U.S. dollar) | | 0.8491 | 0.9282 | 0.8868 | 0.9038 |

1. *Comparative balances have been restated to conform to the current year's presentation. See* Note 2.

# Consolidated statement of comprehensive income

| € million | Note | Q4 2017 | Q4 2016[1] | 2017 | 2016 |
|---|---|---|---|---|---|
| **Net income** | | **744** | **178** | **1,817** | **830** |
| Remeasurements of defined benefit pension plans | | | | | |
| Remeasurements before taxes - income (loss) | | 5 | 190 | 44 | (146) |
| Income taxes | 6 | (52) | (60) | (66) | 47 |
| Other comprehensive income (loss) that will not be reclassified to profit or loss | | (47) | 130 | (22) | (99) |
| Currency translation differences in foreign interests: | | | | | |
| Continuing operations | | (157) | 678 | (1,308) | 408 |
| Income taxes | | — | — | (1) | — |
| Cash flow hedges: | | | | | |
| Fair value result for the period | | 2 | (6) | (3) | (17) |
| Transfers to net income | | — | 216 | 1 | 179 |
| Income taxes | | (1) | (53) | — | (41) |
| Non-realized gains (losses) on financial investments available for sale | | | | | |
| Fair value result for the period | | — | (7) | 4 | (7) |
| Income taxes | | (1) | 1 | (1) | 1 |
| Other comprehensive income (loss) reclassifiable to profit or loss | | (157) | 829 | (1,308) | 523 |
| **Total other comprehensive income (loss)** | | **(204)** | **959** | **(1,330)** | **424** |
| **Total comprehensive income attributable to common shareholders** | | **540** | **1,137** | **487** | **1,254** |
| Attributable to: | | | | | |
| Continuing operations | | 540 | 1,138 | 487 | 1,254 |
| Discontinued operations | | — | (1) | — | — |
| **Total comprehensive income attributable to common shareholders** | | **540** | **1,137** | **487** | **1,254** |

1. *Comparative balances have been restated to conform to the current year's presentation. See* Note 2.

# Consolidated balance sheet

| € million | Note | December 31, 2017 | January 1, 2017 |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | | 10,689 | 11,770 |
| Investment property | | 650 | 727 |
| Intangible assets | | 11,634 | 12,547 |
| Investments in joint ventures and associates | | 230 | 274 |
| Other non-current financial assets | | 192 | 216 |
| Deferred tax assets | | 436 | 700 |
| Other non-current assets | | 70 | 64 |
| **Total non-current assets** | | **23,901** | **26,298** |
| Assets held for sale | 7 | 14 | 50 |
| Inventories | | 3,077 | 3,288 |
| Receivables | | 1,606 | 1,588 |
| Other current financial assets | | 238 | 677 |
| Income taxes receivable | | 154 | 36 |
| Prepaid expenses and other current assets | | 300 | 306 |
| Cash and cash equivalents | 9 | 4,581 | 4,032 |
| **Total current assets** | | **9,970** | **9,977** |
| **Total assets** | | **33,871** | **36,275** |
| **Equity and liabilities** | | | |
| **Equity attributable to common shareholders** | 8 | **15,170** | **16,276** |
| Loans | | 3,289 | 3,311 |
| Other non-current financial liabilities | | 2,098 | 2,527 |
| Pensions and other post-employment benefits | | 567 | 659 |
| Deferred tax liabilities | | 1,105 | 1,596 |
| Provisions | | 808 | 931 |
| Other non-current liabilities | | 529 | 578 |
| **Total non-current liabilities** | | **8,396** | **9,602** |
| Liabilities related to assets held for sale | | — | 9 |
| Accounts payable | | 5,277 | 5,389 |
| Other current financial liabilities | | 2,210 | 2,178 |
| Income taxes payable | | 136 | 87 |
| Provisions | | 355 | 383 |
| Other current liabilities | | 2,327 | 2,351 |
| **Total current liabilities** | | **10,305** | **10,397** |
| **Total equity and liabilities** | | **33,871** | **36,275** |
| Year-end U.S. dollar exchange rate (euro per U.S. dollar) | | 0.8330 | 0.9506 |

# Consolidated statement of changes in equity

| € million | Note | Share capital | Additional paid-in capital | Currency translation reserve | Cash flow hedging reserve | Other reserves including retained earnings | Equity attributable to common shareholders |
|---|---|---|---|---|---|---|---|
| **Balance as of January 3, 2016** | | **8** | **6,059** | **346** | **(123)** | **(668)** | **5,622** |
| Net income attributable to common shareholders | | — | — | — | — | 830 | **830** |
| Other comprehensive income (loss) | | — | — | 408 | 121 | (105) | **424** |
| Total comprehensive income attributable to common shareholders | | — | — | 408 | 121 | 725 | **1,254** |
| Dividends | | — | — | — | — | (429) | **(429)** |
| Issuance of shares | 8 | 5 | 10,756 | — | — | — | **10,761** |
| Capital repayment | 8 | — | (1,013) | — | — | 12 | **(1,001)** |
| Share-based payments | | — | — | — | — | 74 | **74** |
| Share in joint venture's transactions with non-controlling interests | | — | — | — | — | (5) | **(5)** |
| **Balance as of January 1, 2017** | | **13** | **15,802** | **754** | **(2)** | **(291)** | **16,276** |
| Net income attributable to common shareholders | | — | — | — | — | 1,817 | **1,817** |
| Other comprehensive loss | | — | — | (1,309) | (2) | (19) | **(1,330)** |
| Total comprehensive income (loss) attributable to common shareholders | | — | — | (1,309) | (2) | 1,798 | **487** |
| Dividends | 8 | — | — | — | — | (720) | **(720)** |
| Issuance of shares | 8 | — | 42 | — | — | — | **42** |
| Share buyback | 8 | — | — | — | — | (998) | **(998)** |
| Cancellation of treasury shares | 8 | (1) | (669) | — | — | 670 | **—** |
| Share-based payments | | — | — | — | — | 83 | **83** |
| **Balance as of December 31, 2017** | | **12** | **15,175** | **(555)** | **(4)** | **542** | **15,170** |

