US Digital & eCommerce

JJ Fleeman
President of Peapod Digital Labs
Our brands have a leading US food eCommerce and digital business

~$1b
Annualized eCommerce sales

~6m
Annualized online grocery orders

25+
Dedicated eCommerce fulfillment centers

1.6k
Peapod drivers engaging with customers

2b+
Annualized, personalized customer communications
A strong proprietary digital ecosystem for each brand

- **600m Digital Coupons Clipped**
- **77%** Sales made by identifiable customers
- **~6m** Annualized online grocery orders
- **3.2m** Mobile App downloads
- **15,250** Products Rated for Guiding Stars
- **9** Scan & Go Pilot Stores
- **23%** In-Store Kiosk Engagement
- **500m** Email/Push Communications
- **~50%** Items in cart from digital personalization tools
Development activities this year

**Opportunity**
- Different omnichannel capabilities and platforms for each brand
- Click and Collect at select locations
- Primarily next day delivery
- Select assortment and different pricing online
- Separate brand loyalty across channels

**Preparing for 2019**
- Integrated omnichannel capabilities and platform through Peapod Digital Labs
- Full-scale Click and Collect rollout across all brands
- Customers choose their speed: Immediate, Same day, Next day
- Full assortment and same great prices online
- Seamless brand loyalty across channels

Customers choose their speed: Immediate, Same day, Next day
Peapod Digital Labs has an ambitious plan for 2019

- Omnichannel growth engine
- Proprietary digital ecosystem
- Innovation pipeline
- Strategic partnerships
- NextGen fulfillment
- Click and Collect network

Powering ADUSA's Great Local Brands
Enabling brand omnichannel growth through Peapod Digital Labs

Strong foundation today

- Strong digital talent to drive PDL
- 400+ PDL associates dedicated to digital and eCommerce
- Strong digital merchandising and marketing
- Own enterprise campaign management solutions
- Personalized brand customer experience through data and analytics

Investing now

- Proprietary omnichannel platform to support each brand
- Flexible architecture for continuous improvement
- Leading data science and analytics for all aspects of the business
- Next generation fulfilment to provide increased speed and coverage
- Innovation hub to serve customers even better
Building an integrated omnichannel platform for each brand

- Brand platforms
- Integrated omnichannel platform
- Peapod commerce platform
- Digital tools and technology

**Integrated omnichannel platform**

- Same great prices
- Local assortment
- Endless aisles
- Consistent promotions
- Single sign-on
- Customizable by brand
- Integrated loyalty
- Agile architecture
- Extensive personalization
- Continuous deployment
- Build once and scale

**Note:** *In-store only shoppers compared to omnichannel shoppers for total spend in Q3 2018

**2-3x**

Higher spend by omnichannel customers than in-store only customers*

US eCommerce & Digital

Ahold Delhaize

Capital Markets Day 2018
Delivering a best-in-class local omnichannel experience for each brand

- Select Ripeness
- Shopping Assistant
- Frictionless Checkout
- Personalized
- Real Time
- More Pick-Up Locations
- Refunds at Delivery
- Freshness Guarantee
- Connected Associates and Customers
- Endless Aisles
- Voice Integration
- Improved Shopping List
- Product Locator
- Digital Loyalty Programs
- In-Store Pricing
- Integrated Recipe Engine
An innovation pipeline to serve brand customers even better

### Ideate
- Endless aisle assortment
- Automated fulfillment
- Same day delivery
- Curated meal kits
- Pod Bags for unattended delivery
- Virtual butcher shop
- Exclusive media partnerships

### Test and learn
- Peapod Digital Labs
- Devoted innovation hub
- Partnerships with universities
- Collaboration with start-ups

### Execute
- Peapod Digital Labs
- Devoted innovation hub
- Partnerships with universities
- Collaboration with start-ups
Expanding the portfolio of fulfillment methods

Click and Collect

Automated MFC and HSC models

In-house and 3rd party delivery

“... And more” solutions

Peapod

SHIPT
deliv
instacart
Increasing speed and coverage

Today’s offerings

- Fastest available pick-up or delivery
  - Next day
  - Same day
  - Immediate

2020 vision

- 65% of brand customers will have access to same day

- Fastest available pick-up or delivery
  - Next day
  - Same day
  - Immediate
Expanding Click and Collect to 600+ stores by 2019

- **2018**
  - ~50 Pick-up Points
  - ~200 Peapod

- **2019**
  - 600+ Click and Collect

Additional Features:
- Best-in-class same day offering
- Full store assortment
- In-store pricing
- Integrated loyalty
- Dedicated customer service
Building automated micro-fulfillment, tailored to each brand’s local market

- Faster
- Fresher
- Efficient
- Local

Reaching customers within 1 hour

“All-in” productivity of ~145 units per labor hour

Reduced last mile expense

Less than 12 months to build

Build in our existing stores or other locations

$3-5m Capex for pilot facility
This plan will accelerate food eCommerce sales growth for each brand

- **2018E**: 10%+
- **2019E**: 20%+
- **2020E**: 30%+
Key takeaways

- Launching the digital and eCommerce engine to support each brand’s strategy
- Creating the digital ecosystem of the future
- Driving brand eCommerce growth through:
  - 600+ Click and Collect stores by 2019
  - Same-day pickup & delivery to 65%+ of customers
- Rolling out NextGen fulfillment models
- Connecting all brand customers to omnichannel to expand loyalty and share of wallet
Cautionary notice

This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words such as entering 2019, plan, by 2020, will, our 2020 vision, fulfillment, by 2019, key takeaways, forecasted or other similar words or expressions are typically used to identify forward-looking statements.

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