



DELHAIZE  GROUP

Q2 2014 results

August 7, 2014

Forward looking statements

This presentation includes forward-looking statements within the meaning of the U.S. federal securities laws that are subject to risks and uncertainties. Forward-looking statements describe further expectations, plans, options, results or strategies. Actual outcomes and results may differ materially from those projected depending upon a variety of factors, including but not limited to changes in the general economy or the markets of Delhaize Group, in consumer spending, in inflation or currency exchange rates or in legislation or regulation; competitive factors; adverse determination with respect to claims; inability to timely develop, remodel, integrate or convert stores; and supply or quality control problems with vendors. Additional risks and uncertainties that could cause actual results to differ materially from those stated or implied by such forward-looking statements are described in our most recent annual report or Form 20-F and other filings with the Securities and Exchange Commission. Delhaize Group disclaims any obligation to update or revise the information contained in this presentation.

Delhaize Group has clear priorities...

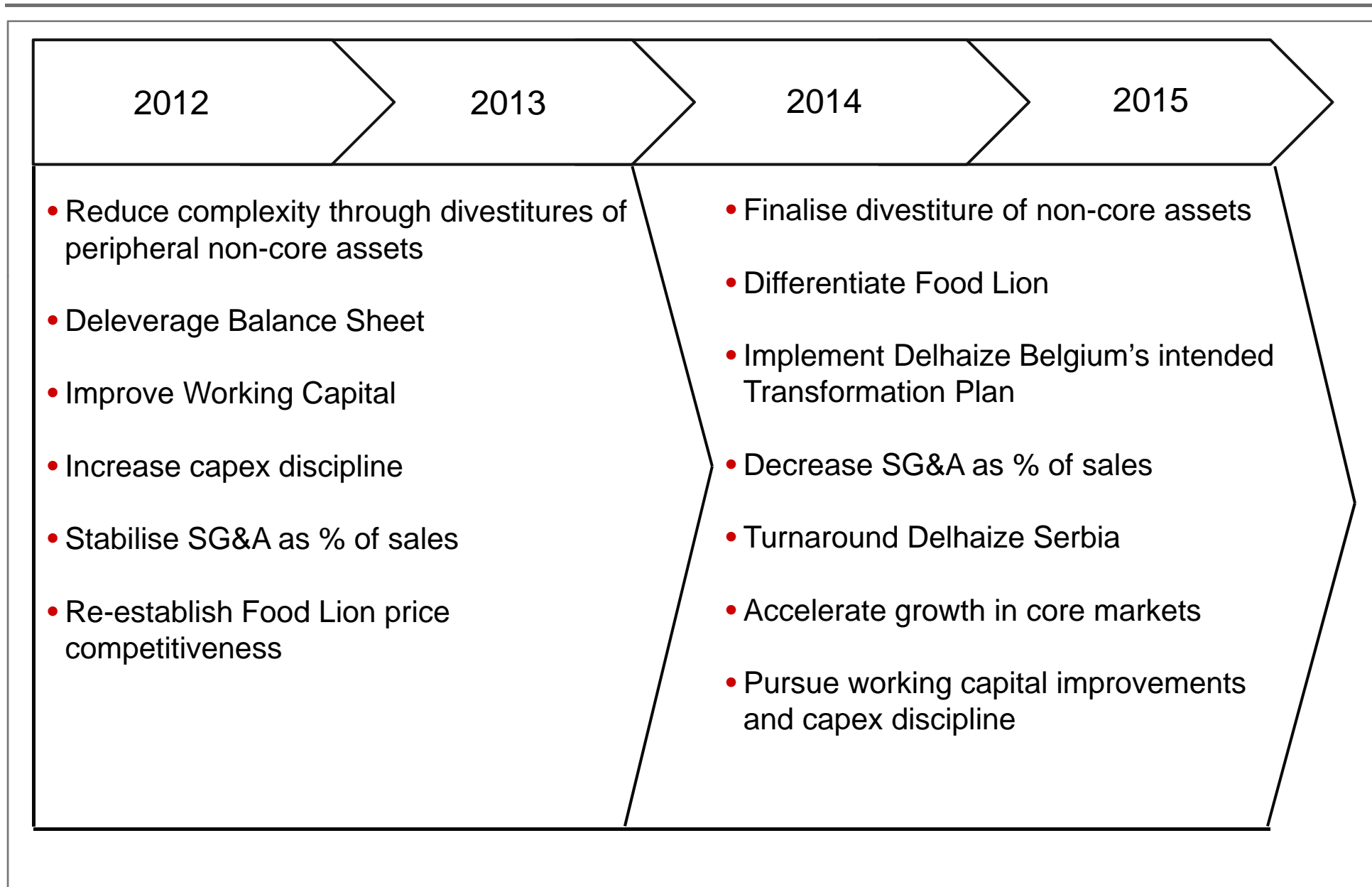
Who we are

Principles

Priorities

- Preferred food retailer
 - Differentiated concept
 - Fresh specialist, Private Label expertise
 - Multinational
 - Strong local identity
 - Respectful of all Stakeholders
- The **customer** is at the center
 - Business is local and **market share** matters
 - Strengthen our **core capabilities** and **improve** those needed to succeed
 - Exercise **discipline in capital allocation**
 - Use **scale** to **reduce costs**
 - Respond to **industry dynamics and trends**
- **Put the customer back at the center**
 - **Focus on core markets**
 - **Realize more operating efficiencies**
 - **Execute with speed**

... and an action plan



Q2 2014 highlights by region

- **Market share stable or increasing** in all our operations except Belgium (-53bp in H1 2014 and -85bp in Q2 2014)
- **U.S.**
 - Further positive CSS and real growth at Food Lion
 - Solid revenue growth at Hannaford
 - Sales momentum results in flat UOP compared to Q2 2013 (in local currency)
- **Belgium**
 - Weak Q2 sales resulted in further market share erosion
 - Affiliates continued to outperform company operated stores
 - Margin pressure as a result of price investments, promotions and logistic costs
 - Announced Transformation Plan
- **SEE**
 - Alfa Beta and Mega Image reported positive CSS and market share growth
 - Serbia remains impacted by economic conditions with little improvement foreseen in the near-term. This results in €150 million impairment.