# Consolidated statement of cash flow

| € million | Note | Q4 2017 | Q4 2016[1] | 2017 | 2016 |
|---|---|---|---|---|---|
| Income from continuing operations | | 744 | 179 | 1,817 | 830 |
| Adjustments for: | | | | | |
| Net financial expenses | | 66 | 325 | 297 | 541 |
| Income taxes | | (235) | 46 | 146 | 247 |
| Share in income of joint ventures | | (11) | (14) | (35) | (34) |
| Depreciation, amortization and impairments | 5 | 479 | 486 | 1,857 | 1,464 |
| Gains on the sale of assets / disposal groups held for sale | 5 | (3) | (20) | (47) | (22) |
| Share-based compensation expenses | | 18 | 18 | 79 | 61 |
| Other changes to operating income | | (1) | (1) | (7) | — |
| Operating cash flows before changes in operating assets and liabilities | | 1,057 | 1,019 | 4,107 | 3,087 |
| Changes in working capital: | | | | | |
| Changes in inventories | | (64) | 2 | (44) | (29) |
| Changes in receivables and other current assets | | (39) | (48) | (97) | 68 |
| Changes in payables and other current liabilities | | 625 | 526 | 272 | 171 |
| Changes in other non-current assets, other non-current liabilities and provisions | | (14) | (44) | (58) | (125) |
| Cash generated from operations | | 1,565 | 1,455 | 4,180 | 3,172 |
| Income taxes paid - net | | (152) | 9 | (480) | (274) |
| Operating cash flows from continuing operations | | 1,413 | 1,464 | 3,700 | 2,898 |
| Operating cash flows from discontinued operations | | (1) | (1) | (5) | (5) |
| **Net cash from operating activities** | | **1,412** | **1,463** | **3,695** | **2,893** |
| Purchase of non-current assets | | (485) | (534) | (1,698) | (1,302) |
| Divestments of assets / disposal groups held for sale | 7 | 14 | 41 | 142 | 104 |
| Acquisition of businesses, net of cash acquired | 3 | (5) | (42) | (50) | 2,205 |
| Divestment of businesses, net of cash divested | 7 | (1) | — | (3) | (4) |
| Changes in short-term deposits and similar instruments | | 123 | (86) | 100 | 432 |
| Dividends received from joint ventures | | 54 | 2 | 70 | 19 |
| Interest received | | 9 | 7 | 32 | 15 |
| Other | | — | 4 | (3) | 1 |
| Investing cash flows from continuing operations | | (291) | (608) | (1,410) | 1,470 |
| **Net cash from investing activities** | | **(291)** | **(608)** | **(1,410)** | **1,470** |
| Proceeds from long-term debt | 10 | 1 | (1) | 747 | — |
| Interest paid | | (102) | (124) | (320) | (293) |
| Repayments of loans | 10 | (8) | (321) | (474) | (347) |
| Changes in short-term loans | | 97 | 228 | 212 | 209 |
| Repayments of finance lease liabilities | | (46) | (48) | (190) | (141) |
| Dividends paid on common shares | 8 | — | — | (720) | (429) |
| Share buyback | 8 | (170) | — | (992) | — |
| Capital repayment | 8 | — | — | — | (1,001) |
| Other cash flows from derivatives | 10 | — | (234) | 262 | (260) |
| Other | | 1 | (4) | 17 | 13 |
| Financing cash flows from continuing operations | | (227) | (504) | (1,458) | (2,249) |
| **Net cash from financing activities** | | **(227)** | **(504)** | **(1,458)** | **(2,249)** |
| **Net cash from operating, investing and financing activities** | | **894** | **351** | **827** | **2,114** |
| Cash and cash equivalents at the beginning of the period (excluding restricted cash) | | 3,693 | 3,513 | 3,990 | 1,819 |
| Effect of exchange rates on cash and cash equivalents | | (45) | 126 | (275) | 57 |
| **Cash and cash equivalents at the end of the period (excluding restricted cash)** | 9 | **4,542** | **3,990** | **4,542** | **3,990** |
| Average U.S. dollar exchange rate (euro per U.S. dollar) | | 0.8491 | 0.9282 | 0.8868 | 0.9038 |

*1. Comparative balances have been restated to conform to the current year's presentation. See* Note 2.

# Notes to the consolidated summary financial statements

### 1. The Company and its operations

The principal activity of Koninklijke Ahold Delhaize N.V. ("Ahold Delhaize" or the "Company" or "Group" or "Ahold Delhaize Group"), a public limited liability company with its registered seat and head office in Zaandam, the Netherlands, is the operation of retail food stores and e-commerce primarily in the United States and Europe.

As of July 24, 2016, Koninklijke Ahold Delhaize N.V. is the new name of Koninklijke Ahold N.V. following the completion of the merger between Koninklijke Ahold N.V. ("Ahold") and Delhaize Group NV/SA ("Delhaize").

As a result of the legal structure of the merger, Delhaize merged into Ahold. Since Ahold is the surviving entity, the historical IFRS information prior to the merger is that of Ahold.

The information in these condensed consolidated interim financial statements ("financial statements") is unaudited.

### 2. Accounting policies

*Basis of preparation*

These financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting.” The accounting policies applied in these financial statements are consistent with those applied in Ahold Delhaize’s 2016 consolidated financial statements, except as otherwise indicated below.

Taxes on income in the interim periods are accrued for using the tax rate that is expected to be applicable to the total annual profit or loss.

Ahold and Delhaize completed their merger on July 23, 2016. In 2017, the reporting calendars have been aligned and Ahold Delhaize now uses a 4/4/5-week calendar, with four equal quarters of 13 weeks, for a total of 52 weeks. The 2016 comparative numbers in this report have been restated to reflect the effects of this calendar change, with Q4 now consisting of 13 weeks instead of the previously reported 12 weeks.

In the determination of the restated balances, judgment has been applied. Daily transactions have been reallocated based on their transaction dates and the new quarter-end dates. Proportionate allocation has been used for items that are recognized on a periodic basis, such as depreciation, rent and interest. Transactions that occurred on a specific date, including sale and acquisition transactions, have been matched to the revised period. Entries that are recorded on a quarterly basis, such as impairments and releases of provision balances, have been recognized in the corresponding converted quarters.

This calendar change only impacts the allocation of results between quarters and does not have an effect on the full 2016 results.

*Segmentation*

Ahold Delhaize’s operating segments are its retail operating companies that engage in business activities from which they earn revenues and incur expenses and whose operating results are regularly reviewed by the Executive Committee to make decisions about resources to be allocated to the segments and to assess their performance. In establishing the reportable segments, certain operating segments with similar economic characteristics have been aggregated. As Ahold Delhaize’s operating segments offer similar products using complementary business models, and there is no discernible difference in customer bases, Ahold Delhaize’s policy on aggregating its operating segments into reportable segments is based on geography, functional currency and management oversight.

*New and revised IFRSs effective in 2017:*

*Amendments to IAS 12, "Income taxes"*

The amendments address the recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value, as well as how deductible temporary differences should be measured in situations when tax law limits the offsetting of certain types of losses against specific sources of taxable profits. The application of these amendments does not have a significant effect on the results of the consolidated financial statements.

*Amendments to IAS 7, "Disclosure Initiative"*

The amendments require additional cash flow disclosures surrounding changes in liabilities arising from financing activities, including changes arising from both cash flows and non-cash changes. The application of these amendments does not have a significant effect on the results of the consolidated financial statements, but they have resulted in additional disclosures on the changes in liabilities arising from financing activities in Ahold Delhaize's Annual Report 2017.

*Annual improvements to IFRSs 2014-2016*

A number of amendments were made to various IFRSs that do not have a significant effect on the consolidated financial statements.

*New accounting policies not yet effective for 2017*

The IASB issued several standards, or revisions to standards, that are not yet effective for 2017, but will become effective in coming years. For the assessment of the effects of these standards, refer to the description in Ahold Delhaize's Annual Report 2017.

## 3. Business combinations and goodwill

*Merger Ahold Delhaize*

On July 23, 2016, Ahold and Delhaize announced the completion of their merger, which became effective on July 24, 2016. The merger has been accounted for as a business combination using the acquisition method of accounting under IFRS 3, with Ahold being identified as acquirer.

