Koninklijke Ahold Delhaize N.V.

2018 RESTATEMENT FOR THE ADOPTION OF IFRS 16

Issued on March 25, 2019

Media Relations: +31 88 659 5134
Investor Relations: +31 88 659 5213
www.aholddelhaize.com

Social Media
Twitter: @AholdDelhaize
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Introduction

A new accounting standard, IFRS 16 "Leases" ("IFRS 16") has been published by the International Accounting Standards Board. IFRS 16 replaces existing lease guidance, including IAS 17, “Leases”; IFRIC 4, “Determining whether an Arrangement Contains a Lease”; SIC-15, “Operating Leases – Incentives”; and SIC-27, “Evaluating the Substance of Transactions Involving the Legal Form of a Lease” ("the former lease accounting standard").

The IFRS 16 standard is effective for annual periods beginning on or after January 1, 2019. Koninklijke Ahold Delhaize N.V. ("Ahold Delhaize" or the "Company" or "Group" or "Ahold Delhaize Group") adopted IFRS 16 on December 31, 2018 (being the start of its 2019 financial year), and applied the full retrospective transition approach and accordingly, comparative figures for 2018 have been restated.

IFRS 16 introduces a single, on-balance sheet accounting model for leases and for the most significant part of our leases, we will recognize a right-of-use asset representing our right to use the underlying asset, and a lease liability representing our obligation to make future lease payments.

For the income statement the nature of expenses related to leases, where the Company leases an asset (lessee), will change as IFRS 16 replaces the operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The accounting model for sublease contracts, where Ahold Delhaize acts as landlord (lessor), remains similar to the former lease accounting standard and we will continue to classify leases as either finance or operating leases. However, subleases under IFRS 16 are in general more likely to be classified as finance leases compared to the former lease accounting standard.

The implementation of IFRS 16 has no economic or cash impact on the business of the Group, the way how we manage our business nor drive decisions on the allocation of capital. However, it does have a significant impact on our balance sheet, income statement as well as the classification of cash flows relating to lease contracts.

The purpose of this document is to provide an overview of the effect of the adoption of IFRS 16 on the opening balance as of January 1, 2018 as well as on the quarterly and full-year results of 2018. Further, the effect on the quarterly primary statements and segment results is also provided.

We refer to the section "*Notes to the financial information*" for a detailed description of the new IFRS 16-based accounting policies applied by Ahold Delhaize as of December 31, 2018.

In addition, due to the implementation of IFRS 16, Ahold Delhaize decided to update some of its definitions of alternative performances measures. We refer to the section "*Notes to the financial information*" where we disclosed the updated definitions for those alternative performance measures that are impacted by the implementation of IFRS 16 or mentioned in this booklet.

Effect of the adoption of IFRS 16

Group performance

€ million, except per share data	2018 as reported	2018 restated	Effect of IFRS 16 adoption	% change
Net sales	**62,791**	**62,791**	**—**	**— %**
Cost of sales	(45,839)	(45,838)	1	— %
Gross profit	**16,952**	**16,953**	**1**	**— %**
Operating expenses	(14,557)	(14,330)	227	1.6 %
Operating income	**2,395**	**2,623**	**228**	**9.5 %**
Net financial expense	(246)	(487)	(241)	(97.8)%
Income before income taxes	**2,149**	**2,136**	**(13)**	**(0.6)%**
Income taxes	(372)	(373)	(1)	(0.3)%
Share in income of joint ventures	32	34	2	7.6 %
Income from continuing operations	**1,809**	**1,797**	**(12)**	**(0.7)%**
Income (loss) from discontinued operations	(16)	(17)	(1)	(4.0)%
Net income attributable to common shareholders	**1,793**	**1,780**	**(13)**	**(0.7)%**
Operating income	**2,395**	**2,623**	**228**	**9.5 %**
Adjusted for:				
Impairments	58	53	(5)	(9.6)%
(Gains) losses on leases and the sale of assets	(7)	(23)	(16)	(217.1)%
Restructuring and related charges and other items	108	108	—	0.7 %
Underlying operating income[1]	**2,554**	**2,761**	**207**	**8.1 %**
Underlying operating income margin[1]	4.1%	4.4%		0.3% pt
Underlying EBITDA margin[1]	6.9%	8.5%		1.6% pt
Basic income per share from continuing operations	1.54	1.53	(0.01)	(0.7)%
Underlying income per share from continuing operations[1]	1.60	1.57	(0.03)	(1.5)%

1. *Underlying operating income, underlying EBITDA and underlying income per share from continuing operations are alternative performance measures that are used throughout the report. For a description of alternative performance measures, refer to section* Use of alternative performance measures *at the end of this report.*

The nature of expenses related to leases will change as IFRS 16 replaces the operating lease expense with a depreciation charge for right-of-use assets (both recorded as operating expenses) and interest expense on lease liabilities recorded in net finance expense. In summary, the main changes in the income statement are a decrease of operating expenses of €227 million and an increase in net financial expense of €241 million.

Underlying EBITDA margin (earnings before interest, tax, depreciation and amortization) increased by 1.6 percentage points to 8.5% for the 2018 financial year.

Below is an overview of underlying operating income and underlying operating income margin for full year 2018 by segment:

€ million	Underlying operating income			Underlying operating margin		
	2018 as reported	2018 restated	% change	2018 as reported	2018 restated	% change
The United States	1,563	1,699	8.7%	4.2%	4.5%	0.3% pt
The Netherlands	715	748	4.6%	5.0%	5.3%	0.3% pt
Belgium	141	142	1.0%	2.8%	2.8%	—
Central and Southeastern Europe	237	274	15.5%	3.9%	4.6%	0.7% pt
Global Support Office	(102)	(102)	0.2%	—%	—%	—
Ahold Delhaize Group	**2,554**	**2,761**	**8.1%**	**4.1%**	**4.4%**	**0.3% pt**

The underlying operating margin effect per segment depends on the composition of the underlying lease portfolio and can be explained largely as follows:

- *The United States:*
  This segment consists of former Ahold USA and Delhaize America brands. The start date for all the leases of the former Delhaize America brands was the merger date of July 24, 2016, and at that date, the discount rate was relatively low. As a consequence, the interest portion of the Delhaize America leases is relatively small and consequently these leases have a relatively high depreciation charge. As such, the IFRS 16 impact on underlying operating margin is limited.

  For the former Ahold USA brands, the lease portfolio has a more balanced and mature composition with leases with higher and lower discount rates. As a result, in comparison to the former Delhaize America brands, the average discount rates used for the former Ahold USA brands are higher, resulting in a greater increase in the underlying operating margin.

- *The Netherlands:*
  This segment's lease portfolio is relatively mature and balanced with a mix of low and high discount rates.

- *Belgium:*
  The limited impact on underlying operating margin is a result of the merger effect as explained above for the former Delhaize America brands. At merger date, the discount rates were relatively low for the leases in Belgium. In addition, the Belgian business model is to have relatively more affiliate than owned stores. Where possible, Ahold Delhaize leases the affiliate store and subleases the store to the affiliate. These subleases are normally mirroring the head lease, thus the majority of the subleases are classified as finance subleases, resulting in the derecognition of the right-of-use asset and the recognition of a lease receivable in return, on which only interest income is earned, and no depreciation charges exist anymore. Rental income on these subleases was previously recorded in operating income but is now recorded as interest income and capital repayment.

- *Central and Southeastern Europe (CSE):*
  The relatively large impact at CSE is a result of the higher discount rates, especially in Greece, versus the other segments. This results in a relatively high interest portion on the leases under IFRS 16 and lower depreciation charges.

While the income from continuing operations per share only decreased by €0.01 to €1.53, the underlying income from continuing operations per share decreased by €0.03 to €1.57, driven mainly by recognized gains on leases which are excluded from underlying income from continuing operations, similar to gains and losses on the sale of assets.

Financial Position

Balance sheet as of December 30, 2018

€ million	December 30, 2018 as reported	December 30, 2018 restated	Effect of IFRS 16 adoption	% Change
Property, plant and equipment	11,147	10,046	(1,101)	(9.9)%
Investment property	629	963	334	53.2 %
Right-of-use asset	—	7,027	7,027	NM
Intangible assets	12,013	11,813	(200)	(1.7)%
Other non-current assets	700	1,063	363	51.9 %
Cash, cash equivalents and short-term deposits and similar instruments, and current portion investment in debt instruments	3,507	3,507	—	— %
Inventories	3,196	3,196	—	— %
Other current assets	2,139	2,215	76	3.5 %
Total assets	**33,331**	**39,830**	**6,499**	**19.5 %**
Equity attributable to common shareholders	14,816	14,205	(611)	(4.1)%
Loans	3,683	3,683	—	— %
Other non-current financial liabilities	2,055	8,946	6,891	335.3 %
Deferred tax liabilities	864	682	(182)	(21.1)%
Other non-current liabilities	1,892	1,371	(521)	(27.6)%
Short-term borrowings and current portion of long-term debt	1,095	2,077	982	89.7 %
Other current liabilities	8,926	8,866	(60)	(0.7)%
Total equity and liabilities	**33,331**	**39,830**	**6,499**	**19.5 %**

Property, plant and equipment acquired under finance leases under the former lease accounting standard were included in the Property, plant and equipment line on the balance sheet but, with the introduction of the new right-of-use asset line, these assets have been reclassified, resulting in a decrease of €1,101 million.

Right-of-use assets recognized under IFRS 16 are reported on two balance sheet lines, the right-of-use asset line (€7,027 million), and if it meets the definition of investment property, it is included in Investment Property (€334 million).