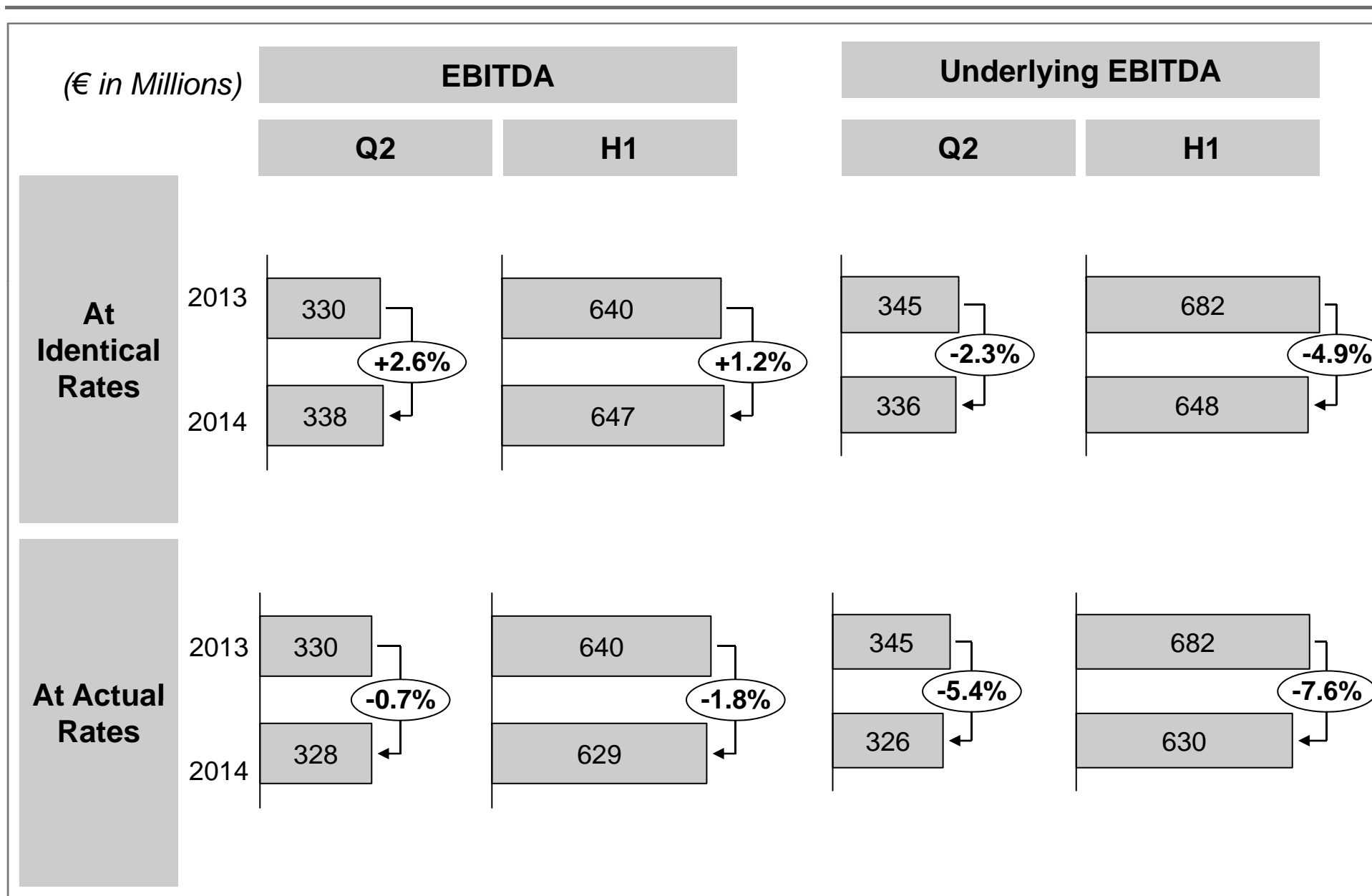
Financial results – Q2 2014

<i>(€ in Millions)</i>	Q2		% Growth	
	2013	2014	Actual Rates	Identical Rates
Revenues	5,247	5,273	0.5%	3.7%
Gross Margin	24.3%	24.0%	(30 bps)	(25 bps)
SG&A as % of revenues	21.2%	21.1%	(7 bps)	(3 bps)
Underlying Operating Profit	199	178	(10.9%)	(7.8%)
Underlying Operating Margin	3.8%	3.4%	(43 bps)	(42 bps)
Operating Profit	181	29	(84.3%)	(83.7%)
Free Cash Flow	66	82 ⁽¹⁾	23.9%	30.7%

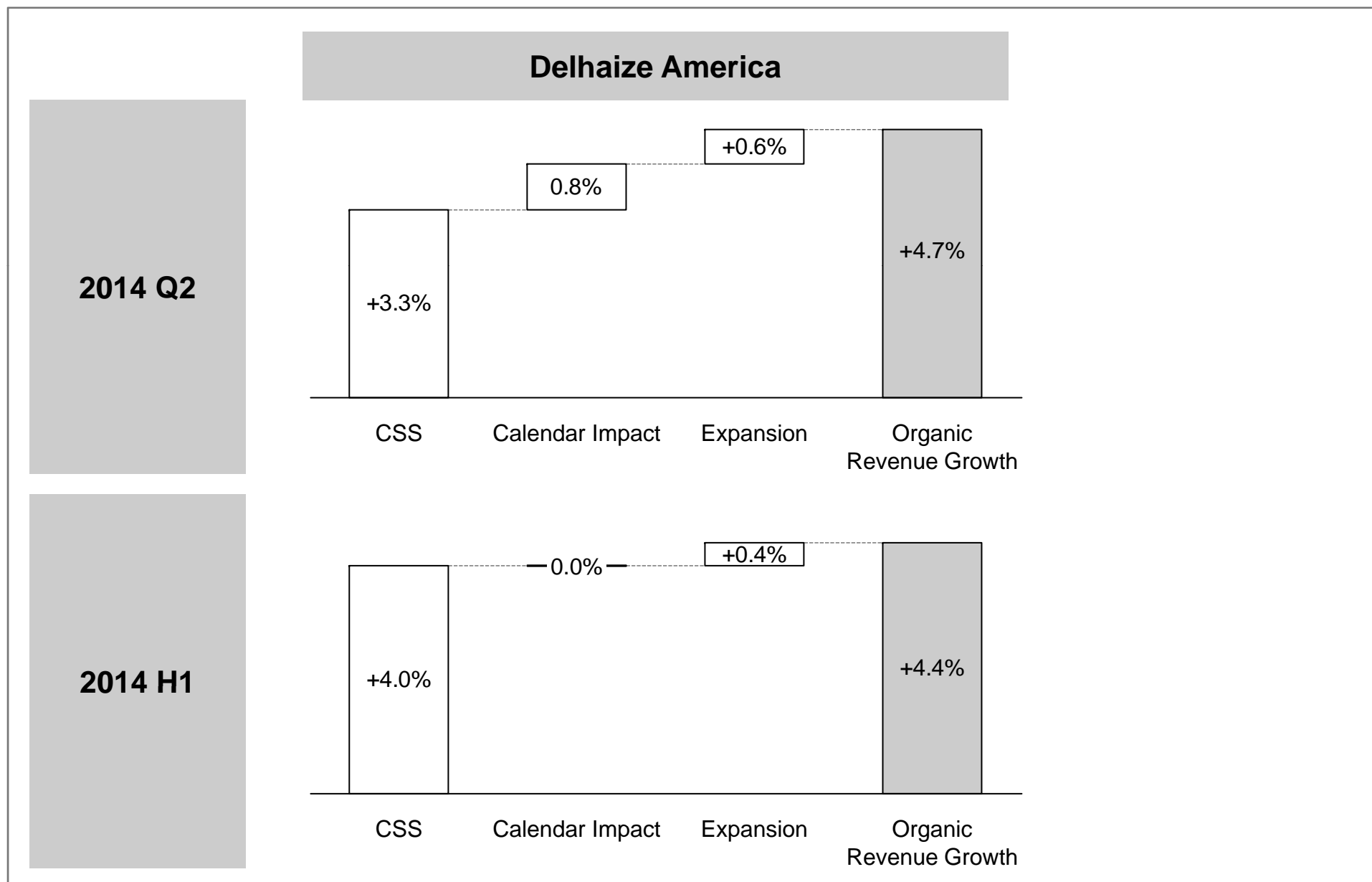
Financial results – H1 2014

<i>(€ in Millions)</i>	H1		% Growth	
	2013	2014	Actual Rates	Identical Rates
Revenues	10,351	10,393	+0.4%	+3.2%
Gross Margin	24.5%	24.0%	(46 bps)	(42 bps)
SG&A as % of revenues	21.3%	21.2%	(3 bps)	0 bps
Underlying Operating Profit	392	339	(13.6%)	(11.0%)
Underlying Operating Margin	3.8%	3.3%	(53 bps)	(52 bps)
Operating Profit	347	185	(46.9%)	(45.3%)
Free Cash Flow	321	128 ⁽¹⁾	(60.0%)	(57.7%)