In 2017 there have been measurement period adjustments recognized subsequent to the amounts initially recognized and reported in 2016. These measurement period adjustments have been made to reflect facts and circumstances that existed as of the 2016 merger date and not as a result of events occurring subsequent to the merger date. As a result of all measurement period adjustments, the goodwill on the merger has been increased by €36 million to an amount of €5,962 million, with the related adjustments to other assets and liabilities as disclosed in the table below.

All known measurement period adjustments have been made and the allocation of the purchase price to the estimated fair values of the identifiable assets acquired and the liabilities assumed was finalized as of Q2 2017.

*Other acquisitions*

Ahold Delhaize completed various store acquisitions for a total purchase consideration of €54 million. The store acquisitions per segments are as follows:

| € million | 2017 |
|---|---|
| Ahold USA | 11 |
| Delhaize America | 1 |
| The Netherlands | 18 |
| Belgium | 20 |
| Central and Southeastern Europe | 4 |
| **Ahold Delhaize Group** | **54** |

*Net assets acquired*

The allocation of the fair value of the net assets acquired, the goodwill arising from the acquisitions during 2017, and measurement period adjustments of previous business combinations is as follows:

| € million | Delhaize (measurement period adjustments) | Other | Total |
|---|---|---|---|
| Goodwill | 36 | 43 | **79** |
| Other intangibles | (1) | 3 | **2** |
| Property plant and equipment | — | 7 | **7** |
| Deferred tax assets | 2 | — | **2** |
| Assets held for sale | — | 4 | **4** |
| Cash and cash equivalents | — | 4 | **4** |
| Receivables and other current assets | 4 | 3 | **7** |
| Provisions (including pensions) | (16) | — | **(16)** |
| Deferred tax liabilities | 3 | (1) | **2** |
| Other non-current liabilities | (7) | (4) | **(11)** |
| Other current liabilities | (21) | (5) | **(26)** |
| **Total purchase consideration** | **—** | **54** | **54** |
| Cash acquired | — | (4) | (4) |
| **Acquisition of business, net of cash** | **—** | **50** | **50** |

A reconciliation of Ahold Delhaize's goodwill balance, which is presented within intangible assets, is as follows:

| € million | Goodwill |
|---|---|
| **As of January 1, 2017** | |
| At cost | 7,405 |
| Accumulated impairment losses | (10) |
| **Opening carrying amount** | **7,395** |
| Acquisitions through business combinations | 79 |
| Impairment losses | (1) |
| Transfers to / from assets held for sale | (10) |
| Exchange rate differences | (603) |
| **Closing carrying amount** | **6,860** |
| **As of December 31, 2017** | |
| At cost | 6,868 |
| Accumulated impairment losses[1] | (8) |
| **Closing carrying amount** | **6,860** |

1. *Accumulated impairment losses are adjusted for disposals.*

### 4. Segment reporting

Ahold Delhaize's retail operations are presented in five reportable segments. In addition, "Other retail," consisting of Ahold Delhaize's unconsolidated joint ventures JMR - Gestão de Empresas de Retalho, SGPS, S.A. ("JMR") and P.T. Lion Super Indo ("Super Indo"), and Ahold Delhaize's Global Support Office, are presented separately. The accounting policies used for the segments are the same as the accounting policies used for the consolidated financial statements as described in *Note 2*.

All reportable segments sell a wide range of perishable and non-perishable food and non-food consumer products.

| Reportable segment | Operating segments included in the Reportable segment |
|---|---|
| Ahold USA | Stop & Shop New England, Stop & Shop New York Metro, Giant Landover, Giant Carlisle and Peapod |
| Delhaize America | Food Lion and Hannaford |
| The Netherlands | Albert Heijn (including the Netherlands, Belgium and Germany), Etos, Gall & Gall and bol.com (including the Netherlands and Belgium) |
| Belgium | Delhaize (including Belgium and Luxembourg) |
| Central and Southeastern Europe | Albert (Czech Republic), Alfa Beta (Greece), Mega Image (Romania), Delhaize Serbia (Republic of Serbia ) |

| Other | Included in Other |
|---|---|
| Other retail | Unconsolidated joint ventures JMR (49%) and Super Indo (51%) |
| Global Support Office | Global Support Office staff (the Netherlands, Belgium, Switzerland and the United States) |

### Net sales

Net sales per segment are as follows:

| | Q4 2017 | Q4 2016[1] | 2017 | 2016 |
|---|---|---|---|---|
| $ million | | | | |
| Ahold USA | 6,555 | 6,603 | 25,986 | 26,377 |
| Delhaize America | 4,337 | 4,285 | 17,371 | 7,746 |
| *Average U.S. dollar exchange rate (euro per U.S. dollar)* | *0.8491* | *0.9282* | *0.8868* | *0.9038* |
| € million | | | | |
| Ahold USA | 5,566 | 6,134 | 23,045 | 23,845 |
| Delhaize America | 3,683 | 3,978 | 15,395 | 7,065 |
| The Netherlands | 3,673 | 3,471 | 13,706 | 13,101 |
| Belgium | 1,290 | 1,285 | 4,953 | 2,199 |
| Central and Southeastern Europe | 1,551 | 1,491 | 5,791 | 3,485 |
| **Ahold Delhaize Group** | **15,763** | **16,359** | **62,890** | **49,695** |

1. *Comparative balances have been restated to conform to the current year's presentation. See* Note 2.

## Operating income

Operating income (loss) per segment is as follows:

| | Q4 2017 | Q4 2016[1] | 2017 | 2016 |
|---|---|---|---|---|
| $ million | | | | |
| Ahold USA | 245 | 252 | 926 | 902 |
| Delhaize America | 151 | 122 | 622 | 239 |
| *Average U.S. dollar exchange rate (euro per U.S. dollar)* | *0.8491* | *0.9282* | *0.8868* | *0.9038* |
| € million | | | | |
| Ahold USA | 209 | 234 | 821 | 818 |
| Delhaize America | 128 | 115 | 550 | 218 |
| The Netherlands | 167 | 135 | 669 | 578 |
| Belgium | 12 | 23 | 86 | 51 |
| Central and Southeastern Europe | 80 | 75 | 236 | 125 |
| Global Support Office | (32) | (46) | (137) | (206) |
| **Ahold Delhaize Group** | **564** | **536** | **2,225** | **1,584** |

1. *Comparative balances have been restated to conform to the current year's presentation. See* Note 2.

## 5. Expenses by nature

The aggregate of cost of sales and operating expenses is specified by nature as follows:

| € million | Q4 2017 | Q4 2016[1] | 2017 | 2016 |
|---|---|---|---|---|
| Cost of product | 11,091 | 11,550 | 44,210 | 34,846 |
| Labor costs | 2,203 | 2,312 | 9,014 | 7,196 |
| Other operational expenses | 1,194 | 1,261 | 4,652 | 3,852 |
| Depreciation and amortization | 450 | 457 | 1,793 | 1,360 |
| Rent expenses and income – net | 235 | 234 | 979 | 775 |
| Impairment losses and reversals – net | 29 | 29 | 64 | 104 |
| (Gains) losses on the sale of assets – net | (3) | (20) | (47) | (22) |
| **Total expenses by nature** | **15,199** | **15,823** | **60,665** | **48,111** |

1. *Comparative balances have been restated to conform to the current year's presentation. See* Note 2.