Under IFRS 16, all favorable lease rights previously recorded as intangible assets, are now included in the right-of-use asset balance, thus the decrease of €200 million is a reclassification to the right-of-use asset line and mainly relates to favorable lease rights recognized as part of the merger with Delhaize.

The increase of €363 million in Other non-current assets mainly represents the non-current portion of (sub)lease receivables (Net investment in leases) of €397 million, while the current portion effect (€81 million increase) is included in Other current assets.

The decrease in Group equity is mainly due to the opening balance sheet adjustment of €578 million for the adoption of IFRS 16 using the full retrospective approach, a further €13 million loss recorded in 2018 as restatement of the 2018 figures to IFRS 16 as well as a €20 million loss due to currency translation differences. The opening balance sheet adjustment is the net difference between the right-of-use assets (net of any other reclassifications, such as intangibles among others) and the lease liabilities (net of reversal of step rent accruals and reclassification of unfavorable lease rights, among others) recognized as at January 1, 2018. As the right-of-use assets are depreciated on straight-line basis compared to the reduction in the lease liabilities on an annuity basis, (being the so-called front-loading effect), a net debit was recorded in equity on transition.

The increase in the Other non-current financial liabilities (€6,891 million) and Short-term borrowings and current portion of long-term debt (€982 million) lines represents the newly recognized lease liabilities. Total lease liabilities at the end of 2018 were €9,432 million, including also finance leases under the former lease accounting standard.

The decrease of €521 million in Other non-current liabilities is mainly attributable to the reclassification of unfavorable lease right to the right-of-use assets of €172 million, and reversal of step rent accruals €287 million and onerous contract provisions €57 million as most of these are now also included in the lease liabilities.

Cash flows

€ million	2018 as reported	2018 restated	Effect of IFRS 16 adoption	% change
Operating cash flows from continuing operations	4,328	5,360	1,032	23.8 %
Purchase of non-current assets (cash capital expenditure)	(1,780)	(1,780)	—	— %
Divestment of assets / disposal groups held for sale	27	27	—	— %
Dividends from joint ventures	17	17	—	— %
Interest received	74	74	—	— %
Repayment of lease receivable	—	86	86	NM
Interest paid	(324)	(227)	97	30.0 %
Repayment of lease liabilities	—	(1,392)	(1,392)	NM
Free cash flow	**2,342**	**2,165**	**(177)**	**(7.6)%**
Proceeds from long-term debt	798	798	—	— %
Repayments of loans	(783)	(783)	—	— %
Repayments of finance lease liabilities (reclassified)	(177)	—	177	NM
Changes in short-term loans	(733)	(733)	—	— %
Dividends paid on common shares	(757)	(757)	—	— %
Share buyback	(2,003)	(2,003)	—	— %
Acquisition / divestments of businesses, net of cash	(33)	(33)	—	— %
Other cash flows from derivatives	(29)	(29)	—	— %
Other	30	30	—	— %
Change in cash, cash equivalents and short-term deposits and similar instruments, and the current portion of investment in debt instruments (before impact of exchange rates)	**(1,345)**	**(1,345)**	**—**	**— %**
Changes in short-term deposits and similar instruments, the current portion of investments in debt instruments and changes in restricted cash	(242)	(242)	—	— %
Net cash from operating, investing and financing activities	**(1,587)**	**(1,587)**	**—**	**— %**

Cash flows are reclassified between operating and financing activities in IFRS 16. Previously all rent expense payments for operating leases were fully presented in operating cash flows and rent expense payments on finance leases were split between Interest paid and Repayments of finance lease liabilities. Under IFRS 16, rent payments are mainly presented as Repayment of lease liabilities, which is included in cash flows from financing activities. Rent payments for low value and short term leases are still included in operating expenses and cash flow from operating activities, similar to the treatment under the former lease accounting standard.

In addition, rent income from finance sublease contracts is now classified as cash flows from investing activities and no longer as cash flow from operating activities. There is no change to the net cash flow. Rent income from operating sublease contracts are still recorded in operating expenses and included in cash flows from operating activities as the accounting for these did not change.

Prior to the adoption of IFRS 16, the Company excluded from Free Cash Flow the repayments of finance lease liabilities. This was considered a financing activity. In the new definition of Free Cash Flow, the net repayments on leases will be included in Free Cash Flow. The net repayment is the net of the repayments on the lease liabilities that the Company makes, and the repayments on lease receivables the Company receives from its sublease tenants (both including the interest and principal portion).

This will lower the reported Free Cash Flow numbers under the new definition, while there is no change to the net cash flow.

Solvency and liquidity

€ million	December 30, 2018 as reported	December 30, 2018 restated	Effect of IFRS 16 adoption	% Change
Net debt	**3,105**	**10,978**	**7,873**	253.6%

The implementation of IFRS 16 will have a significant impact on our financial metrics that are commonly used to assess Ahold Delhaize's solvency and liquidity due to changes in our debt position, EBITDA adjustments due to the reclassification of rent expense to interest and depreciation and the composition of our cash flow statements (including our definition of free cash flow).

Ahold Delhaize does not have to test compliance with financial covenants as a result of its current credit ratings.

Revolving credit facility

Ahold Delhaize has access to a €1.0 billion committed credit facility which contains customary covenants and is subject to a financial covenant that requires Ahold Delhaize, in the event that its corporate rating from Standard & Poor's and Moody's is lower than BBB / Baa2, respectively, not to exceed a maximum leverage ratio of 4.0:1.

Based upon the restated IFRS 16 figures, the leverage ratio is 2.10:1, which is not exceeding the maximum leverage ratio of 4.0:1.

Ahold Delhaize notified the relevant lenders of the change to the manner in which the financial statements are prepared following the adoption of IFRS 16. We do not expect the accounting changes will alter compliance with the general terms and provisions of our credit facility.

Credit rating

The IFRS 16 lease accounting policy conceptually reflects the adjustment to debt that rating agencies have been applying. We expect that the implementation of IFRS 16 will result in changes in their financial models, relying in particular on our financial statements instead of applying agency specific adjustments. Whilst we anticipate the changes from the implementation of IFRS 16 will likely result in a change to some financial metrics reported by the rating agencies, we expect that the changes in isolation are unlikely to result in any rating actions (positive or negative) because an accounting change in reporting should conceptually not affect our company's underlying financial position. As such we expect that the implementation of IFRS 16 will not impact our credit rating.

Outlook 2019 under IFRS 16

Pre-IFRS 16 outlook remains unchanged.

- No impact on synergies and Save for Our Customers targets 2019-2021
- Full-year 2019 group margin guidance to be in line with restated 2018 margins
- Underlying earnings per share to grow in 2019 by high single-digit percentage
- Free cash flow 2019-2021 under the new definition around €1.8 billion per year; total cash generation unchanged.

Summary performance

Full year 2018 and per quarter

€ million, except per share data	IFRS 16 restated amounts FY 2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Net sales	**62,791**	**14,933**	**15,531**	**15,780**	**16,547**
Operating income	**2,623**	**623**	**644**	**671**	**685**
Net financial expenses	(487)	(120)	(146)	(124)	(97)
Income taxes	(373)	(105)	(92)	(84)	(92)
Share in income of joint ventures	34	5	2	14	13
Income from continuing operations	**1,797**	**403**	**408**	**477**	**509**
Loss from discontinued operations	(17)	—	—	(17)	—
Net income attributable to common shareholders	**1,780**	**403**	**408**	**460**	**509**
Basic income per share from continuing operations	1.53	0.33	0.34	0.41	0.45
Underlying EBITDA	5,363	1,296	1,320	1,348	1,399
Underlying EBITDA margin	8.5%	8.7%	8.5%	8.5%	8.5%
Underlying operating income	2,761	651	669	698	743
Underlying operating income margin	4.4%	4.4%	4.3%	4.4%	4.5%
Underlying income from continuing operations	1,852	424	433	490	505
Underlying income per share from continuing operations	1.57	0.35	0.36	0.42	0.44
Free cash flow	2,165	398	648	494	625
Net debt	10,978	10,049	10,956	11,134	10,978

Performance by segment

Ahold Delhaize's retail operations are presented in four reportable segments as included in our 2018 Annual Report published on February 27, 2019. The full 2018 Annual Report is available for download on the Ahold Delhaize website (www.aholddelhaize.com). For more information on the composition of the reportable segments, see Note 6 to the 2018 Consolidated Financial Statements.