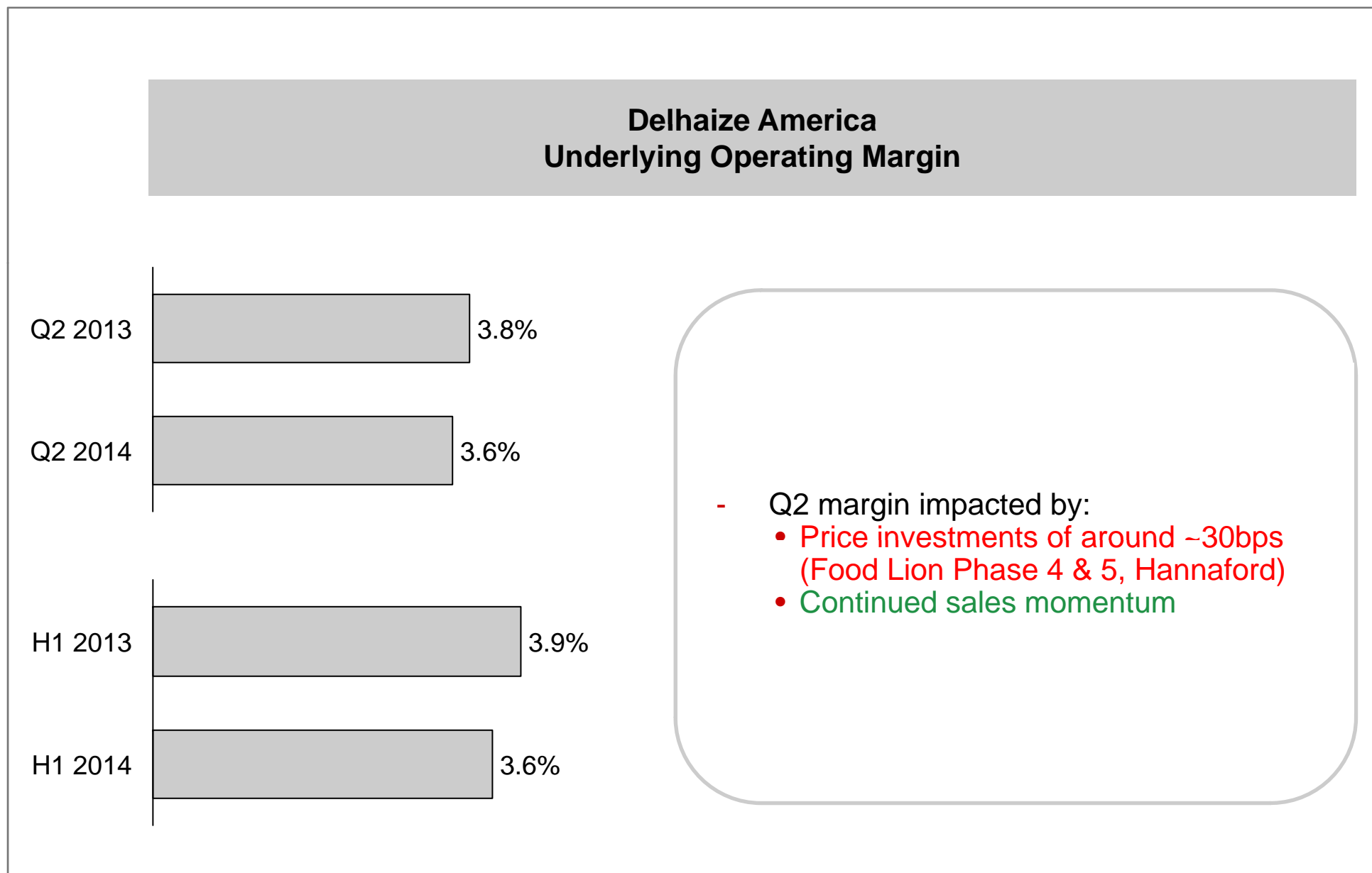
EBITDA



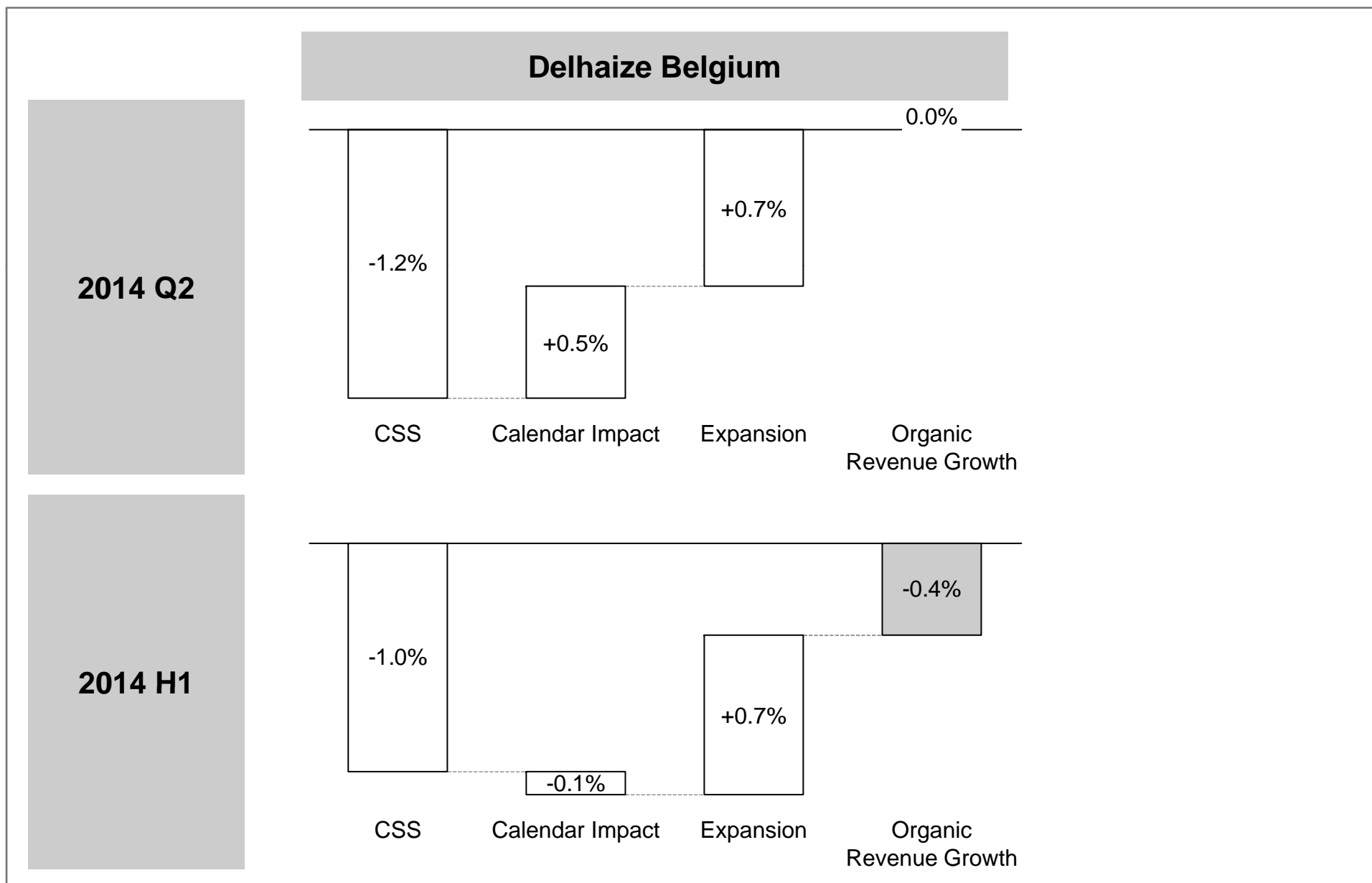
Delhaize America - organic revenue growth and comparable store sales growth