## 6. Income taxes

Ahold Delhaize's effective tax rate in its consolidated income statement differed from the Netherlands' statutory income tax rate of 25.0%. The following table reconciles the statutory income tax rate with the effective income tax rate in the consolidated income statement:

| € million | 2017 | Tax rate | 2016 | Tax rate |
|---|---|---|---|---|
| Income before income taxes | 1,928 | | 1,043 | |
| Income tax expense at statutory tax rate | (482) | 25.0 % | (261) | 25.0 % |
| *Adjustments to arrive at effective income tax rate:* | | | | |
| Rate differential (local rates versus the statutory rate of the Netherlands) | (45) | 2.3 % | (6) | 0.6 % |
| Deferred tax income (expense) related to recognition of deferred tax assets – net | (2) | 0.1 % | 7 | (0.7)% |
| Non-taxable income / (expenses) | 14 | (0.7)% | 16 | (1.5)% |
| Other | (38) | 2.0 % | (3) | 0.3 % |
| **Subtotal income taxes[1]** | **(553)** | **28.7 %** | **(247)** | **23.7 %** |
| Tax rate changes as a result of local tax reforms | 407 | (21.1)% | — | — % |
| **Total income taxes** | **(146)** | **7.6 %** | **(247)** | **23.7 %** |

1. *Excluding the impact of tax rate changes due to local tax reforms.*

Rate differential indicates the effect of Ahold Delhaize's taxable income being generated and taxed in jurisdictions where tax rates differ from the statutory tax rate in the Netherlands. Other includes discrete items and one-time transactions.

On December 22, 2017, new U.S. tax legislation was enacted. The new law includes the reduction of the statutory federal income tax rate from 35% to 21% effective January 1, 2018, which affected Ahold Delhaize's U.S. deferred tax position at the end of 2017. In addition, on December 25, 2017, new Belgian tax legislation was enacted. The new Belgian tax law includes the reduction of the statutory corporate income tax rate from 33% to 29% in 2018 and to 25% starting in 2020, which affected Ahold Delhaize's Belgian deferred tax position at the end of 2017. The tax rate changes as a result of local tax reforms show the impact of recalculating the deferred tax positions of Ahold USA, Delhaize America and Delhaize Belgium, applying the reduced U.S. and Belgian corporate income tax rates. This resulted in a deferred tax benefit of €407 million recognized in the income statement and a deferred tax expense of €58 million recognized in equity.

## 7. Assets and liabilities held for sale

Assets held for sale and related liabilities at December 31, 2017, consist primarily of non-current assets and associated liabilities of retail locations.

As part of the approval of the merger between Ahold and Delhaize Group by the U.S. Federal Trade Commission, Ahold and Delhaize subsidiaries entered into agreements to sell 86 stores in the United States. The approval of the Belgian Competition Authority was conditional upon the divestment of a limited number of stores and projects in Belgium.

During 2016, of the 86 stores in the U.S., Ahold USA divested eight out of 15 stores and Delhaize America divested all of the 71 stores. In the first quarter of 2017, Ahold USA divested four of the remaining remedy stores and recognized a €17 million gain. In the third quarter Ahold USA divested the last three remedy stores and recorded a gain of €14 million.

In the first three quarters of 2017, Ahold Delhaize divested 10 stores and two projects of its Belgian subsidiaries. The last two stores were divested in Q4 2017.

The remedy stores do not represent discontinued operations.

## 8. Equity attributable to common shareholders

*Dividend on common shares*

On April 12, 2017, the General Meeting of Shareholders approved the dividend over 2016 of €0.57 per common share. This dividend was paid on April 26, 2017.

*Capital return and reverse stock split*

On March 14, 2016, the merger between Ahold and Delhaize, including a capital repayment and reverse stock split, was approved at an Extraordinary General Meeting of Shareholders. The reverse stock split was recorded on July 18, 2016, by way of a consolidation of 17 issued common shares into 16 common shares, which reduced the total number of common shares outstanding by 48,507,004 shares. The capital repayment of €1.29 per remaining share, €1,001 million in the aggregate (excluding transaction costs), was paid on July 21, 2016.

As consideration, Delhaize shareholders received 4.75 Ahold common shares for each issued and outstanding Delhaize common share, which increased the number of common shares outstanding by 496,000,577 shares.

*Share buyback*

The share buyback program of €1 billion that started on January 9, 2017, was successfully completed on December 29, 2017. In total 55,166,939 of the Company's own shares were repurchased at an average price of €18.13 per share. The trades executed on December 28 and December 29, 2017, totaling 328,631 shares, were settled on January 2 and January 3, 2018, respectively. On January 2, 2018, the Company commenced the €2 billion share buyback program that was announced on November 8, 2017. The program is expected to be completed before the end of 2018.

*Conversion of cumulative preferred financing shares*

On August 9, 2017, Ahold Delhaize converted 45,000,000 cumulative preferred financing shares into 2,515,827 common shares. The 45,000,000 cumulative preferred financing shares had a par value of €42,541,895.

The number of outstanding common shares as of December 31, 2017, was 1,227,589,734 (January 1, 2017: 1,272,276,402).

## 9. Cash

The following table presents the reconciliation between the cash and cash equivalents as presented in the statement of cash flows and on the balance sheet:

| € million | December 31, 2017 | January 1, 2017 |
|---|---|---|
| Cash and cash equivalents as presented in the statement of cash flows | 4,542 | 3,990 |
| Restricted cash | 39 | 42 |
| Cash and cash equivalents as presented on the balance sheet[1] | **4,581** | **4,032** |

1. *Cash and cash equivalents include an amount held under notional cash pooling arrangement of €1,367 million (January 1, 2017: €1,184 million). This cash amount is fully offset by an identical amount included under Other current financial liabilities.*

## 10. Financial instruments

*Fair values of financial instruments*

The following table presents the fair values of financial instruments, based on Ahold Delhaize's categories of financial instruments, including current portions, compared to the carrying amounts at which these instruments are included on the balance sheet:

| € million | December 31, 2017 Carrying amount | December 31, 2017 Fair value | January 1, 2017 Carrying amount | January 1, 2017 Fair value |
|---|---|---|---|---|
| Loans receivable | 59 | 65 | 66 | 75 |
| Trade and other (non-)current receivables | 1,605 | 1,605 | 1,600 | 1,600 |
| Reinsurance assets | 195 | 195 | 220 | 220 |
| Total loans and receivables | 1,859 | 1,865 | 1,886 | 1,895 |
| Cash and cash equivalents | 4,581 | 4,581 | 4,032 | 4,032 |
| Short-term deposits and similar instruments | 9 | 9 | 110 | 110 |
| Derivatives | — | — | 299 | 299 |
| Available-for-sale | 167 | 167 | 186 | 186 |
| **Total financial assets** | **6,616** | **6,622** | **6,513** | **6,522** |