The United States

€ million	IFRS 16 restated amounts FY 2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Net sales	37,460	8,839	9,211	9,612	9,798
Operating income	1,633	394	388	415	436
Underlying operating income	1,699	408	401	430	460
Underlying operating margin	4.5%	4.6%	4.3%	4.5%	4.7%

The Netherlands

	IFRS 16 restated amounts				
€ million	FY 2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Net sales	14,218	3,408	3,536	3,469	3,805
Operating income	731	172	195	183	181
Underlying operating income	748	176	195	184	193
Underlying operating margin	5.3%	5.2%	5.5%	5.3%	5.0%

Belgium

	IFRS 16 restated amounts				
€ million	FY 2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Net sales	5,095	1,245	1,286	1,226	1,338
Operating income	130	26	35	35	34
Underlying operating income	142	29	35	39	39
Underlying operating margin	2.8%	2.3%	2.7%	3.2%	3.0%

Central and Southeastern Europe

	IFRS 16 restated amounts				
€ million	FY 2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Net sales	6,018	1,441	1,498	1,473	1,606
Operating income	262	53	64	61	84
Underlying operating income	274	54	63	64	93
Underlying operating margin	4.6%	3.7%	4.2%	4.3%	5.8%

Global Support Office

	IFRS 16 restated amounts				
€ million	FY 2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Operating loss	(133)	(22)	(38)	(23)	(50)
Underlying operating loss	(102)	(16)	(25)	(19)	(42)

Group financial information - Full year 2018

Consolidated income statement - Full year 2018

€ million, except per share data	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Net sales	62,791	—	62,791
Cost of sales	(45,839)	1	(45,838)
Gross profit	**16,952**	**1**	**16,953**
Selling expenses	(12,236)	206	(12,030)
General and administrative expenses	(2,321)	21	(2,300)
Total operating expenses	(14,557)	227	(14,330)
Operating income	**2,395**	**228**	**2,623**
Interest income	70	15	85
Interest expense	(310)	99	(211)
Net interest expense on defined benefit pension plans	(19)	—	(19)
Interest accretion to lease liability	—	(355)	(355)
Other financial income (expense)	13	—	13
Net financial expenses	(246)	(241)	(487)
Income before income taxes	**2,149**	**(13)**	**2,136**
Income taxes	(372)	(1)	(373)
Share in income of joint ventures	32	2	34
Income from continuing operations	**1,809**	**(12)**	**1,797**
Income (loss) from discontinued operations	(16)	(1)	(17)
Net income attributable to common shareholders	**1,793**	**(13)**	**1,780**
Net income per share attributable to common shareholders			
Basic	1.52	(0.01)	1.51
Diluted	1.50	(0.01)	1.49
Income from continuing operations per share attributable to common shareholders			
Basic	1.54	(0.01)	1.53
Diluted	1.52	(0.01)	1.51
Weighted average number of common shares outstanding (in millions)			
Basic	1,176		1,176
Diluted	1,203		1,203
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8476		0.8476

Consolidated statement of comprehensive income - Full year 2018

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Net income	1,793	(13)	1,780
Remeasurements of defined benefit pension plans			
Remeasurements before taxes - income (loss)	66	—	66
Income taxes	(18)	—	(18)
Other comprehensive income (loss) that will not be reclassified to profit or loss	48	—	48
Currency translation differences in foreign interests:			
Currency translation differences before taxes from continuing operations:	495	(20)	475
Cash flow hedges:			
Fair value result for the period	1	—	1
Transfers to net income	1	—	1
Other comprehensive income (loss) reclassifiable to profit or loss	497	(20)	477
Total other comprehensive income (loss)	**545**	**(20)**	**525**
Total comprehensive income attributable to common shareholders	**2,338**	**(33)**	**2,305**
Attributable to:			
Continuing operations	2,354	(32)	2,322
Discontinued operations	(16)	(1)	(17)
Total comprehensive income attributable to common shareholders	**2,338**	**(33)**	**2,305**

Consolidated balance sheet - December 30, 2018

€ million	December 30, 2018 as reported	Effect of IFRS 16 adoption	December 30, 2018 restated
Assets			
Property, plant and equipment	11,147	(1,101)	10,046
Investment property	629	334	963
Right-of-use asset	—	7,027	7,027
Intangible assets	12,013	(200)	11,813
Investments in joint ventures and associates	236	(23)	213
Other non-current financial assets	238	398	636
Deferred tax assets	149	17	166
Other non-current assets	77	(29)	48
Total non-current assets	**24,489**	**6,423**	**30,912**
Assets held for sale	23	—	23
Inventories	3,196	—	3,196
Receivables	1,759	87	1,846
Other current financial assets	461	—	461
Income taxes receivable	53	—	53
Prepaid expenses and other current assets	228	(11)	217
Cash and cash equivalents	3,122	—	3,122
Total current assets	**8,842**	**76**	**8,918**
Total assets	**33,331**	**6,499**	**39,830**
Equity and liabilities			
Equity attributable to common shareholders	**14,816**	**(611)**	**14,205**
Loans	3,683	—	3,683
Other non-current financial liabilities	2,055	6,891	8,946
Pensions and other post-employment benefits	532	—	532
Deferred tax liabilities	864	(182)	682
Provisions	794	(43)	751
Other non-current liabilities	566	(478)	88
Total non-current liabilities	**8,494**	**6,188**	**14,682**
Accounts payable	5,816	(1)	5,815
Other current financial liabilities	1,232	983	2,215
Income taxes payable	110	—	110
Provisions	326	(14)	312
Other current liabilities	2,537	(46)	2,491
Total current liabilities	**10,021**	**922**	**10,943**
Total equity and liabilities	**33,331**	**6,499**	**39,830**
Year-end U.S. dollar exchange rate (euro per U.S. dollar)	0.8738		0.8738

Consolidated statement of changes in equity - Full year 2018

€ million	Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserve	Other reserves including retained	Equity attributable to common shareholder
Balance as of January 1, 2018, as previously reported	**12**	**15,175**	**(555)**	**(4)**	**541**	**15,169**
Effect of change in accounting policy - IFRS 16	—	—	—	—	(578)	(578)
Balance as of January 1, 2018, restated	**12**	**15,175**	**(555)**	**(4)**	**(37)**	**14,591**
Net income attributable to common shareholders - restated	—	—	—	—	1,780	1,780
Other comprehensive income - restated	—	—	475	2	48	525
Total comprehensive income attributable to common shareholders - restated	—	—	475	2	1,828	2,305
Dividends	—	—	—	—	(757)	(757)
Share buyback	—	—	—	—	(1,997)	(1,997)
Cancellation of treasury shares	—	(1,176)	—	—	1,176	—
Share-based payments	—	—	—	—	63	63
Balance as of December 30, 2018, restated	**12**	**13,999**	**(80)**	**(2)**	**276**	**14,205**

Consolidated statement of cash flow - Full year 2018

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Income from continuing operations	1,809	(12)	1,797
Adjustments for:			
Net financial expenses	246	241	487
Income taxes	372	1	373
Share in income of joint ventures	(32)	(2)	(34)
Depreciation, amortization and impairments	1,816	844	2,660
Gains on the sale of assets / disposal groups held for sale	(7)	(1)	(8)
Share-based compensation expenses	60	—	60
Gains on leasing transactions	(4)	(16)	(20)
Operating cash flows before changes in operating assets and liabilities	4,260	1,055	5,315
Changes in working capital:			
Changes in inventories	(35)	—	(35)
Changes in receivables and other current assets	(6)	(36)	(42)
Changes in payables and other current liabilities	525	3	528
Changes in other non-current assets, other non-current liabilities and provisions	(136)	10	(126)
Cash generated from operations	4,608	1,032	5,640
Income taxes paid - net	(280)	—	(280)
Operating cash flows from continuing operations	4,328	1,032	5,360
Operating cash flows from discontinued operations	(5)	3	(2)
Net cash from operating activities	**4,323**	**1,035**	**5,358**
Purchase of non-current assets	(1,780)	—	(1,780)
Divestments of assets / disposal groups held for sale	27	—	27
Acquisition of businesses, net of cash acquired	(30)	—	(30)
Divestment of businesses, net of cash divested	(3)	—	(3)
Changes in short-term deposits and similar instruments	(242)	—	(242)
Dividends received from joint ventures	17	—	17
Interest received	74	—	74
Lease payments received on lease receivables	—	86	86
Other	38	—	38
Investing cash flows from continuing operations	(1,899)	86	(1,813)
Investing cash flows from discontinued operations	—	1	1
Net cash from investing activities	**(1,899)**	**87**	**(1,812)**
Proceeds from long-term debt	798	—	798
Interest paid	(324)	97	(227)
Repayments of loans	(783)	—	(783)
Changes in short-term loans	(733)	—	(733)
Repayment of lease liabilities	(177)	(1,215)	(1,392)
Dividends paid on common shares	(757)	—	(757)
Share buyback	(2,003)	—	(2,003)
Other cash flows from derivatives	(29)	—	(29)
Other	(3)	—	(3)
Financing cash flows from continuing operations	(4,011)	(1,118)	(5,129)
Financing cash flows from discontinued operations	—	(4)	(4)
Net cash from financing activities	**(4,011)**	**(1,122)**	**(5,133)**
Net cash from operating, investing and financing activities	**(1,587)**	**—**	**(1,587)**
Cash and cash equivalents at the beginning of the period (excluding restricted cash)	4,542	—	4,542
Effect of exchange rates on cash and cash equivalents	155	—	155
Cash and cash equivalents at the end of the period (excluding restricted cash)	**3,110**	**—**	**3,110**
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8476		0.8476

Consolidated balance sheet on transition (Opening balance sheet)

€ million	1 January 2018 as reported	Effect of IFRS 16 adoption	1 January 2018 restated
Assets			
Property, plant and equipment	10,689	(1,132)	9,557
Investment property	650	366	1,016
Right-of-use asset	—	6,970	6,970
Intangible assets	11,634	(224)	11,410
Investments in joint ventures and associates	230	(25)	205
Other non-current financial assets	192	404	596
Deferred tax assets	436	31	467
Other non-current assets	70	(26)	44
Total non-current assets	**23,901**	**6,364**	**30,265**
Assets held for sale	14	—	14
Inventories	3,077	—	3,077
Receivables	1,605	78	1,683
Other current financial assets	238	—	238
Income taxes receivable	154	—	154
Prepaid expenses and other current assets	300	(43)	257
Cash and cash equivalents	4,581	—	4,581
Total current assets	**9,969**	**35**	**10,004**
Total assets	**33,870**	**6,399**	**40,269**
Equity and liabilities			
Equity attributable to common shareholders	**15,169**	**(578)**	**14,591**
Loans	3,289	—	3,289
Other non-current financial liabilities	2,098	6,823	8,921
Pensions and other post-employment benefits	567	—	567
Deferred tax liabilities	1,105	(162)	943
Provisions	808	(60)	748
Other non-current liabilities	529	(472)	57
Total non-current liabilities	**8,396**	**6,129**	**14,525**
Accounts payable	5,277	(1)	5,276
Other current financial liabilities	2,210	912	3,122
Income taxes payable	136	—	136
Provisions	355	(18)	337
Other current liabilities	2,327	(45)	2,282
Total current liabilities	**10,305**	**848**	**11,153**
Total equity and liabilities	**33,870**	**6,399**	**40,269**
Year-end U.S. dollar exchange rate (euro per U.S. dollar)	0.8330		0.8330