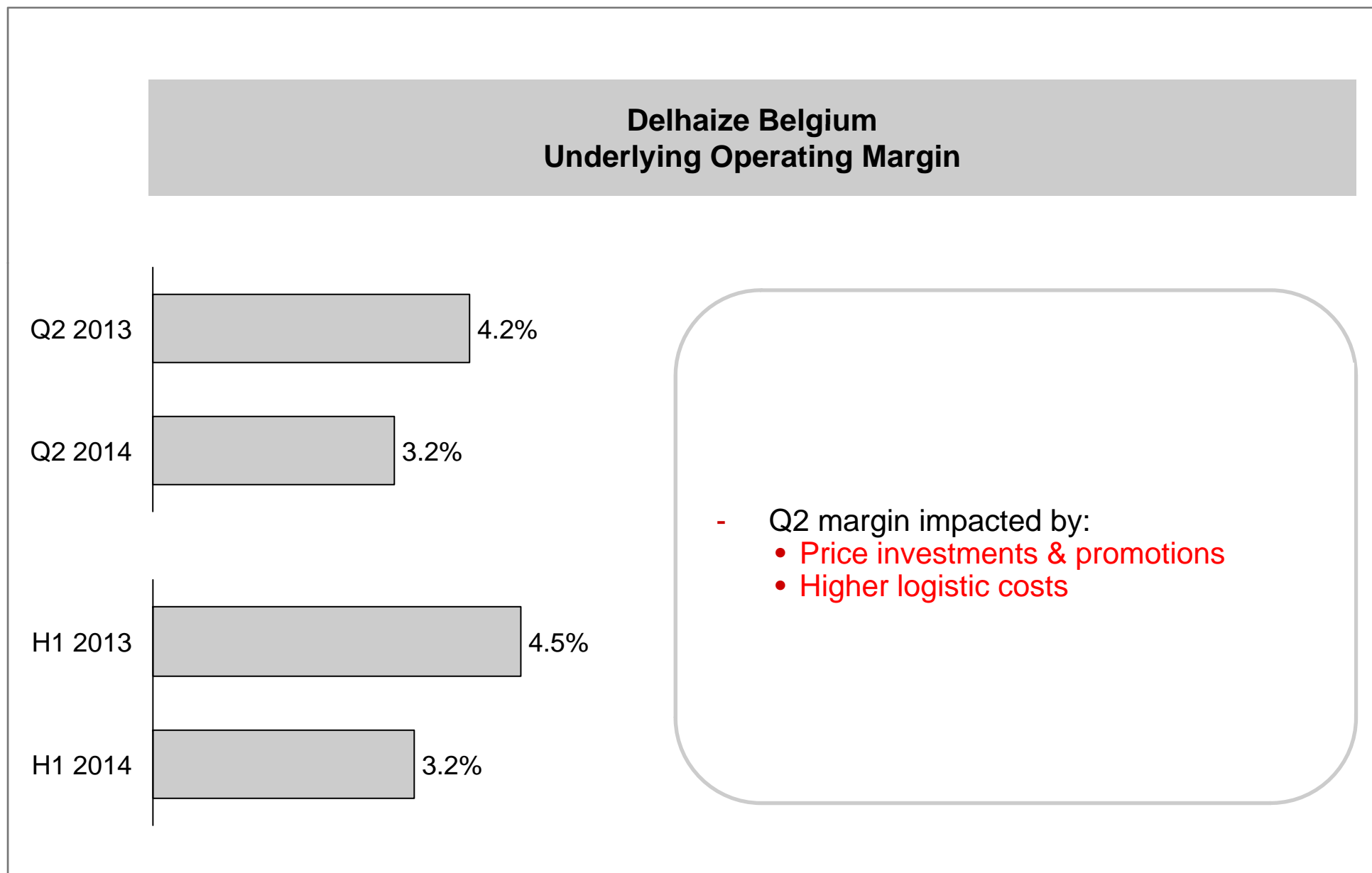
Delhaize America – underlying operating margin



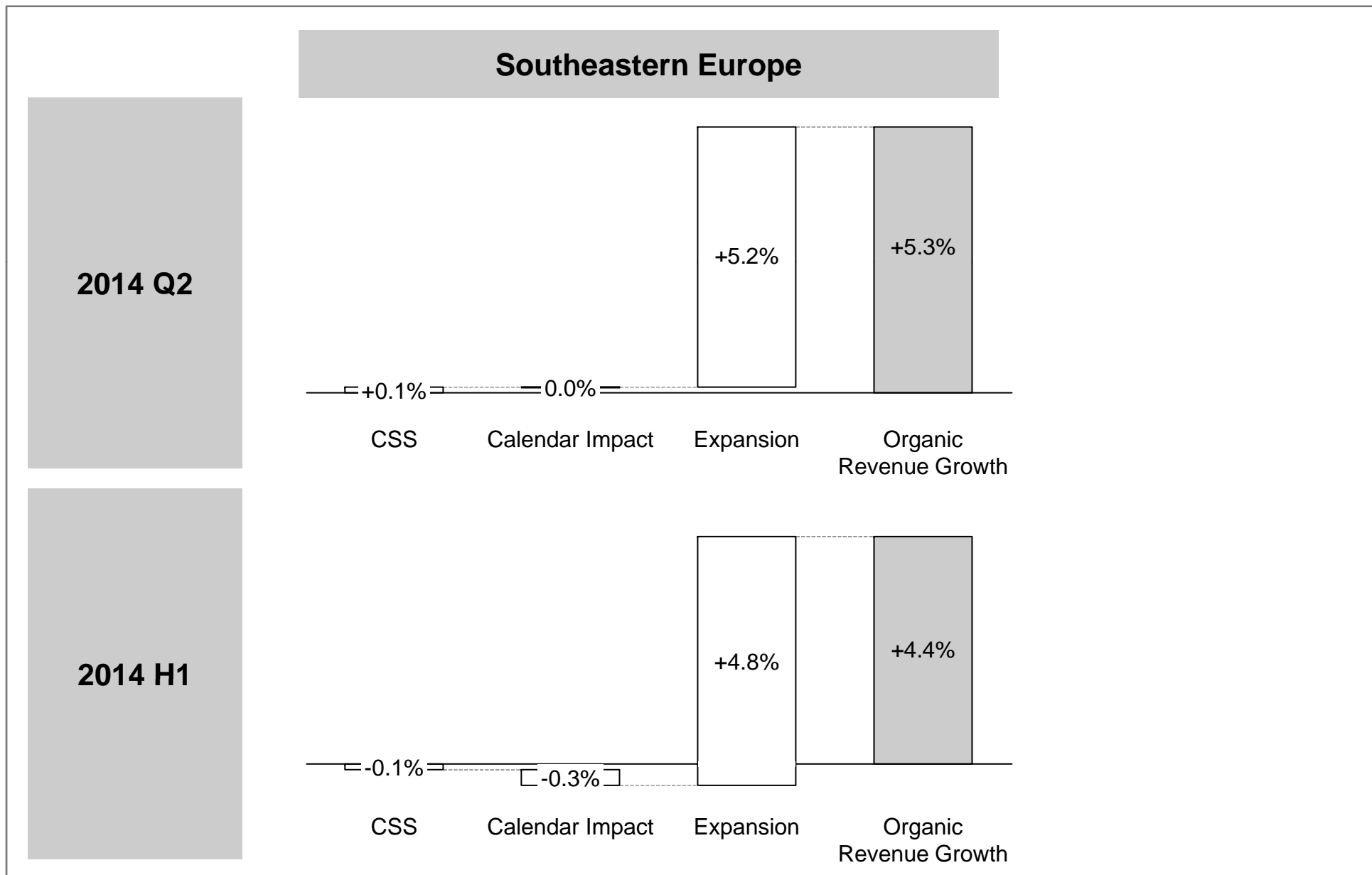
Delhaize Belgium - organic revenue growth and comparable store sales growth