| € million | December 31, 2017 Carrying amount | December 31, 2017 Fair value | January 1, 2017 Carrying amount | January 1, 2017 Fair value |
|---|---|---|---|---|
| Notes | (3,407) | (3,518) | (3,434) | (3,442) |
| Other loans | (3) | (3) | (5) | (5) |
| Financing obligations | (325) | (291) | (385) | (366) |
| Mortgages payable | (22) | (23) | (26) | (29) |
| Finance lease liabilities | (1,607) | (1,932) | (1,960) | (2,396) |
| Cumulative preferred financing shares | (455) | (491) | (497) | (549) |
| Dividend cumulative preferred financing shares | (18) | (18) | (20) | (20) |
| Accounts payable | (5,277) | (5,277) | (5,389) | (5,389) |
| Short-term borrowings | (1,432) | (1,432) | (1,253) | (1,253) |
| Interest payable | (40) | (40) | (59) | (59) |
| Reinsurance liabilities | (205) | (205) | (234) | (234) |
| Other | (75) | (81) | (89) | (97) |
| Total non-derivative financial liabilities | (12,866) | (13,311) | (13,351) | (13,839) |
| Derivatives | (18) | (18) | (63) | (63) |
| **Total financial liabilities** | **(12,884)** | **(13,329)** | **(13,414)** | **(13,902)** |

*Issuance of EUR 750 million Eurobond*

On September 12, 2017, Ahold Delhaize issued a new €750 million 7-year Eurobond. The bonds were sold at an issue price of 99.474 percent and carry an annual coupon of 0.875 percent. The senior unsecured bonds will mature on September 19, 2024. The net proceeds of the offering will be used to refinance existing debt and for general corporate purposes. The bonds are listed on Euronext Amsterdam.

*Multi-currency euro-commercial paper program*

On July 4, 2017, Ahold Delhaize successfully established a multi-currency euro-commercial paper program, in order to diversify its sources of financing. Under this program, Ahold Delhaize may issue, from time to time, euro-commercial paper notes at blended rates. The outstanding principal amount of the notes will not exceed €1 billion (or its equivalent in other currencies) at any time. No borrowings were outstanding as of December 31, 2017.

*Repayment of GBP 500 notes and settlement of related swaps*

During Q1 2017, Ahold Delhaize repaid the remaining notional redemption amount of GBP 250 million relating to the GBP 500 million notes which were due in March 2017. The related swaps were settled on the same date. Since Ahold Delhaize was required under these swap contracts to redeem the notional amount through semi-annual installments that commenced in September 2004, the net cash impact of the debt repayment and the swap settlement at maturity was limited to only the last semi-annual installment amounting to $14 million.

With the repayment of its GBP 500 million notes, Ahold Delhaize no longer had any notes outstanding under its Euro Medium Term Note Program and decided not to extend the program. Accordingly, the related Base Prospectus of April 21, 2016, which was valid for a period of 12 months, has not been renewed.

*Buyback and cancellation of the JPY 33 billion Floating Rate Notes*

2016 finance expenses include one-off finance costs of €243 million relating to the buy back of the JPY 33 billion notes.

*Financial assets and liabilities measured at fair value on the balance sheet*

Of Ahold Delhaize’s categories of financial instruments, only derivatives, assets available-for-sale and reinsurance assets (liabilities) are measured and recognized on the balance sheet at fair value. These fair value measurements are categorized within Level 2 of the fair value hierarchy. The Company uses inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The fair value of derivative instruments is measured by using either a market or income approach (mainly present value techniques). Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates that match the maturity of the contracts. Interest rate swaps are measured at the present value of expected future cash flows. Expected future cash flows are discounted by using the applicable yield curves derived from quoted interest rates.

To the extent that no cash collateral is contractually required, the valuation of Ahold Delhaize’s derivative instruments is adjusted for the credit risk of the counterparty, called Credit Valuation Adjustment (CVA), and adjusted for Ahold Delhaize's own credit risk, called Debit Valuation Adjustment (DVA). The valuation technique for the CVA / DVA calculation is based on relevant observable market inputs.

No CVA / DVA adjustments are made to the valuation of certain derivative instruments, for which both Ahold Delhaize and its counterparties are required to post or redeem cash collaterals if the value of a derivative exceeds a threshold defined in the contractual provisions. Such cash collaterals materially reduce the impact of both the counterparty and Ahold Delhaize’s own non-performance risk on the value of the instrument. The portion of outstanding derivatives that was collateralized is specified as follows:

| € million | December 31, 2017 | January 1, 2017 |
|---|---|---|
| Cross-currency interest rate swaps | 18 | 63 |
| **Total net derivative liabilities subject to collateralization** | **18** | **63** |
| Collateralized amount | — | 17 |

The carrying amount of trade and other (non-)current receivables, cash and cash equivalents, accounts payable, short-term deposits and similar instruments, and other current financial assets and liabilities approximate their fair values because of the short-term nature of these instruments and, for receivables, because any recoverability loss is reflected in an impairment loss. The fair values of quoted borrowings for which an active market exists are based on quoted prices at the end of the reporting period. The fair value of other non-derivative financial assets and liabilities that are not traded in an active market are estimated using discounted cash flow analyses based on prevailing market rates.

The fair value of the cumulative preferred financing shares is measured as the present value of expected future cash flows. Such cash flows include the dividend payments and the payments of the nominal value, plus paid-in capital. Expected future cash flows are discounted by using the yield curves derived from quoted interest rates and Credit Default Swap rates that match the maturity of the contracts. The conditions for redemption and conversion of the cumulative preferred financing shares are disclosed in *Note 22* of Ahold Delhaize’s Annual Report 2017. The accrued interest is included in other current financial liabilities and not in the carrying amounts of non-derivative financial assets and liabilities. As disclosed in *Note 8* of this interim report, on August 9, 2017, Ahold Delhaize converted 45,000,000 cumulative preferred financing shares into 2,515,827 common shares. The 45,000,000 cumulative preferred financing shares had a par value of €42,541,895.

### 11. Commitments and contingencies

A comprehensive overview of commitments and contingencies as of December 31, 2017, is included in *Note 34* of Ahold Delhaize’s 2017 consolidated financial statements, which were published as part of Ahold Delhaize's Annual Report 2017 on February 28, 2018.

### 12. Subsequent event

There have been no significant subsequent events.

# Other financial and operating information

## Free cash flow[1]

| € million | Q4 2017 | Q4 2016[2] | 2017 | 2016 |
|---|---|---|---|---|
| Operating cash flows from continuing operations before changes in working capital and income taxes paid | 1,043 | 975 | 4,049 | 2,962 |
| Changes in working capital | 522 | 480 | 131 | 210 |
| Income taxes paid - net | (152) | 9 | (480) | (274) |
| Purchase of non-current assets | (485) | (534) | (1,698) | (1,302) |
| Divestments of assets / disposal groups held for sale | 14 | 41 | 142 | 104 |
| Dividends received from joint ventures | 54 | 2 | 70 | 19 |
| Interest received | 9 | 7 | 32 | 15 |
| Interest paid | (102) | (124) | (320) | (293) |
| **Free cash flow** | **903** | **856** | **1,926** | **1,441** |

1. *Free cash flow is an alternative performance measure. For a description of this alternative performance measure refer to section* Use of alternative performance measures *at the end of this report.*
2. *Comparative balances have been restated to conform to the current year's presentation. See* Note 2.