Financial information by segment - Full year 2018

Operating income

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
The United States	1,482	151	1,633
The Netherlands	698	33	731
Belgium	126	4	130
Central and Southeastern Europe	222	40	262
Global Support Office	(133)	—	(133)
Ahold Delhaize Group	**2,395**	**228**	**2,623**

Underlying operating income

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
The United States	1,563	136	1,699
The Netherlands	715	33	748
Belgium	141	1	142
Central and Southeastern Europe	237	37	274
Global Support Office	(102)	—	(102)
Ahold Delhaize Group	**2,554**	**207**	**2,761**

Underlying operating margin

	2018 as reported	Effect of IFRS 16 adoption	2018 restated
The United States	4.2%	0.3%	4.5%
The Netherlands	5.0%	0.3%	5.3%
Belgium	2.8%	—%	2.8%
Central and Southeastern Europe	3.9%	0.7%	4.6%
Ahold Delhaize Group	**4.1%**	**0.3%**	**4.4%**

Group Alternative Performance Measures - Full year 2018

For descriptions of the following alternative performance measures, refer to the section *Use of alternative performance measures* under *Notes to the financial information*.

Free cash flow

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Operating cash flows from continuing operations before changes in working capital and income taxes paid	4,124	1,065	5,189
Changes in working capital	484	(33)	451
Income taxes paid - net	(280)	—	(280)
Purchase of non-current assets	(1,780)	—	(1,780)
Divestments of assets / disposal groups held for sale	27	—	27
Dividends received from joint ventures	17	—	17
Interest received	74	—	74
Interest paid	(324)	97	(227)
Free cash flow - Old Definition	**2,342**	**1,129**	**3,471**
Lease payments received on lease receivables	—	86	86
Repayment of lease liabilities	(177)	(1,215)	(1,392)
Free cash flow - New Definition	**2,165**	**—**	**2,165**

Net debt

€ million	December 30, 2018 as reported	Effect of IFRS 16 adoption	December 30, 2018 restated
Loans	3,683	—	3,683
Lease liabilities	1,379	6,891	8,270
Cumulative preferred financing shares	455	—	455
Non-current portion of long-term debt	5,517	6,891	12,408
Short-term borrowings and current portion of long-term debt	1,095	982	2,077
Gross debt	6,612	7,873	14,485
Less: Cash, cash equivalents, short-term deposits and similar instruments’ and short-term portion of investments in debt instruments	3,507	—	3,507
Net debt	**3,105**	**7,873**	**10,978**

Underlying operating income

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Operating income	**2,395**	**228**	**2,623**
Impairments	58	(5)	53
(Gains) losses on leases and the sale of assets	(7)	(16)	(23)
Restructuring and related charges and other	108	—	108
Adjustments to operating income	*159*	*(21)*	*138*
Underlying operating income	**2,554**	**207**	**2,761**

€ million	IFRS 16 restated				
	Operating income (loss)	Impairments	(Gains) losses on leases and the sale of assets	Restructuring and related charges and other	Underlying operating income (loss)
The United States	1,633	26	(17)	57	1,699
The Netherlands	731	13	(1)	5	748
Belgium	130	—	(2)	14	142
Central and Southeastern Europe	262	14	(3)	1	274
Global Support Office	(133)	—	—	31	(102)
Ahold Delhaize Group	**2,623**	**53**	**(23)**	**108**	**2,761**

Underlying EBITDA

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Underlying operating income	**2,554**	**207**	**2,761**
Depreciation and amortization[1]	1,751	851	2,602
Underlying EBITDA	**4,305**	**1,058**	**5,363**

1 Underlying operating income was adjusted for depreciation and amortization in the amount of €1,751 million for 2018 as reported and €2,602 million for 2018 restated. The €7 million difference between the total amount of depreciation and amortization for 2018 as reported of €1,758 million and the €1,751 million mentioned above relates to an item that was excluded from underlying operating income. For the 2018 restated, the difference is €5 million.

Underlying income from continuing operations

€ million, except per share data	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Income from continuing operations	**1,809**	**(12)**	**1,797**
Adjustments to operating income	159	(21)	138
Unusual items in net financial expenses	(7)	—	(7)
Tax effect of unusual items and unusual tax items	(81)	5	(76)
Underlying income from continuing operations	**1,880**	**(28)**	**1,852**
Basic income from continuing operations per share[1]	1.54	(0.01)	1.53
Underlying income from continuing operations per share[1]	1.60	(0.03)	1.57

1. *Basic and underlying earnings per share from continuing operations are calculated by dividing the (underlying) income from continuing operations attributable to equity holders by the average numbers of shares outstanding. The weighted average number of shares used for calculating the basic and underlying earnings per share for 2018 is 1,176 million.*

Notes to the financial information

1. Basis of presentation

The full-year 2018 financial information, as reported, and included in the primary statements in this communication is based on Ahold Delhaize's 2018 Financial Statements as included in the 2018 Annual Report ("the Financial Statements") published on February 27, 2019. This Annual Report has been authorized for issue. The Annual Report has been published and is subject to adoption by the annual General Meeting of Shareholders on April 10, 2019.

In accordance with section 393, Title 9, Book 2 of the Dutch Civil Code, PricewaterhouseCoopers Accountants N.V. has issued an unqualified Independent auditor's report on the 2018 Annual Report.

The full 2018 Annual Report is available for download on the Ahold Delhaize website (www.aholddelhaize.com).

This IFRS 16 restatement booklet has been prepared using accounting policies that are consistent with those applied in Ahold Delhaize's 2018 Financial Statements, except as otherwise indicated below, and specifically with regard to the adoption of IFRS 16 Leases.

The information in this IFRS 16 restatement booklet is unaudited.

2. Significant change to the accounting policies

The Company adopted IFRS 16 on December 31, 2018, and applied the full retrospective transition approach, and therefore the comparative figures for the 2018 financial year have been restated. The two capitalization exemptions proposed by the standard – lease contracts with a lease term of less than 12 months and lease contracts for which the underlying asset has a low value (on acquisition) that has been defined by the Company to be below USD 5,000 – are used. The payments for such leases will be recognized in the income statement on a straight-line basis over the lease term.

On transition to IFRS 16, the Company determined whether an arrangement contains a lease. When performing this assessment, the Company could choose whether to apply the IFRS 16 definition of a lease to all its contracts or apply the practical expedient allowed under IFRS 16 and not reassess whether a contract is, or contains, a lease. The Company chose to apply the practical expedient to grandfather the definition of a lease upon transition. This means that it applies IFRS 16 to all contracts entered into before December 31, 2018, and identified as leases in accordance with IAS 17 and IFRIC 4.

Ahold Delhaize as lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received. The right-of-use asset for acquired leases is adjusted for any favorable or unfavorable lease rights recognized as part of the purchase price allocation. The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the lease term or the useful life of the underlying asset. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company has elected to separate lease and non-lease components included in lease payments for all leases. Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, which are initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price of a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets are separately disclosed as a line in the balance sheet, but right-of-use assets that meet the definition of investment property are included in "Investment property", and separately disclosed in the notes. The lease liability is included in "Other current financial liabilities" and "Other non-current financial liabilities."

The Company has classified the principal portion of lease payments, as well as the interest portion, within financing activities. Lease payments are not split between interest and principal portions but are shown as one line "Repayment of lease liabilities" in the cash flow statement.

Lease payments for short-term leases, lease payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities.

Ahold Delhaize as lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "Rent expenses and income - net".

The accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16. However, when the Company was an intermediate lessor the subleases were classified with reference to the underlying asset.

The Company has classified cash flows from operating leases as operating activities. Cash flows from the principal and interest of the finance lease receivables received are classified as investing activities, disclosed in one line in the cash flow statement, being "Lease payments received on lease receivables".

3. Use of alternative performance measures

As a supplement to its GAAP results, Ahold Delhaize uses alternative performance (also known as non-GAAP) measures and operating metrics to evaluate its results of operations and cash flows as described below. Alternative performance measures have limitations as analytical tools, and should not be considered in isolation or as substitutes for analysis of operating results or cash flows as reported under GAAP. Ahold Delhaize compensates for these limitations by relying primarily on the GAAP results and using alternative performance measures only for supplemental purposes. Other companies in the retail industry may calculate these measures differently than Ahold Delhaize does, limiting their usefulness as comparative measures.

Management believes that these alternative performance (non-GAAP) financial measures allow for a better understanding of Ahold Delhaize's operating and financial performance. These alternative performance measures should be considered in addition to, but not as substitutes for, the most directly comparable IFRS measures.

For a complete overview of the Ahold Delhaize alternative performance measures we refer to pages 50 and 51 of our 2018 Annual Report published on February 27, 2019. Only those alternative performance measures that are listed below have been included in this IFRS 16 restatement booklet and some of the definition have been updated as stated below.

Earnings before interest, taxes, depreciation and amortization, or EBITDA

Ahold Delhaize defines EBITDA as operating income / (loss) plus depreciation and amortization. EBITDA is considered to be a useful measure for investors to analyze profitability by eliminating the effects of financing (i.e., net financial expense), capital investments and the impact of the purchase price allocation (i.e., depreciation and amortization). The definition remains unchanged.