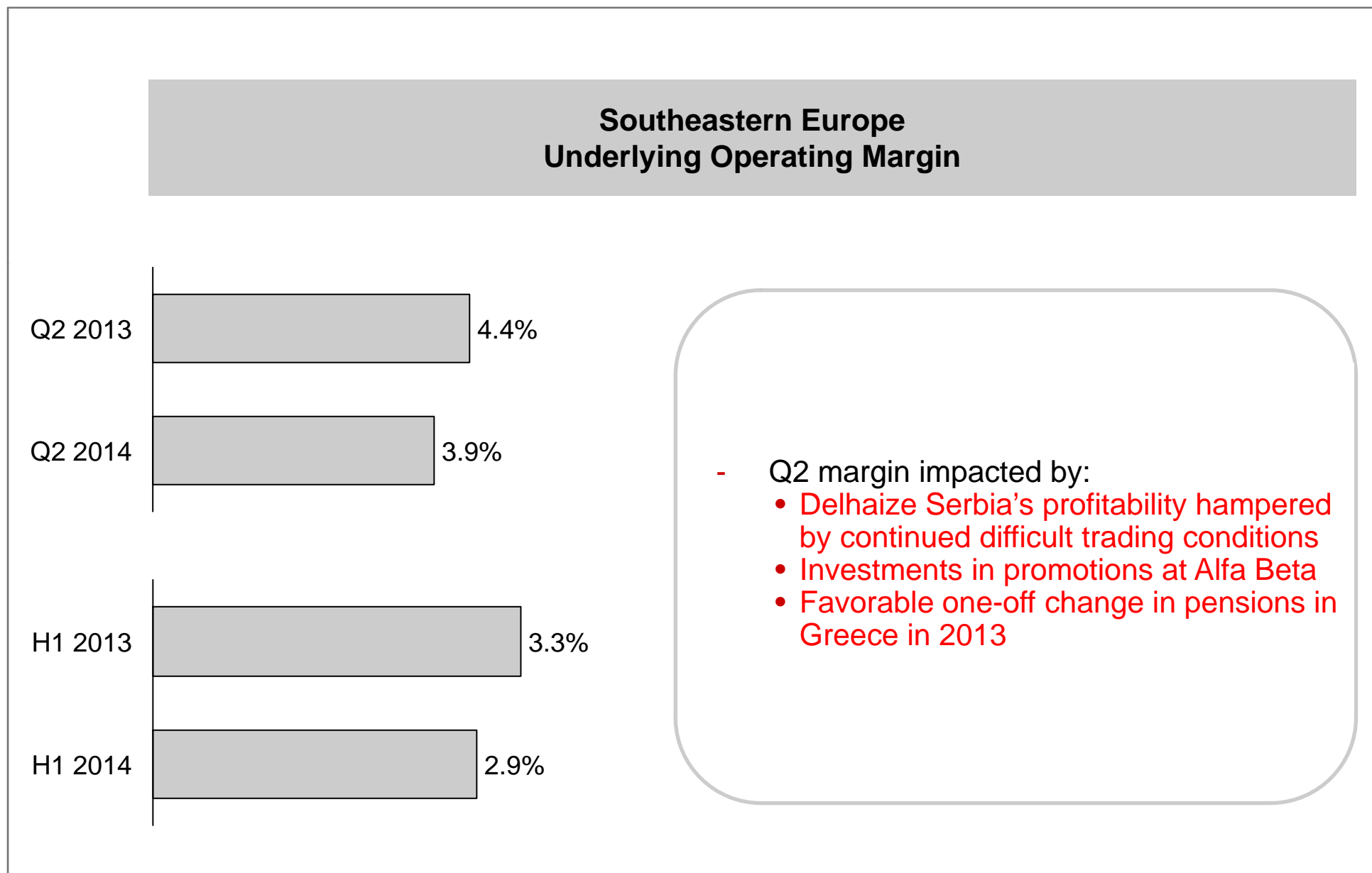
Delhaize Belgium – underlying operating margin



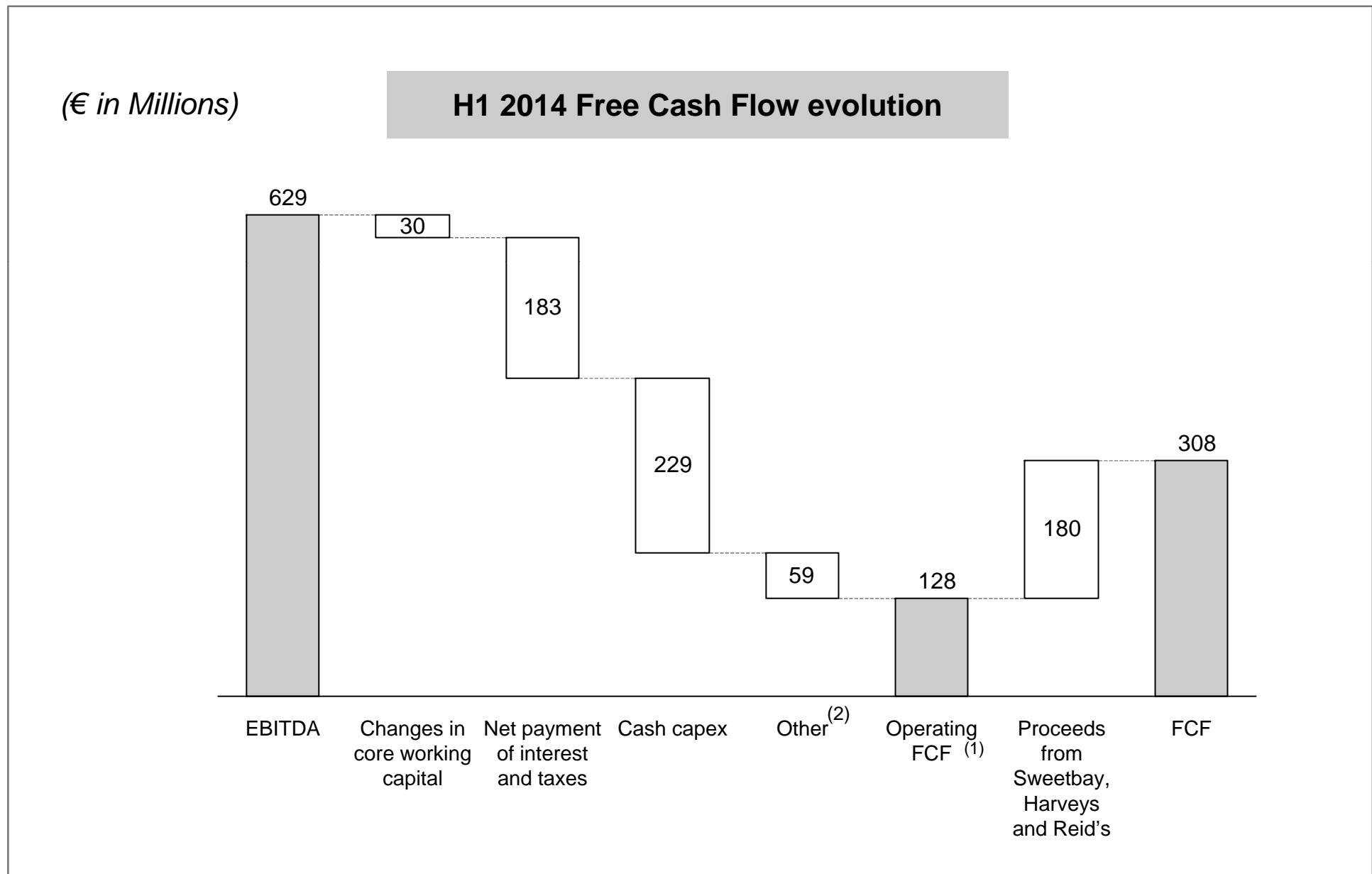
SEE - organic revenue growth and comparable store sales growth