## Net debt[1]

| € million | December 31, 2017 | October 1, 2017 | January 1, 2017 |
|---|---|---|---|
| Loans | 3,289 | 3,734 | 3,312 |
| Finance lease liabilities | 1,430 | 1,474 | 1,761 |
| Cumulative preferred financing shares | 455 | 455 | 497 |
| Non-current portion of long-term debt | 5,174 | 5,663 | 5,570 |
| Short-term borrowings and current portion of long-term debt | 2,076 | 1,600 | 1,991 |
| Gross debt | 7,250 | 7,263 | 7,561 |
| Less: Cash, cash equivalents, short-term deposits and similar instruments and short-term available for sale instruments[2, 3, 4, 5] | 4,747 | 4,039 | 4,317 |
| **Net debt** | **2,503** | **3,224** | **3,244** |

1. *Net debt is an alternative performance measure. For a description of this alternative performance measure refer to section Use of alternative performance measures at the end of this report.*
2. *Short-term deposits and similar instruments include investments with a maturity of between three and 12 months. The balance of these instruments at December 31, 2017, was €9 million (October 1, 2017: €133 million, January 1, 2017: €110 million) and is presented within Other current financial assets in the consolidated balance sheet.*
3. *Included in available-for-sale instruments is a US treasury investment fund in the amount of €157 million (October 1, 2017: €160 million, January 1, 2017: €175 million).*
4. *Book overdrafts, representing the excess of total issued checks over available cash balances within the Group cash concentration structure, are classified in accounts payable and do not form part of net debt. This balance at December 31, 2017, was €172 million (October 1, 2017: €155 million, January 1, 2017: €217 million).*
5. *Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €1,367 million (October 1, 2017: €1,286 million, January 1, 2017: €1,184 million). This cash amount is fully offset by an identical amount included under Short-term borrowings and current portion of long-term debt.*

## Underlying operating income and underlying EBITDA[1]

Underlying operating income per segment and underlying EBITDA per segment are as follows:

### Q4 2017

| | IFRS | | | | | | |
|---|---|---|---|---|---|---|---|
| € million | Ahold USA | Delhaize America | The Netherlands | Belgium | Central and Southeastern Europe | Global Support Office | Ahold Delhaize Group |
| **Operating income (loss)** | **209** | **128** | **167** | **12** | **80** | **(32)** | **564** |
| Impairments | 26 | — | (1) | — | 4 | — | 29 |
| (Gains) losses on the sale of assets | (9) | 2 | — | 4 | — | — | (3) |
| Restructuring and related charges and other | 8 | 18 | 8 | (3) | — | 10 | 41 |
| *Adjustments to operating income* | *25* | *20* | *7* | *1* | *4* | *10* | *67* |
| **Underlying operating income (loss)** | **234** | **148** | **174** | **13** | **84** | **(22)** | **631** |
| Depreciation and amortization | 158 | 127 | 76 | 38 | 44 | 7 | 450 |
| **Underlying EBITDA** | **392** | **275** | **250** | **51** | **128** | **(15)** | **1,081** |

1. *Underlying operating income and underlying EBITDA are alternative performance measures. For a description of these alternative performance measures refer to section* Use of alternative performance measures *at the end of this report.*

Underlying operating income in local currency for Q4 2017 was $275 million for Ahold USA and $175 million for Delhaize America.

### Q4 2016[1]

| | IFRS | | | | | | |
|---|---|---|---|---|---|---|---|
| € million | Ahold USA | Delhaize America | The Netherlands | Belgium | Central and Southeastern Europe | Global Support Office | Ahold Delhaize Group |
| **Operating income (loss)** | **234** | **115** | **135** | **23** | **75** | **(46)** | **536** |
| Impairments | 17 | 1 | 10 | — | 1 | — | 29 |
| (Gains) losses on the sale of assets | (23) | (1) | 2 | — | (1) | 3 | (20) |
| Restructuring and related charges and other | 15 | 23 | 25 | 7 | — | 22 | 92 |
| *Adjustments to operating income* | *9* | *23* | *37* | *7* | *—* | *25* | *101* |
| **Underlying operating income (loss)** | **243** | **138** | **172** | **30** | **75** | **(21)** | **637** |
| Depreciation and amortization | 172 | 130 | 75 | 36 | 38 | 6 | 457 |
| **Underlying EBITDA** | **415** | **268** | **247** | **66** | **113** | **(15)** | **1,094** |

1. *Comparative balances have been restated to conform to the current year's presentation. See* Note 2.

Underlying operating income in local currency for Q4 2016 was $261 million for Ahold USA and $148 million for Delhaize America.

## Full year 2017

| € million | IFRS | | | | | | |
|---|---|---|---|---|---|---|---|
| | Ahold USA | Delhaize America | The Netherlands | Belgium | Central and Southeastern Europe | Global Support Office | Ahold Delhaize Group |
| **Operating income (loss)** | **821** | **550** | **669** | **86** | **236** | **(137)** | **2,225** |
| Impairments | 59 | 2 | (2) | — | 5 | — | 64 |
| (Gains) losses on the sale of assets | (41) | 2 | (16) | 8 | — | — | (47) |
| Restructuring and related charges and other | 101 | 41 | 25 | 17 | 1 | 29 | 214 |
| *Adjustments to operating income* | *119* | *45* | *7* | *25* | *6* | *29* | *231* |
| **Underlying operating income (loss)** | **940** | **595** | **676** | **111** | **242** | **(108)** | **2,456** |
| Depreciation and amortization | 659 | 506 | 293 | 146 | 161 | 28 | 1,793 |
| **Underlying EBITDA** | **1,599** | **1,101** | **969** | **257** | **403** | **(80)** | **4,249** |

Underlying operating income in local currency for full-year 2017 was $1,061 million for Ahold USA and $673 million for Delhaize America.

## Full year 2016

| € million | IFRS | | | | | | |
|---|---|---|---|---|---|---|---|
| | Ahold USA | Delhaize America | The Netherlands | Belgium | Central and Southeastern Europe | Global Support Office | Ahold Delhaize Group |
| **Operating income (loss)** | **818** | **218** | **578** | **51** | **125** | **(206)** | **1,584** |
| Impairments | 78 | 2 | 21 | — | 3 | — | 104 |
| (Gains) losses on the sale of assets | (26) | — | 2 | (2) | (1) | 5 | (22) |
| Restructuring and related charges and other | 66 | 32 | 35 | 7 | — | 93 | 233 |
| *Adjustments to operating income* | *118* | *34* | *58* | *5* | *2* | *98* | *315* |
| **Underlying operating income (loss)** | **936** | **252** | **636** | **56** | **127** | **(108)** | **1,899** |
| Depreciation and amortization | 679 | 222 | 288 | 64 | 95 | 12 | 1,360 |
| **Underlying EBITDA** | **1,615** | **474** | **924** | **120** | **222** | **(96)** | **3,259** |

Underlying operating income in local currency for full year 2016 was $1,034 million for Ahold USA and $275 million for Delhaize America.