Free cash flow

Following the adoption of IFRS 16, Ahold Delhaize defines free cash flow as operating cash flows from continuing operations minus net capital expenditures, net repayment of lease liabilities and receivables (both interest and principal portions) and net interest paid plus dividends received.

Previously, Ahold Delhaize did not include the repayment of finance lease liabilities under IAS 17, in free cash flow. In addition, Ahold Delhaize did not previously have lease receivables and all rent income was included in operating cash flows from continuing operations. However, after the adoption of IFRS 16, some lessor contracts were classified as finance leases resulting in the recognition of lease receivables. Rent payments received on such lease receivables continue to be included in free cash flow.

Ahold Delhaize has included free cash flow as the Company believes it is a useful measure for investors, because it provides insight into the cash flows available to, among other things, reduce debt and pay dividends. Free cash flow is derived from the financial statements; however, this is not a measure calculated in accordance with IFRS and may not be comparable to similar measures presented by other companies. Accordingly, free cash flow should not be considered as an alternative to operating cash flow.

Net debt

Net debt is the difference between (i) the sum of loans, finance lease liabilities, cumulative preferred financing shares and short-term debt (i.e., gross debt) and (ii) cash, cash equivalents, current portion of investment in debt instruments, and short-term deposits and similar instruments. In management's view, because cash, cash equivalents, current portion of investments in debt instruments, and short-term deposits and similar instruments can be used, among other things, to repay indebtedness, netting this against gross debt is a useful measure for investors to judge Ahold Delhaize's leverage. Net debt may include certain cash items that are not readily available for repaying debt. The definition remains unchanged.

Underlying operating income and margin

Underlying operating income is defined as total operating income, adjusted for impairments of non-current assets, gains and losses on the sale of assets, gains and losses on leases and subleases, restructuring and related charges, and other items considered not to be directly related to the underlying operating performance.

Prior to the adoption of IFRS 16, gains and losses on leases and subleases were not adjusted for to determine underlying operating income, but the amounts were not significant.

Ahold Delhaize's management believes this measure provides better insight into the underlying operating performance of Ahold Delhaize's operations. Underlying operating income margin is calculated as underlying operating income as a percentage of net sales.

Underlying income from continuing operations

Ahold Delhaize defines underlying income from continuing operations as income from continuing operations adjusted for impairments of non-current assets, gains and losses on the sale of assets, gains and losses on leases and subleases, restructuring and related charges, and other items considered not to be directly related to the underlying operating performance, as well as material non-recurring finance costs and income tax expense, and the potential effect of income tax on all these items.

Prior to the adoption of IFRS 16, gains and losses on leases and subleases were not adjusted for to determine underlying income from continuing operations but amounts were not significant.

Underlying income per share from continuing operations

Underlying income per share from continuing operations is calculated as underlying income from continuing operations, divided by the weighted average number of shares outstanding. The definition remains unchanged.

Restatement information per quarter

Q1 2018 financial information

Consolidated income statement

€ million, except per share data	Q1 2018 as reported	Effect of IFRS 16 adoption	Q1 2018 restated
Net sales	14,933	—	14,933
Cost of sales	(10,890)	—	(10,890)
Gross profit	**4,043**	**—**	**4,043**
Selling expenses	(2,932)	52	(2,880)
General and administrative expenses	(537)	(3)	(540)
Total operating expenses	(3,469)	49	(3,420)
Operating income	**574**	**49**	**623**
Interest income	13	4	17
Interest expense	(73)	25	(48)
Net interest expense on defined benefit pension plans	(5)	—	(5)
Interest accretion to lease liability	—	(87)	(87)
Other financial income (expense)	1	2	3
Net financial expenses	(64)	(56)	(120)
Income before income taxes	**510**	**(7)**	**503**
Income taxes	(107)	2	(105)
Share in income of joint ventures	4	1	5
Income from continuing operations	**407**	**(4)**	**403**
Income (loss) from discontinued operations	—	—	—
Net income attributable to common shareholders	**407**	**(4)**	**403**
Net income per share attributable to common shareholders			
Basic	0.34	(0.01)	0.33
Diluted	0.33	—	0.33
Income from continuing operations per share attributable to common shareholders			
Basic	0.34	(0.01)	0.33
Diluted	0.33	—	0.33
Weighted average number of common shares outstanding (in millions)			
Basic	1,214		1,214
Diluted	1,243		1,243
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8139		0.8139

Consolidated statement of cash flow

€ million	Q1 2018 as reported	Effect of IFRS 16 adoption	Q1 2018 restated
Income from continuing operations	407	(4)	403
Adjustments for:			
Net financial expenses	64	56	120
Income taxes	107	(2)	105
Share in income of joint ventures	(4)	(1)	(5)
Depreciation, amortization and impairments	441	207	648
Gains on the sale of assets / disposal groups held for sale	(1)	—	(1)
Share-based compensation expenses	11	—	11
Gains on leasing transactions	(1)	(2)	(3)
Operating cash flows before changes in operating assets and liabilities	1,024	254	1,278
Changes in working capital:			
Changes in inventories	52	—	52
Changes in receivables and other current assets	19	3	22
Changes in payables and other current liabilities	(274)	1	(273)
Changes in other non-current assets, other non-current liabilities and provisions	(17)	18	1
Cash generated from operations	804	276	1,080
Income taxes paid - net	(34)	—	(34)
Operating cash flows from continuing operations	770	276	1,046
Operating cash flows from discontinued operations	(1)	1	—
Net cash from operating activities	**769**	**277**	**1,046**
Purchase of non-current assets	(303)	—	(303)
Divestments of assets / disposal groups held for sale	13	—	13
Divestment of businesses, net of cash divested	(1)	—	(1)
Changes in short-term deposits and similar instruments	(24)	—	(24)
Interest received	15	—	15
Lease payments received on lease receivables	—	20	20
Other	(3)	—	(3)
Investing cash flows from continuing operations	(303)	20	(283)
Net cash from investing activities	**(303)**	**20**	**(283)**
Proceeds from long-term debt	797	—	797
Interest paid	(54)	24	(30)
Repayments of loans	(13)	—	(13)
Changes in short-term loans	748	—	748
Repayment of lease liabilities	(43)	(320)	(363)
Share buyback	(460)	—	(460)
Other	(1)	—	(1)
Financing cash flows from continuing operations	974	(296)	678
Financing cash flows from discontinued operations	—	(1)	(1)
Net cash from financing activities	**974**	**(297)**	**677**
Net cash from operating, investing and financing activities	**1,440**	**—**	**1,440**
Cash and cash equivalents at the beginning of the period (excluding restricted cash)	4,542	—	4,542
Effect of exchange rates on cash and cash equivalents	(75)	—	(75)
Cash and cash equivalents at the end of the period (excluding restricted cash)	**5,907**	**—**	**5,907**
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8139		0.8139

Financial information by segment

Operating income

€ million	Q1 2018 as reported	Effect of IFRS 16 adoption	Q1 2018 restated
The United States	366	28	394
The Netherlands	162	10	172
Belgium	25	1	26
Central and Southeastern Europe	43	10	53
Global Support Office	(22)	—	(22)
Ahold Delhaize Group	**574**	**49**	**623**

Underlying operating income

€ million	Q1 2018 as reported	Effect of IFRS 16 adoption	Q1 2018 restated
The United States	378	30	408
The Netherlands	166	10	176
Belgium	28	1	29
Central and Southeastern Europe	44	10	54
Global Support Office	(16)	—	(16)
Ahold Delhaize Group	**600**	**51**	**651**

Underlying operating margin

	Q1 2018 as reported	Effect of IFRS 16 adoption	Q1 2018 restated
The United States	4.3%	0.3%	4.6%
The Netherlands	4.9%	0.3%	5.2%
Belgium	2.3%	—%	2.3%
Central and Southeastern Europe	3.0%	0.7%	3.7%
Ahold Delhaize Group	**4.0%**	**0.4%**	**4.4%**

Group alternative performance measures

For descriptions of the following alternative performance measures, refer to the section *Use of alternative performance measures* under *Notes to the financial information*.

Free cash flow

€ million	Q1 2018 as reported	Effect of IFRS 16 adoption	Q1 2018 restated
Operating cash flows from continuing operations before changes in working capital and income taxes paid	1,007	272	1,279
Changes in working capital	(203)	4	(199)
Income taxes paid - net	(34)	—	(34)
Purchase of non-current assets	(303)	—	(303)
Divestments of assets / disposal groups held for sale	13	—	13
Interest received	15	—	15
Interest paid	(54)	24	(30)
Free cash flow - old definition	**441**	**300**	**741**
Lease payments received on lease receivables	—	20	20
Repayment of lease liabilities	(43)	(320)	(363)
Free cash flow - new definition	**398**	**—**	**398**

Net debt

€ million	April 1, 2018 as reported	Effect of IFRS 16 adoption	April 1, 2018 restated
Loans	4,068	—	4,068
Lease liabilities	1,353	6,620	7,973
Cumulative preferred financing shares	455	—	455
Non-current portion of long-term debt	5,876	6,620	12,496
Short-term borrowings and current portion of long-term debt	2,785	896	3,681
Gross debt	8,661	7,516	16,177
Less: Cash, cash equivalents, short-term deposits and similar instruments[1] and short-term portion of investments in debt instruments	6,128	—	6,128
Net debt	**2,533**	**7,516**	**10,049**

Underlying operating income

€ million	Q1 2018 as reported	Effect of IFRS 16 adoption	Q1 2018 restated
Operating income	**574**	**49**	**623**
Impairments	4	(1)	3
(Gains) losses on leases and the sale of assets	(1)	2	1
Restructuring and related charges and other	23	1	24
Adjustments to operating income	*26*	*2*	*28*
Underlying operating income	**600**	**51**	**651**