Southeastern Europe – underlying operating margin



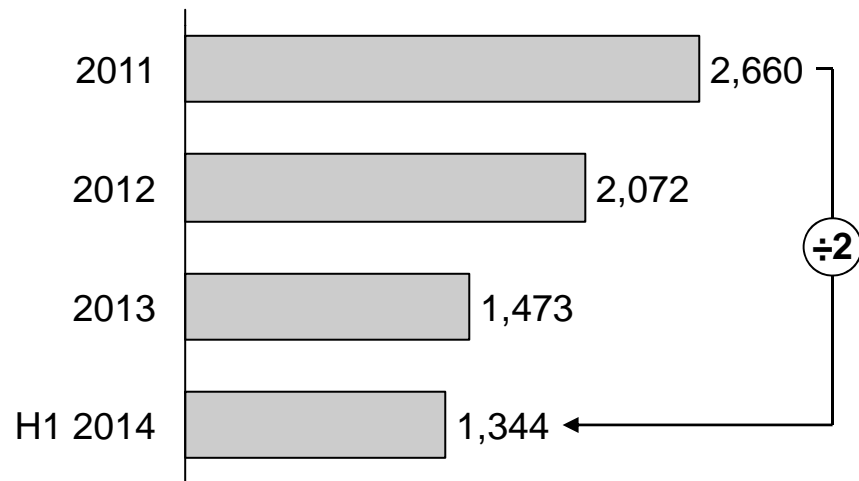
Free Cash Flow generation



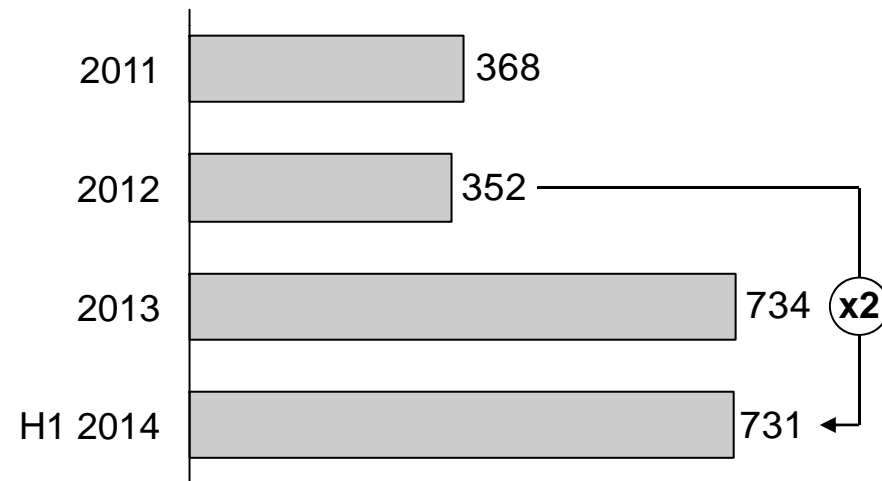
Net Debt Position and Debt Capacity evolution

(€ in Millions)

Net debt evolution



Net debt capacity⁽¹⁾



Successful completion of the Food Lion repositioning is an encouragement to invest further in the brand...

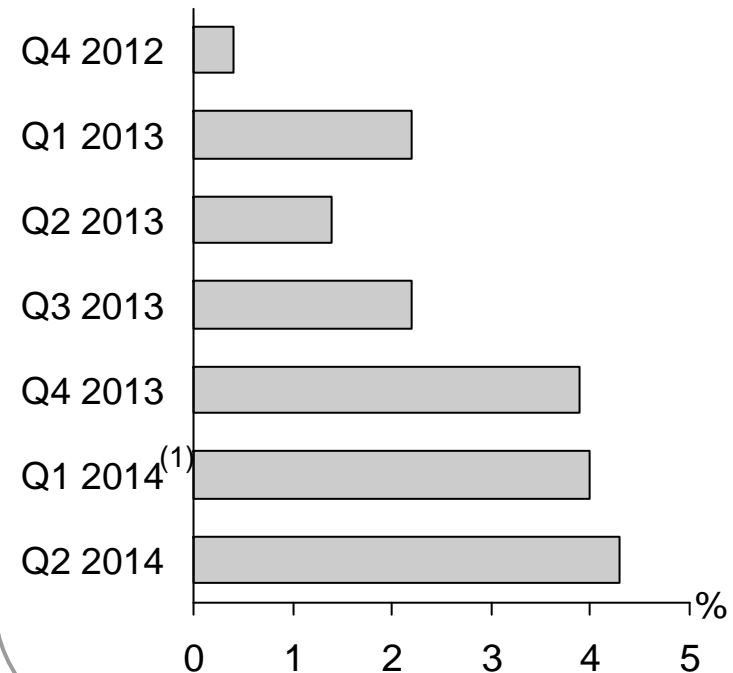
TODAY

- 1,113 stores
- 36,000 gross sq ft on average (24,000 net)
- 20,000 SKUs on average
- Convenient locations
- Low prices driven by strong promotions
- Local brand, close to communities

PRIORITIES

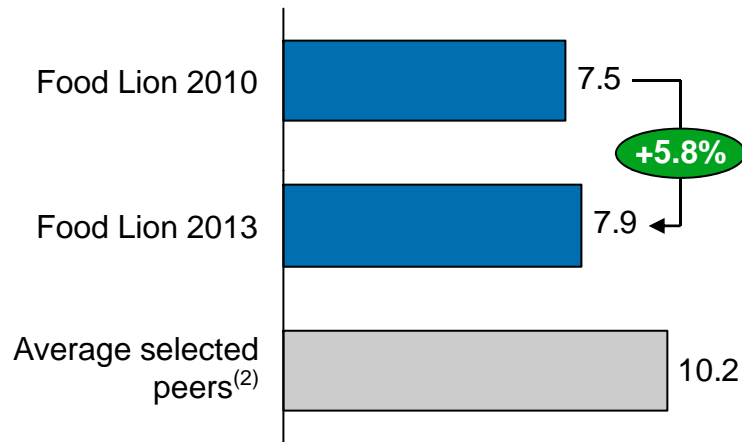
- Roll-out of assortment changes
- Roll-out of improved check-out hardware and software
- New pricing tool
- Re-fine private brands architecture
- Market test of 77 stores