### Store portfolio (including franchise and affiliate stores)

| | End of 2016 | Opened / acquired | Closed / sold | End of Q4 2017 |
|---|---|---|---|---|
| Ahold USA | 776 | 2 | (26) | 752 |
| Delhaize America | 1,214 | 2 | (8) | 1,208 |
| The Netherlands[1] | 2,163 | 35 | (35) | 2,163 |
| Belgium | 765 | 20 | (21) | 764 |
| Central and Southeastern Europe | 1,638 | 121 | (9) | 1,750 |
| **Total** | **6,556** | **180** | **(99)** | **6,637** |

1. *The number of stores at the end of Q4 2017 includes 1,153 specialty stores (Etos and Gall & Gall) (end of 2016: 1,152).*

## Pro forma financial information

### Pro forma net sales per channel

| € million | Pro forma Q4 2017 | Pro forma Q4 2016 | % change | % change constant rates | Pro forma 2017 | Pro forma 2016 | % change | % change constant rates |
|---|---|---|---|---|---|---|---|---|
| Online sales[1] | 719 | 619 | 16.2 % | 18.9% | 2,376 | 2,035 | 16.8% | 17.5% |
| Store sales[2] | 15,044 | 15,597 | (3.5)% | 1.8% | 60,318 | 60,296 | 0.0% | 1.2% |
| **Total net sales** | **15,763** | **16,216** | **(2.8)%** | **2.5%** | **62,694** | **62,331** | **0.6%** | **1.7%** |

1. *Pro forma net consumer online sales increased 20.6% in the fourth quarter to €865 million, or 23.2% at constant exchange rates (FY 2017: increased 21.8% at constant exchange rates to €2,814 million). Net consumer online sales is an alternative performance measure. For a description of this alternative performance measure refer to section* Use of alternative performance measures *at the end of this report.*
2. *Store sales also include sales under franchise agreements and other sales to third parties.*

### Pro forma underlying operating income and pro forma underlying EBITDA[1]

Underlying operating income per segment and underlying EBITDA per segment are as follows:

### Q4 2017

| | Pro forma | | | | | | |
|---|---|---|---|---|---|---|---|
| € million | Ahold USA | Delhaize America | The Netherlands | Belgium | Central and Southeastern Europe | Global Support Office | Ahold Delhaize Group |
| **Operating income (loss)** | **199** | **128** | **168** | **13** | **80** | **(29)** | **559** |
| Impairments | 29 | — | (1) | — | 4 | — | 32 |
| (Gains) losses on the sale of assets | (2) | 2 | (1) | — | — | — | (1) |
| Restructuring and related charges and other | 8 | 18 | 8 | — | — | 7 | 41 |
| *Adjustments to operating income* | *35* | *20* | *6* | — | *4* | *7* | *72* |
| **Underlying operating income (loss)** | **234** | **148** | **174** | **13** | **84** | **(22)** | **631** |
| Depreciation and amortization | 159 | 127 | 76 | 37 | 44 | 7 | 450 |
| **Underlying EBITDA** | **393** | **275** | **250** | **50** | **128** | **(15)** | **1,081** |

1. *Underlying operating income and underlying EBITDA are alternative performance measures. For a description of these alternative performance measures refer to section* Use of alternative performance measures *at the end of this report.*

Pro forma underlying operating income in local currency for Q4 2017 was $275 million for Ahold USA and $175 million for Delhaize America.

## Q4 2016

| | Pro forma | | | | | | |
|---|---|---|---|---|---|---|---|
| € million | Ahold USA | Delhaize America | The Netherlands | Belgium | Central and Southeastern Europe | Global Support Office | Ahold Delhaize Group |
| **Operating income (loss)** | **211** | **119** | **140** | **23** | **75** | **(42)** | **526** |
| Impairments | 18 | 1 | 4 | — | — | — | 23 |
| (Gains) losses on the sale of assets | (3) | (1) | 2 | — | — | 3 | 1 |
| Restructuring and related charges and other | 13 | 22 | 24 | 7 | — | 19 | 85 |
| *Adjustments to operating income* | *28* | *22* | *30* | *7* | — | *22* | *109* |
| **Underlying operating income (loss)** | **239** | **141** | **170** | **30** | **75** | **(20)** | **635** |
| Depreciation and amortization | 172 | 130 | 75 | 36 | 39 | 5 | 457 |
| **Underlying EBITDA** | **411** | **271** | **245** | **66** | **114** | **(15)** | **1,092** |

Pro forma underlying operating income in local currency for Q4 2016 was $257 million for Ahold USA and $152 million for Delhaize America.

## Full year 2017

| | Pro forma | | | | | | |
|---|---|---|---|---|---|---|---|
| € million | Ahold USA | Delhaize America | The Netherlands | Belgium | Central and Southeastern Europe | Global Support Office | Ahold Delhaize Group |
| **Operating income (loss)** | **819** | **550** | **671** | **93** | **236** | **(133)** | **2,236** |
| Impairments | 53 | 2 | — | — | 5 | — | 60 |
| (Gains) losses on the sale of assets | (3) | 2 | (17) | — | — | — | (18) |
| Restructuring and related charges and other | 74 | 41 | 20 | 17 | 1 | 25 | 178 |
| *Adjustments to operating income* | *124* | *45* | *3* | *17* | *6* | *25* | *220* |
| **Underlying operating income (loss)** | **943** | **595** | **674** | **110** | **242** | **(108)** | **2,456** |
| Depreciation and amortization | 658 | 506 | 292 | 146 | 161 | 28 | 1,791 |
| **Underlying EBITDA** | **1,601** | **1,101** | **966** | **256** | **403** | **(80)** | **4,247** |

Underlying operating income in local currency for full-year 2017 was $1,065 million for Ahold USA and $673 million for Delhaize America.

## Full year 2016

| € million | Pro forma Ahold USA | Delhaize America | The Netherlands | Belgium | Central and Southeastern Europe | Global Support Office | Ahold Delhaize Group |
|---|---|---|---|---|---|---|---|
| **Operating income (loss)** | **854** | **459** | **578** | **97** | **215** | **(229)** | **1,974** |
| Impairments | 32 | 6 | 15 | 14 | 7 | — | 74 |
| (Gains) losses on the sale of assets | (8) | 7 | 2 | (4) | 2 | 5 | 4 |
| Restructuring and related charges and other | 43 | 66 | 34 | 14 | 7 | 82 | 246 |
| *Adjustments to operating income* | *67* | *79* | *51* | *24* | *16* | *87* | *324* |
| **Underlying operating income (loss)** | **921** | **538** | **629** | **121** | **231** | **(142)** | **2,298** |
| Depreciation and amortization | 670 | 492 | 288 | 145 | 147 | 23 | 1,765 |
| **Underlying EBITDA** | **1,591** | **1,030** | **917** | **266** | **378** | **(119)** | **4,063** |

Underlying operating income in local currency for full year 2016 was $1,018 million for Ahold USA and $595 million for Delhaize America.