€ million	IFRS 16 restated				
	Operating income (loss)	Impairments	(Gains) losses on leases and the sale of assets	Restructuring and related charges and other	Underlying operating income (loss)
The United States	394	—	1	13	408
The Netherlands	172	2	—	2	176
Belgium	26	—	—	3	29
Central and Southeastern Europe	53	1	—	—	54
Global Support Office	(22)	—	—	6	(16)
Ahold Delhaize Group	**623**	**3**	**1**	**24**	**651**

Underlying EBITDA

€ million	Q1 2018 as reported	Effect of IFRS 16 adoption	Q1 2018 restated
Underlying operating income	**600**	**51**	**651**
Depreciation and amortization	437	208	645
Underlying EBITDA	**1,037**	**259**	**1,296**

Underlying income from continuing operations

€ million, except per share data	Q1 2018 as reported	Effect of IFRS 16 adoption	Q1 2018 restated
Income from continuing operations	**407**	**(4)**	**403**
Adjustments to operating income	26	2	28
Tax effect of unusual items and unusual tax items	(7)	—	(7)
Underlying income from continuing operations	**426**	**(2)**	**424**
Basic income per share from continuing operations[1]	0.34	(0.01)	0.33
Underlying income per share from continuing operations[1]	0.35	—	0.35

1. *Basic and underlying earnings per share from continuing operations are calculated by dividing the (underlying) income from continuing operations attributable to equity holders by the average numbers of shares outstanding. The weighted average number of shares used for calculating the basic and underlying earnings per share for Q1 2018 is 1,214 million.*

Q2 2018 financial information

Consolidated income statement

€ million, except per share data	Q2 2018 as reported	Effect of IFRS 16 adoption	Q2 2018 restated
Net sales	15,531	—	15,531
Cost of sales	(11,370)	1	(11,369)
Gross profit	**4,161**	**1**	**4,162**
Selling expenses	(3,013)	52	(2,961)
General and administrative expenses	(566)	9	(557)
Total operating expenses	(3,579)	61	(3,518)
Operating income	**582**	**62**	**644**
Interest income	18	4	22
Interest expense	(76)	25	(51)
Net interest expense on defined benefit pension plans	(4)	—	(4)
Interest accretion to lease liability	—	(88)	(88)
Other financial income (expense)	(20)	(5)	(25)
Net financial expenses	(82)	(64)	(146)
Income before income taxes	**500**	**(2)**	**498**
Income taxes	(92)	—	(92)
Share in income of joint ventures	2	—	2
Income from continuing operations	**410**	**(2)**	**408**
Income (loss) from discontinued operations	—	—	—
Net income attributable to common shareholders	**410**	**(2)**	**408**
Net income per share attributable to common shareholders			
Basic	0.34	—	0.34
Diluted	0.34	—	0.34
Income from continuing operations per share attributable to common shareholders			
Basic	0.34	—	0.34
Diluted	0.34	—	0.34
Weighted average number of common shares outstanding (in millions)			
Basic	1,192		1,192
Diluted	1,219		1,219
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8396		0.8396

Consolidated statement of cash flow

€ million	Q2 2018 as reported	Effect of IFRS 16 adoption	Q2 2018 restated
Income from continuing operations	410	(2)	408
Adjustments for:			
Net financial expenses	82	64	146
Income taxes	92	—	92
Share in income of joint ventures	(2)	—	(2)
Depreciation, amortization and impairments	450	205	655
Share-based compensation expenses	20	—	20
Gains on leasing transactions	(1)	(6)	(7)
Operating cash flows before changes in operating assets and liabilities	1,051	261	1,312
Changes in working capital:			
Changes in inventories	(89)	—	(89)
Changes in receivables and other current assets	(3)	2	(1)
Changes in payables and other current liabilities	254	—	254
Changes in other non-current assets, other non-current liabilities and provisions	(33)	(4)	(37)
Cash generated from operations	1,180	259	1,439
Income taxes paid - net	(60)	—	(60)
Operating cash flows from continuing operations	1,120	259	1,379
Operating cash flows from discontinued operations	(1)	1	—
Net cash from operating activities	**1,119**	**260**	**1,379**
Purchase of non-current assets	(364)	—	(364)
Divestments of assets / disposal groups held for sale	4	—	4
Acquisition of businesses, net of cash acquired	(10)	—	(10)
Divestment of businesses, net of cash divested	(1)	—	(1)
Changes in short-term deposits and similar instruments	(322)	—	(322)
Dividends received from joint ventures	16	—	16
Interest received	21	—	21
Lease payments received on lease receivables	—	20	20
Other	(5)	—	(5)
Investing cash flows from continuing operations	(661)	20	(641)
Net cash from investing activities	**(661)**	**20**	**(641)**
Interest paid	(104)	24	(80)
Repayments of loans	(5)	—	(5)
Changes in short-term loans	(872)	—	(872)
Repayment of lease liabilities	(45)	(303)	(348)
Dividends paid on common shares	(757)	—	(757)
Share buyback	(501)	—	(501)
Other cash flows from derivatives	(4)	—	(4)
Other	(2)	—	(2)
Financing cash flows from continuing operations	(2,290)	(279)	(2,569)
Financing cash flows from discontinued operations	—	(1)	(1)
Net cash from financing activities	**(2,290)**	**(280)**	**(2,570)**
Net cash from operating, investing and financing activities	**(1,832)**	**—**	**(1,832)**
Cash and cash equivalents at the beginning of the period (excluding restricted cash)	5,907	—	5,907
Effect of exchange rates on cash and cash equivalents	151	—	151
Cash and cash equivalents at the end of the period (excluding restricted cash)	**4,226**	**—**	**4,226**
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8396		0.8396

Financial information by segment

Operating income

€ million	Q2 2018 as reported	Effect of IFRS 16 adoption	Q2 2018 restated
The United States	350	38	388
The Netherlands	183	12	195
Belgium	34	1	35
Central and Southeastern Europe	53	11	64
Global Support Office	(38)	—	(38)
Ahold Delhaize Group	**582**	**62**	**644**

Underlying operating income

€ million	Q2 2018 as reported	Effect of IFRS 16 adoption	Q2 2018 restated
The United States	366	35	401
The Netherlands	187	8	195
Belgium	35	—	35
Central and Southeastern Europe	53	10	63
Global Support Office	(25)	—	(25)
Ahold Delhaize Group	**616**	**53**	**669**

Underlying operating margin

	Q2 2018 as reported	Effect of IFRS 16 adoption	Q2 2018 restated
The United States	4.0%	0.3%	4.3%
The Netherlands	5.3%	0.2%	5.5%
Belgium	2.7%	—%	2.7%
Central and Southeastern Europe	3.6%	0.6%	4.2%
Ahold Delhaize Group	**4.0%**	**0.3%**	**4.3%**

Group alternative performance measures

For descriptions of the following alternative performance measures, refer to the section *Use of alternative performance measures* under *Notes to the financial information*.

Free cash flow

€ million	Q2 2018 as reported	Effect of IFRS 16 adoption	Q2 2018 restated
Operating cash flows from continuing operations before changes in working capital and income taxes paid	1,018	257	1,275
Changes in working capital	162	2	164
Income taxes paid - net	(60)	—	(60)
Purchase of non-current assets	(364)	—	(364)
Divestments of assets / disposal groups held for sale	4	—	4
Dividends received from joint ventures	16	—	16
Interest received	21	—	21
Interest paid	(104)	24	(80)
Free cash flow - old definition	**693**	**283**	**976**
Lease payments received on lease receivables	—	20	20
Repayment of lease liabilities	(45)	(303)	(348)
Free cash flow - new definition	**648**	**—**	**648**

Net debt

€ million	July 1, 2018 as reported	Effect of IFRS 16 adoption	July 1, 2018 restated
Loans	4,055	—	4,055
Lease liabilities	1,399	6,823	8,222
Cumulative preferred financing shares	455	—	455
Non-current portion of long-term debt	5,909	6,823	12,732
Short-term borrowings and current portion of long-term debt	2,076	934	3,010
Gross debt	7,985	7,757	15,742
Less: Cash, cash equivalents, short-term deposits and similar instruments and short-term portion of investments in debt instruments	4,786	—	4,786
Net debt	**3,199**	**7,757**	**10,956**

Underlying operating income

€ million	Q2 2018 as reported	Effect of IFRS 16 adoption	Q2 2018 restated
Operating income	**582**	**62**	**644**
Impairments	7	(3)	4
(Gains) losses on leases and the sale of assets	—	(6)	(6)
Restructuring and related charges and other	27	—	27
Adjustments to operating income	*34*	*(9)*	*25*
Underlying operating income	**616**	**53**	**669**

€ million	IFRS 16 restated				
	Operating income (loss)	Impairments	(Gains) losses on leases and the sale of assets	Restructuring and related charges and other	Underlying operating income (loss)
The United States	388	3	(2)	12	401
The Netherlands	195	1	(2)	1	195
Belgium	35	—	(1)	1	35
Central and Southeastern Europe	64	—	(1)	—	63
Global Support Office	(38)	—	—	13	(25)
Ahold Delhaize Group	**644**	**4**	**(6)**	**27**	**669**

Underlying EBITDA

€ million	Q2 2018 as reported	Effect of IFRS 16 adoption	Q2 2018 restated
Underlying operating income	**616**	**53**	**669**
Depreciation and amortization	443	208	651
Underlying EBITDA	**1,059**	**261**	**1,320**