7 consecutive quarters of positive comparable store sales growth at Food Lion

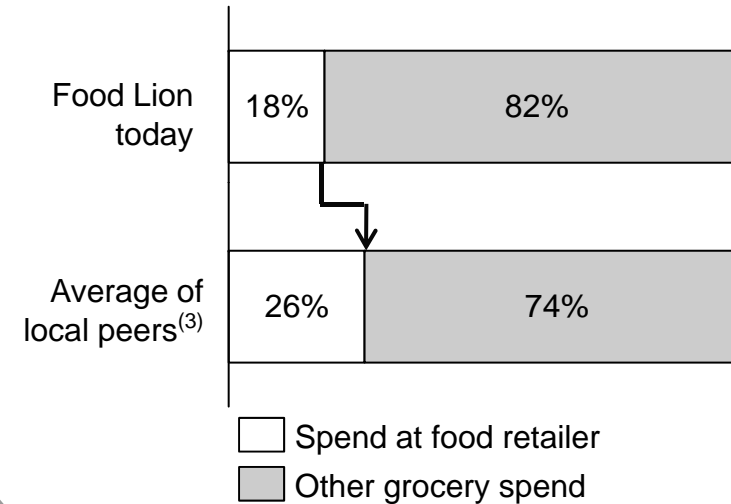


... since Food Lion commercial performance lags behind its key competitors

Average weekly sales per square foot (\$)⁽¹⁾



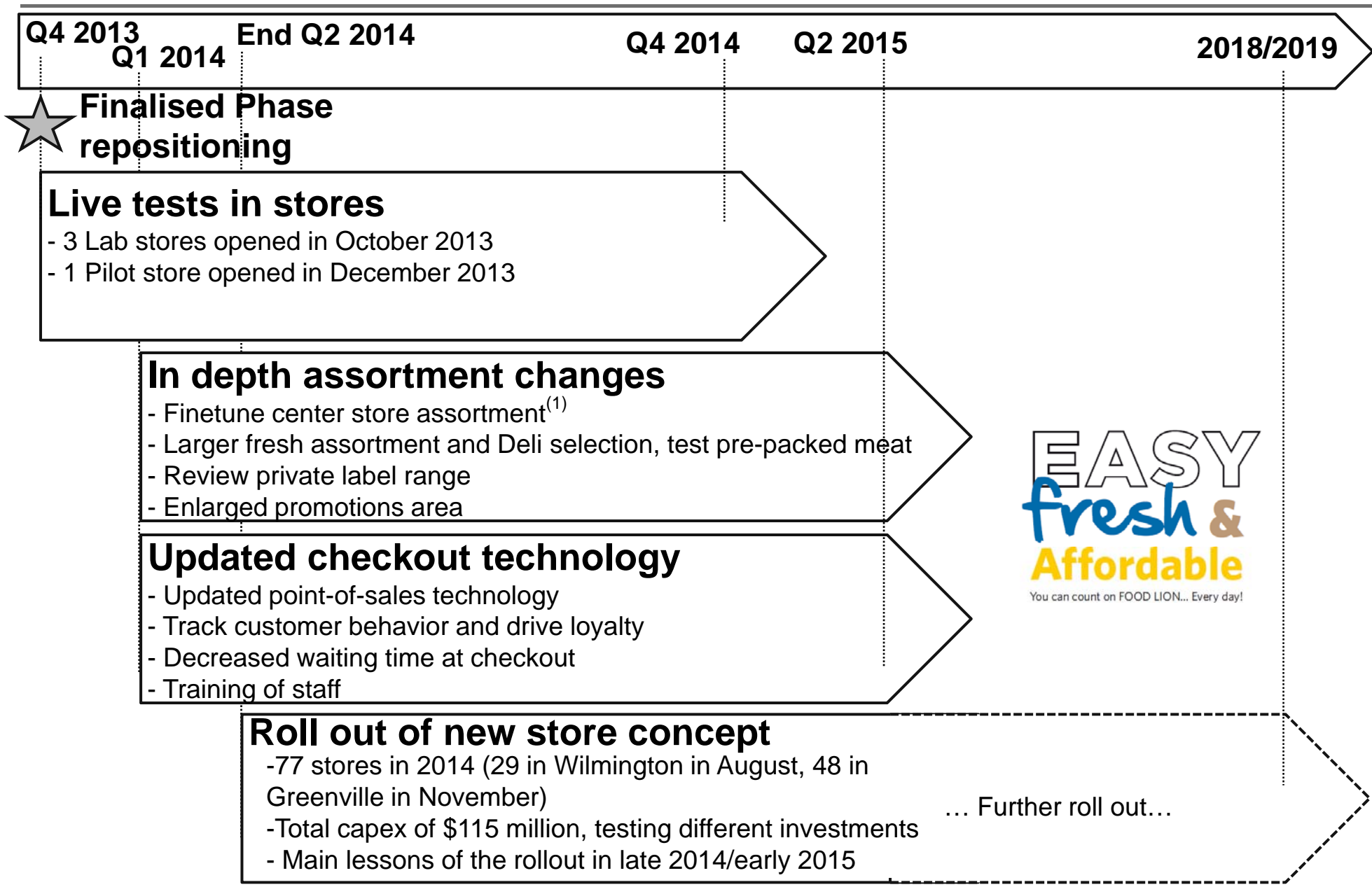
Estimated share of wallet potential⁽⁴⁾



Our Easy, Fresh & Affordable strategy is meant to increase the number of items per basket

(1) Square footage data notes: peer data from Spectra for 17 states with DA operations, Adjusted by industry average to reflect estimated selling sq ft; Food Lion actual selling sq ft
 (2) Walmart supercenter, Walmart Neighborhood Market, Bi-Lo, Harris Teeter, Publix
 (3) Local peers include Bi-Lo, Harris Teeter, Publix, Giant Carlisle and Martins
 (4) Source: Nielsen Homescan, 52 weeks ending 12/28/13, Cross Outlet Facts, Retail Banner Shopper, Total US

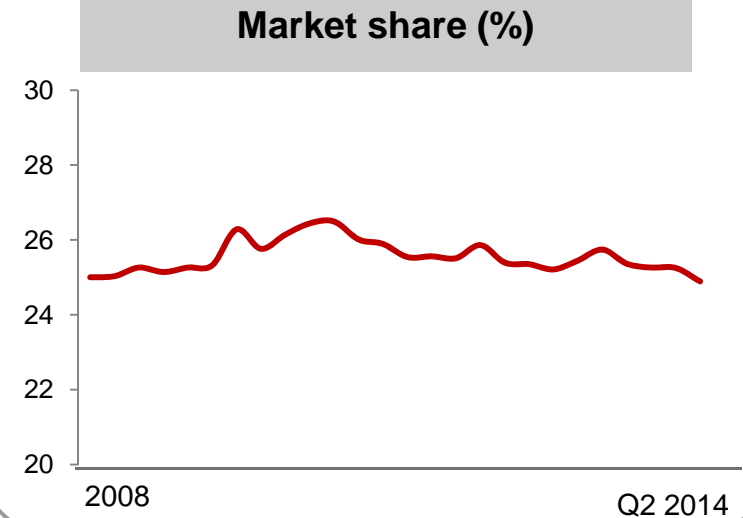
The Easy, Fresh & Affordable journey is based on a clear roadmap