## Pro forma underlying income from continuing operations[1]

| € million, except per share data | Pro forma Q4 2017 | Pro forma Q4 2016 | Pro forma 2017 | Pro forma 2016 |
|---|---|---|---|---|
| **Income from continuing operations** | **744** | **176** | **1,828** | **1,078** |
| Adjustments to operating income | 72 | 109 | 220 | 324 |
| Unusual items in net financial expenses[2] | — | 243 | — | 246 |
| Tax effect of unusual items | (19) | (94) | (59) | (162) |
| Tax rate changes due to local tax reforms[3] | (407) | — | (407) | — |
| **Underlying income from continuing operations** | **390** | **434** | **1,582** | **1,486** |
| Basic income per share from continuing operations[4] | 0.60 | 0.14 | 1.46 | 0.85 |
| Underlying income per share from continuing operations[4] | 0.32 | 0.34 | 1.27 | 1.17 |

1. *Pro forma underlying income from continuing operations is an alternative performance measure. For a description of this alternative performance measure refer to section* Use of alternative performance measures *at the end of this report.*
2. *Unusual items in net financial expense consists mainly of the one-off finance cost of €243 million relating to buying back the JPY 33,000 million notes; see* Note 10 to the consolidated summary financial statements *for more information.*
3. *The tax rate changes as a result of local tax reforms primarily show the impact of recalculating Ahold USA's, Delhaize America's and Delhaize Belgium's deferred tax positions, applying the reduced U.S. and Belgian corporate income tax rates; see* Note 6 to the consolidated summary financial statements *for more information.*
4. *The number of shares outstanding (1,272,112,616 shares) as of the merger effective date of July 24, 2016, is used as the basis for the calculation of the pro forma number of shares outstanding for the periods up to the merger date. After the merger date the actual number of shares outstanding are used in the calculation to determine the weighted average number of shares outstanding for the quarter and year to date. Pro forma basic and underlying earnings per share from continuing operations are calculated by dividing the pro forma (underlying) income from continuing operations attributable to equity holders by these numbers of shares outstanding. The weighted average number of shares used for calculating the pro forma basic and underlying earnings per share for Q4 2017 is 1,232 million (Q4 2016: 1,272 million).*

# Pro forma financial information reconciliations

## Group pro forma financial information Q4 2017

| € million | Ahold Delhaize IFRS | Remedy stores and other divestments | Ahold Delhaize pro forma |
|---|---|---|---|
| **Net sales** | **15,763** | **—** | **15,763** |
| **Operating income** | **564** | **(5)** | **559** |
| Impairments | 29 | 3 | 32 |
| (Gains) losses on the sale of assets | (3) | 2 | (1) |
| Restructuring and related charges and other | 41 | — | 41 |
| **Underlying operating income** | **631** | **—** | **631** |

## Pro forma net sales by segment Q4 2017

| € million | Ahold Delhaize IFRS | Remedy stores and other divestments | Ahold Delhaize pro forma |
|---|---|---|---|
| Ahold USA | 5,566 | — | 5,566 |
| Delhaize America | 3,683 | — | 3,683 |
| The Netherlands | 3,673 | — | 3,673 |
| Belgium | 1,290 | — | 1,290 |
| Central and Southeastern Europe | 1,551 | — | 1,551 |
| **Ahold Delhaize Group** | **15,763** | **—** | **15,763** |

## Pro forma operating income by segment Q4 2017

| € million | Ahold Delhaize IFRS | Remedy stores and other divestments | Ahold Delhaize pro forma |
|---|---|---|---|
| Ahold USA | 209 | (10) | 199 |
| Delhaize America | 128 | — | 128 |
| The Netherlands | 167 | 1 | 168 |
| Belgium | 12 | 1 | 13 |
| Central and Southeastern Europe | 80 | — | 80 |
| Global Support Office | (32) | 3 | (29) |
| **Ahold Delhaize Group** | **564** | **(5)** | **559** |

## Pro forma underlying income from continuing operations Q4 2017

| € million | Ahold Delhaize IFRS | Remedy stores and other divestments | Ahold Delhaize pro forma |
|---|---|---|---|
| **Income from continuing operations** | **744** | **—** | **744** |
| Adjustments to operating income | 67 | 5 | 72 |
| Underlying adjustments to income taxes | (422) | (4) | (426) |
| **Underlying income from continuing operations** | **389** | **1** | **390** |

### Combined free cash flow[1]

| € million | Q4 2017 | Q4 2016 | 2017 | 2016 |
|---|---|---|---|---|
| Free cash flow | 903 | 856 | 1,926 | 1,441 |
| Delhaize Group 2016 (pre merger) | — | — | — | (64) |
| **Free cash flow Ahold Delhaize combined** | **903** | **856** | **1,926** | **1,377** |

1. *This represents the combined free cash flow of Ahold and Delhaize excluding pro forma adjustments. Delhaize pre-merger free cash flow has been aligned with the free cash flow definition of Ahold Delhaize.*

## Use of alternative performance measures

This summary report includes alternative performance measures (also known as non-GAAP measures). The descriptions of the alternative performance measures are included on pages 80 and 81 of Ahold Delhaize's Annual Report 2017.

## Vesting of shares under the GRO plan

On April 12, 2018, a maximum of 0.2 million shares granted in 2015 to members of the Management Board under the Ahold GRO plan are expected to vest. On May 29, 2018, a maximum of 0.1 million shares granted in 2015 to members of the Management Board under the Delhaize European long-term incentive plan are expected to vest. Except to finance taxes and social security charges due on the vesting date, members of the Management Board cannot sell shares for a period of at least five years following the grant date, or until the date of resignation from the Management Board, if this period is shorter.

On March 1, 2018, a maximum of 2.7 million shares granted in 2015 to Ahold Delhaize associates under the Ahold GRO plan are expected to vest. Vesting is subject to the participant being employed by the Company on the applicable vesting date. As of the vesting date, participants are allowed to sell all or part of the shares vested, subject to insider trading restrictions as applicable from time to time.

In addition, a maximum number of 0.7 million shares granted in 2016 to Ahold Delhaize associates under the one-time retention plan are expected to vest in November 2018, provided the performance conditions are met.

The Company will use treasury shares for the delivery of the vested shares.

## Financial calendar

Ahold Delhaize's financial year consists of 52 or 53 weeks and ends on the Sunday nearest to December 31.

Ahold Delhaize's 2017 financial year consists of 52 weeks and ends on December 31, 2017. The quarters in 2017 are:

| | |
|---|---|
| First quarter | January 2 through April 2, 2017 |
| Second quarter | April 3 through July 2, 2017 |
| Third quarter | July 3 through October 1, 2017 |
| Fourth quarter | October 2 through December 31, 2017 |

### Cautionary notice

This press release contains information that qualifies as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words such as driving,  proposed, already, on track, realize, 2020, expanding, rolling out, expect, increase, 2018, investing, promise, will, target, plans, improve, is normalizing, progress, strategy, to be, schedule, continue, grow, develop, providing, maintaining, propose, ambition, sustainable, improving, opportunity, solution, allowing, future, remains committed, incremental, are to be, enables, progressing, is becoming, as of, outlook, realizing, confident, reach, focused, going forward, not yet, held for sale coming years, starting, may, from time to time, forward, conditions, commitments, maturity, contingencies, available, short-term, long-term, due on, until and subject to 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 sustainable 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.

For more information:

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