Underlying income from continuing operations

€ million, except per share data	Q2 2018 as reported	Effect of IFRS 16 adoption	Q2 2018 restated
Income from continuing operations	**410**	**(2)**	**408**
Adjustments to operating income	34	(9)	25
Unusual items in net financial expenses	22	—	22
Tax effect of unusual items and unusual tax items	(23)	1	(22)
Underlying income from continuing operations	**443**	**(10)**	**433**
Basic income per share from continuing operations[1]	0.34	—	0.34
Underlying income per share from continuing operations[1]	0.37	(0.01)	0.36

1. *Basic and underlying earnings per share from continuing operations are calculated by dividing the (underlying) income from continuing operations attributable to equity holders by the average numbers of shares outstanding. The weighted average number of shares used for calculating the basic and underlying earnings per share for Q2 2018 is 1,192 million.*

Q3 2018 financial information

Consolidated income statement

€ million, except per share data	Q3 2018 as reported	Effect of IFRS 16 adoption	Q3 2018 restated
Net sales	15,780	—	15,780
Cost of sales	(11,524)	—	(11,524)
Gross profit	**4,256**	**—**	**4,256**
Selling expenses	(3,075)	50	(3,025)
General and administrative expenses	(569)	9	(560)
Total operating expenses	(3,644)	59	(3,585)
Operating income	**612**	**59**	**671**
Interest income	18	3	21
Interest expense	(80)	25	(55)
Net interest expense on defined benefit pension plans	(5)	—	(5)
Interest accretion to lease liability	—	(89)	(89)
Other financial income (expense)	—	4	4
Net financial expenses	(67)	(57)	(124)
Income before income taxes	**545**	**2**	**547**
Income taxes	(83)	(1)	(84)
Share in income of joint ventures	13	1	14
Income from continuing operations	**475**	**2**	**477**
Loss from discontinued operations	(16)	(1)	(17)
Net income attributable to common shareholders	**459**	**1**	**460**
Net income per share attributable to common shareholders			
Basic	0.39	—	0.40
Diluted	0.39	—	0.39
Income from continuing operations per share attributable to common shareholders			
Basic	0.41	—	0.41
Diluted	0.40	—	0.40
Weighted average number of common shares outstanding (in millions)			
Basic	1,163		1,163
Diluted	1,191		1,191
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8600		0.8600

Consolidated statement of cash flow

€ million	Q3 2018 as reported	Effect of IFRS 16 adoption	Q3 2018 restated
Income from continuing operations	475	2	477
Adjustments for:			
Net financial expenses	67	57	124
Income taxes	83	1	84
Share in income of joint ventures	(13)	(1)	(14)
Depreciation, amortization and impairments	443	216	659
Gains on the sale of assets / disposal groups held for sale	(2)	—	(2)
Share-based compensation expenses	16	—	16
Gains on leasing transactions	1	(7)	(6)
Operating cash flows before changes in operating assets and liabilities	1,070	268	1,338
Changes in working capital:			
Changes in inventories	78	—	78
Changes in receivables and other current assets	7	1	8
Changes in payables and other current liabilities	(58)	2	(56)
Changes in other non-current assets, other non-current liabilities and provisions	(75)	—	(75)
Cash generated from operations	1,022	271	1,293
Income taxes paid - net	(38)	—	(38)
Operating cash flows from continuing operations	984	271	1,255
Operating cash flows from discontinued operations	(1)	1	—
Net cash from operating activities	**983**	**272**	**1,255**
Purchase of non-current assets	(415)	—	(415)
Divestments of assets / disposal groups held for sale	3	—	3
Acquisition of businesses, net of cash acquired	(3)	—	(3)
Changes in short-term deposits and similar instruments	(98)	—	(98)
Dividends received from joint ventures	1	—	1
Interest received	16	—	16
Lease payments received on lease receivables	—	23	23
Other	6	—	6
Investing cash flows from continuing operations	(490)	23	(467)
Net cash from investing activities	**(490)**	**23**	**(467)**
Interest paid	(51)	24	(27)
Repayments of loans	(6)	—	(6)
Changes in short-term loans	1,021	—	1,021
Repayment of lease liabilities	(44)	(318)	(362)
Share buyback	(686)	—	(686)
Financing cash flows from continuing operations	234	(294)	(60)
Financing cash flows from discontinued operations	—	(1)	(1)
Net cash from financing activities	**234**	**(295)**	**(61)**
Net cash from operating, investing and financing activities	**727**	**—**	**727**
Cash and cash equivalents at the beginning of the period (excluding restricted cash)	4,226	—	4,226
Effect of exchange rates on cash and cash equivalents	21	—	21
Cash and cash equivalents at the end of the period (excluding restricted cash)	**4,974**	**—**	**4,974**
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8600		0.8600

Financial information by segment

Operating income

€ million	Q3 2018 as reported	Effect of IFRS 16 adoption	Q3 2018 restated
The United States	373	42	415
The Netherlands	176	7	183
Belgium	34	1	35
Central and Southeastern Europe	52	9	61
Global Support Office	(23)	—	(23)
Ahold Delhaize Group	**612**	**59**	**671**

Underlying operating income

€ million	Q3 2018 as reported	Effect of IFRS 16 adoption	Q3 2018 restated
The United States	395	35	430
The Netherlands	177	7	184
Belgium	38	1	39
Central and Southeastern Europe	56	8	64
Global Support Office	(19)	—	(19)
Ahold Delhaize Group	**647**	**51**	**698**

Underlying operating margin

	Q3 2018 as reported	Effect of IFRS 16 adoption	Q3 2018 restated
The United States	4.1%	0.4%	4.5%
The Netherlands	5.1%	0.2%	5.3%
Belgium	3.2%	—%	3.2%
Central and Southeastern Europe	3.7%	0.6%	4.3%
Ahold Delhaize Group	**4.1%**	**0.3%**	**4.4%**

Group alternative performance measures

For descriptions of the following alternative performance measures, refer to the section *Use of alternative performance measures* under *Notes to the financial information*.

Free cash flow

€ million	Q3 2018 as reported	Effect of IFRS 16 adoption	Q3 2018 restated
Operating cash flows from continuing operations before changes in working capital and income taxes paid	995	268	1,263
Changes in working capital	27	3	30
Income taxes paid - net	(38)	—	(38)
Purchase of non-current assets	(415)	—	(415)
Divestments of assets / disposal groups held for sale	3	—	3
Dividends received from joint ventures	1	—	1
Interest received	16	—	16
Interest paid	(51)	24	(27)
Free cash flow - old definition	**538**	**295**	**833**
Lease payments received on lease receivables	—	23	23
Repayment of lease liabilities	(44)	(318)	(362)
Free cash flow - new definition	**494**	**—**	**494**

Net debt

€ million	September 30, 2018 as reported	Effect of IFRS 16 adoption	September 30, 2018 restated
Loans	4,057	—	4,057
Lease liabilities	1,376	6,851	8,227
Cumulative preferred financing shares	455	—	455
Non-current portion of long-term debt	5,888	6,851	12,739
Short-term borrowings and current portion of long-term debt	3,104	926	4,030
Gross debt	8,992	7,777	16,769
Less: Cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments	5,635	—	5,635
Net debt	**3,357**	**7,777**	**11,134**

Underlying operating income

€ million	Q3 2018 as reported	Effect of IFRS 16 adoption	Q3 2018 restated
Operating income	**612**	**59**	**671**
Impairments	10	(1)	9
(Gains) losses on leases and the sale of assets	(2)	(7)	(9)
Restructuring and related charges and other	27	—	27
Adjustments to operating income	*35*	*(8)*	*27*
Underlying operating income	**647**	**51**	**698**

€ million	IFRS 16 restated				
	Operating income (loss)	Impairments	(Gains) losses on leases and the sale of assets	Restructuring and related charges and other	Underlying operating income (loss)
The United States	415	5	(8)	18	430
The Netherlands	183	1	(1)	1	184
Belgium	35	—	—	4	39
Central and Southeastern Europe	61	3	—	—	64
Global Support Office	(23)	—	—	4	(19)
Ahold Delhaize Group	**671**	**9**	**(9)**	**27**	**698**

Underlying EBITDA

€ million	Q3 2018 as reported	Effect of IFRS 16 adoption	Q3 2018 restated
Underlying operating income	**647**	**51**	**698**
Depreciation and amortization	433	217	650
Underlying EBITDA	**1,080**	**268**	**1,348**

Underlying income from continuing operations

€ million, except per share data	Q3 2018 as reported	Effect of IFRS 16 adoption	Q3 2018 restated
Income from continuing operations	**475**	**2**	**477**
Adjustments to operating income	35	(8)	27
Tax effect of unusual items and unusual tax items	(13)	(1)	(14)
Underlying income from continuing operations	**497**	**(7)**	**490**
Basic income per share from continuing operations[1]	0.41	—	0.41
Underlying income per share from continuing operations[1]	0.43	(0.01)	0.42

1. *Basic and underlying earnings per share from continuing operations are calculated by dividing the (underlying) income from continuing operations attributable to equity holders by the average numbers of shares outstanding. The weighted average number of shares used for calculating the basic and underlying earnings per share for Q3 2018 is 1,163 million.*

Q4 2018 financial information

Consolidated income statement

€ million, except per share data	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
Net sales	16,547	—	16,547
Cost of sales	(12,055)	—	(12,055)
Gross profit	**4,492**	**—**	**4,492**
Selling expenses	(3,216)	52	(3,164)
General and administrative expenses	(649)	6	(643)
Total operating expenses	(3,865)	58	(3,807)
Operating income	**627**	**58**	**685**
Interest income	21	4	25
Interest expense	(81)	24	(57)
Net interest expense on defined benefit pension plans	(5)	—	(5)
Interest accretion to lease liability	—	(91)	(91)
Other financial income (expense)	32	(1)	31
Net financial expenses	(33)	(64)	(97)
Income before income taxes	**594**	**(6)**	**588**
Income taxes	(90)	(2)	(92)
Share in income of joint ventures	13	—	13
Income from continuing operations	**517**	**(8)**	**509**
Loss from discontinued operations	—	—	—
Net income attributable to common shareholders	**517**	**(8)**	**509**
Net income per share attributable to common shareholders			
Basic	0.45	—	0.45
Diluted	0.45	(0.01)	0.44
Income from continuing operations per share attributable to common shareholders			
Basic	0.45	—	0.45
Diluted	0.45	(0.01)	0.44
Weighted average number of common shares outstanding (in millions)			
Basic	1,137		1,137
Diluted	1,163		1,163
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8768		0.8768

Consolidated statement of cash flow

€ million	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
Income from continuing operations	517	(8)	509
Adjustments for:			
Net financial expenses	33	64	97
Income taxes	90	2	92
Share in income of joint ventures	(13)	—	(13)
Depreciation, amortization and impairments	482	216	698
Gains on the sale of assets / disposal groups held for sale	(4)	(1)	(5)
Share-based compensation expenses	13	—	13
Gains on leasing transactions	(3)	(1)	(4)
Operating cash flows before changes in operating assets and liabilities	1,115	272	1,387
Changes in working capital:			
Changes in inventories	(76)	—	(76)
Changes in receivables and other current assets	(29)	(42)	(71)
Changes in payables and other current liabilities	603	—	603
Changes in other non-current assets, other non-current liabilities and provisions	(11)	(4)	(15)
Cash generated from operations	1,602	226	1,828
Income taxes paid - net	(148)	—	(148)
Operating cash flows from continuing operations	1,454	226	1,680
Operating cash flows from discontinued operations	(2)	—	(2)
Net cash from operating activities	**1,452**	**226**	**1,678**
Purchase of non-current assets	(698)	—	(698)
Divestments of assets / disposal groups held for sale	7	—	7
Acquisition of businesses, net of cash acquired	(17)	—	(17)
Divestment of businesses, net of cash divested	(1)	—	(1)
Changes in short-term deposits and similar instruments	202	—	202
Interest received	22	—	22
Lease payments received on lease receivables	—	23	23
Other	40	—	40
Investing cash flows from continuing operations	(445)	23	(422)
Investing cash flows from discontinued operations	—	1	1
Net cash from investing activities	**(445)**	**24**	**(421)**
Proceeds from long-term debt	1	—	1
Interest paid	(115)	25	(90)
Repayments of loans	(759)	—	(759)
Changes in short-term loans	(1,630)	—	(1,630)
Repayment of lease liabilities	(45)	(274)	(319)
Share buyback	(356)	—	(356)
Other cash flows from derivatives	(25)	—	(25)
Financing cash flows from continuing operations	(2,929)	(249)	(3,178)
Financing cash flows from discontinued operations	—	(1)	(1)
Net cash from financing activities	**(2,929)**	**(250)**	**(3,179)**
Net cash from operating, investing and financing activities	**(1,922)**	**—**	**(1,922)**
Cash and cash equivalents at the beginning of the period (excluding restricted cash)	4,974	—	4,974
Effect of exchange rates on cash and cash equivalents	58	—	58
Cash and cash equivalents at the end of the period (excluding restricted cash)	**3,110**	**—**	**3,110**
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8768		0.8768

Financial information by segment

Operating income

€ million	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
The United States	393	43	436
The Netherlands	177	4	181
Belgium	33	1	34
Central and Southeastern Europe	74	10	84
Global Support Office	(50)	—	(50)
Ahold Delhaize Group	**627**	**58**	**685**

Underlying operating income

€ million	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
The United States	424	36	460
The Netherlands	185	8	193
Belgium	40	(1)	39
Central and Southeastern Europe	84	9	93
Global Support Office	(42)	—	(42)
Ahold Delhaize Group	**691**	**52**	**743**

Underlying operating margin

	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
The United States	4.3%	0.4%	4.7%
The Netherlands	4.9%	0.1%	5.0%
Belgium	2.9%	0.1%	3.0%
Central and Southeastern Europe	5.3%	0.5%	5.8%
Ahold Delhaize Group	**4.2%**	**0.3%**	**4.5%**

Group alternative performance measures

For descriptions of the following alternative performance measures, refer to the section *Use of alternative performance measures* under *Notes to the financial information*.

Free cash flow

€ million	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
Operating cash flows from continuing operations before changes in working capital and income taxes paid	1,104	268	1,372
Changes in working capital	498	(42)	456
Income taxes paid - net	(148)	—	(148)
Purchase of non-current assets	(698)	—	(698)
Divestments of assets / disposal groups held for sale	7	—	7
Interest received	22	—	22
Interest paid	(115)	25	(90)
Free cash flow - old definition	**670**	**251**	**921**
Lease payments received on lease receivables	—	23	23
Repayment of lease liabilities	(45)	(274)	(319)
Free cash flow - new definition	**625**	**—**	**625**

Net debt

€ million	December 30, 2018 as reported	Effect of IFRS 16 adoption	December 30, 2018 restated
Loans	3,683	—	3,683
Lease liabilities	1,379	6,891	8,270
Cumulative preferred financing shares	455	—	455
Non-current portion of long-term debt	5,517	6,891	12,408
Short-term borrowings and current portion of long-term debt	1,095	982	2,077
Gross debt	6,612	7,873	14,485
Less: Cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments	3,507	—	3,507
Net debt	**3,105**	**7,873**	**10,978**

Underlying operating income

€ million	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
Operating income	**627**	**58**	**685**
Impairments	37	—	37
(Gains) losses on leases and the sale of assets	(4)	(5)	(9)
Restructuring and related charges and other	31	(1)	30
Adjustments to operating income	*64*	*(6)*	*58*
Underlying operating income	**691**	**52**	**743**

€ million	IFRS 16 restated				
	Operating income (loss)	Impairments	(Gains) losses on leases and the sale of assets	Restructuring and related charges and other	Underlying operating income (loss)
The United States	436	18	(8)	14	460
The Netherlands	181	9	2	1	193
Belgium	34	—	(1)	6	39
Central and Southeastern Europe	84	10	(2)	1	93
Global Support Office	(50)	—	—	8	(42)
Ahold Delhaize Group	**685**	**37**	**(9)**	**30**	**743**

Underlying EBITDA

€ million	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
Underlying operating income	**691**	**52**	**743**
Depreciation and amortization[1]	438	218	656
Underlying EBITDA	**1,129**	**270**	**1,399**

1 Underlying operating income was adjusted for depreciation and amortization in the amount of €438 million for 2018 as reported and €656 million for 2018 restated. The €7 million difference between the total amount of depreciation and amortization for 2018 as reported of €445 million and the €438 million mentioned above relates to an item that was excluded from underlying operating income. For the 2018 restated, the difference is €5 million.

Underlying income from continuing operations

€ million, except per share data	Q4 2018 as reported	Effect of IFRS 16 adoption	Q4 2018 restated
Income from continuing operations	**517**	**(8)**	**509**
Adjustments to operating income	64	(6)	58
Unusual items in net financial expenses	(29)	—	(29)
Tax effect of unusual items and unusual tax items	(38)	5	(33)
Underlying income from continuing operations	**514**	**(9)**	**505**
Basic income per share from continuing operations[1]	0.45	—	0.45
Underlying income per share from continuing operations[1]	0.45	(0.01)	0.44

1. *Basic and underlying earnings per share from continuing operations are calculated by dividing the (underlying) income from continuing operations attributable to equity holders by the average numbers of shares outstanding. The weighted average number of shares used for calculating the basic and underlying earnings per share for Q4 2018 is 1,137 million.*

Cautionary notice

This communication contains forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words such as will, will be, future, expect, is to have, anticipate, targets 2019-2021, guidance, likely, outlook 2019, could, reasonably certain, estimate, to be, believe, consider, may, view 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 the Company's inability to successfully implement its strategy, manage the growth of its business or realize the anticipated benefits of acquisitions; risks relating to competition and pressure on profit margins in the food retail industry; the impact of economic conditions on consumer spending; turbulence in the global capital markets; natural disasters and geopolitical events; climate change; raw material scarcity and human rights developments in the supply chain; disruption of operations and other factors negatively affecting the Company's suppliers; the unsuccessful operation of the Company's franchised and affiliated stores; changes in supplier terms and inability to pass on costs to prices; risks related to corporate responsibility and sustainable retailing; food safety issues resulting in product liability claims and adverse publicity; environmental liabilities associated with the properties that the Company owns or leases; competitive labor markets, changes in labor conditions and labor disruptions; increases in costs associated with the Company's defined benefit pension plans; the failure or breach of security of IT systems; the Company's inability to successfully complete divestitures and the effect of contingent liabilities arising from completed divestitures; antitrust and similar legislation; unexpected outcomes in the Company's legal proceedings; additional expenses or capital expenditures associated with compliance with federal, regional, state and local laws and regulations; unexpected outcomes with respect to tax audits; the impact of the Company's outstanding financial debt; the Company's ability to generate positive cash flows; fluctuation in interest rates; the change in reference interest rate; the impact of downgrades of the Company's credit ratings and the associated increase in the Company's cost of borrowing; exchange rate fluctuations; inherent limitations in the Company's control systems; changes in accounting standards; adverse results arising from the Company's claims against its self-insurance program; the Company's inability to locate appropriate real estate or enter into real estate leases on commercially acceptable terms 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.