Despite recent market share losses, Delhaize Belgium maintained market share and customer satisfaction over the last few years, in a tough competitive market



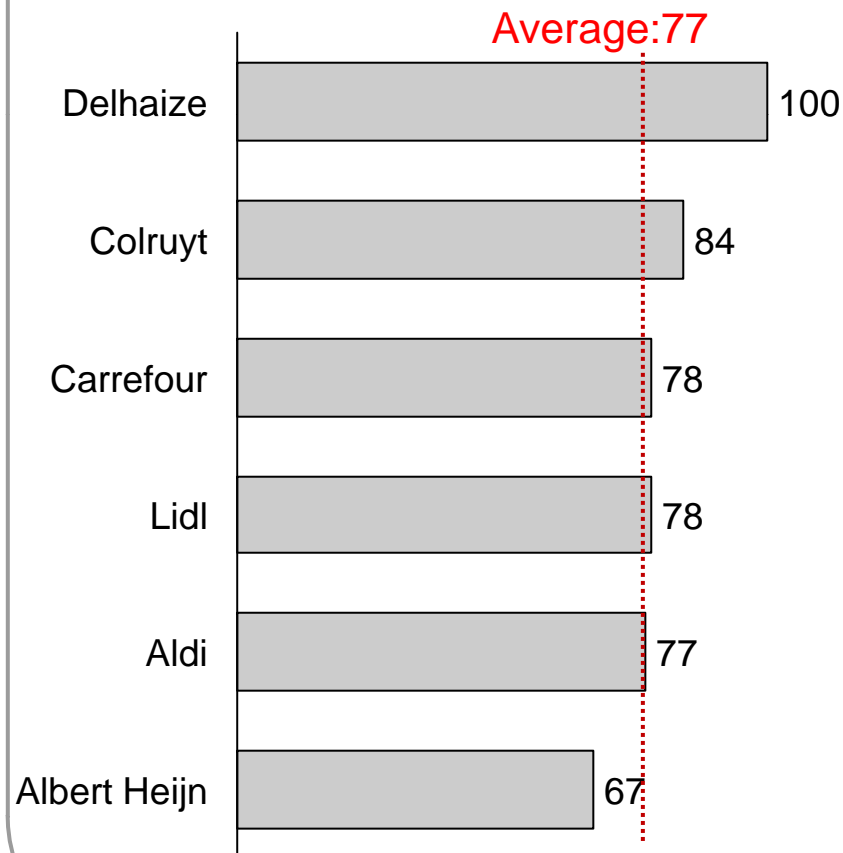
- #2 position, 25% market share
- Strong affiliated network
- Excellent locations
- Differentiated assortment
- Large fresh offering
- Broad private label range



Delhaize Belgium is tackling its cost handicap to ensure future profitable expansion



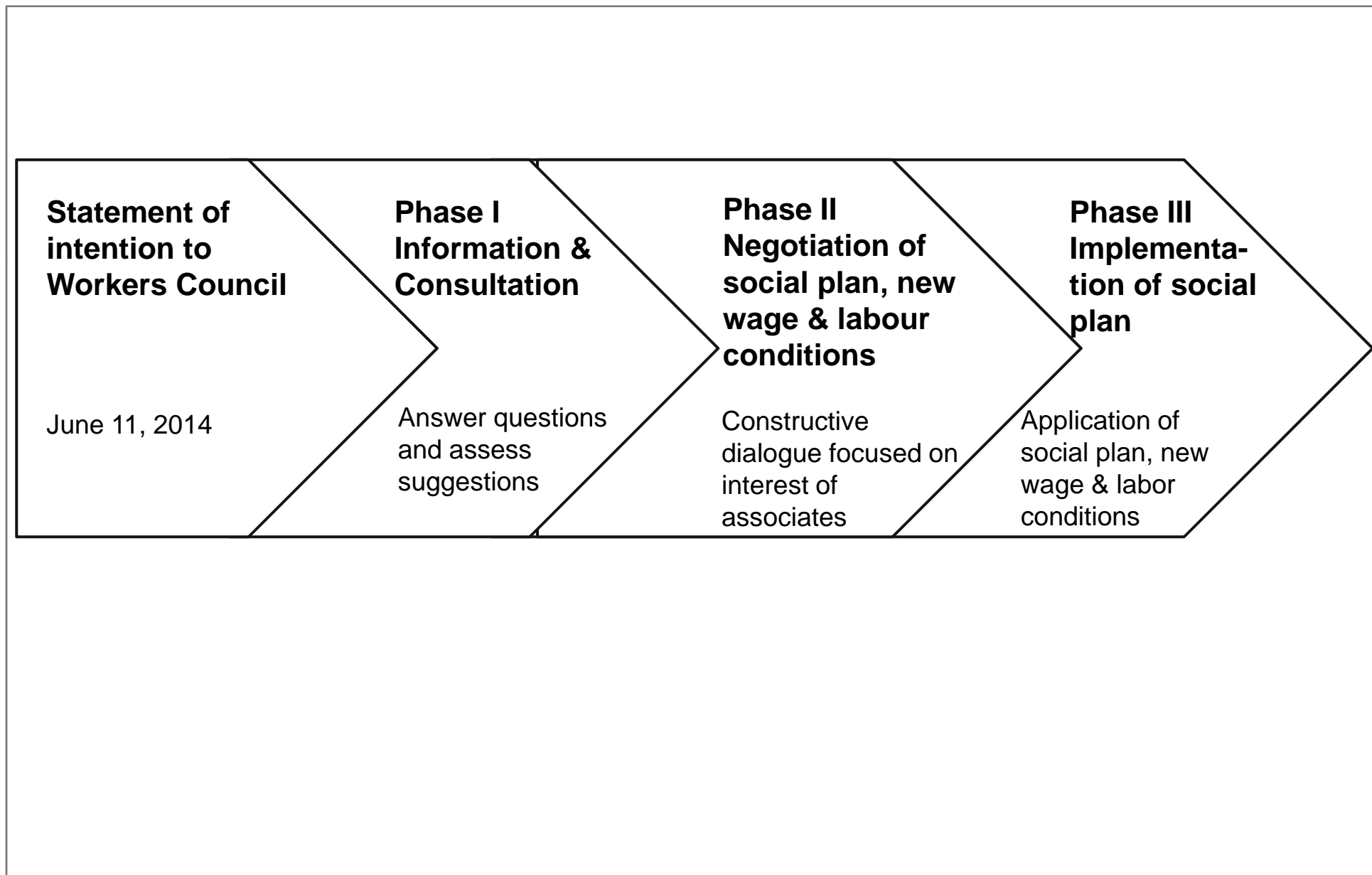
Cost per productive hour (Delhaize = 100)



Proposed Transformation Plan

- Introduce a lighter and more efficient structure for company-operated supermarkets
- Provide more efficient procedures and working methods and place full focus on new technologies
- Adapt the wage and labor conditions of all associates
- Stop company operated activities in 14 supermarkets that have an unsustainable financial performance

The legal procedure (Law Renault) consists of 3 phases

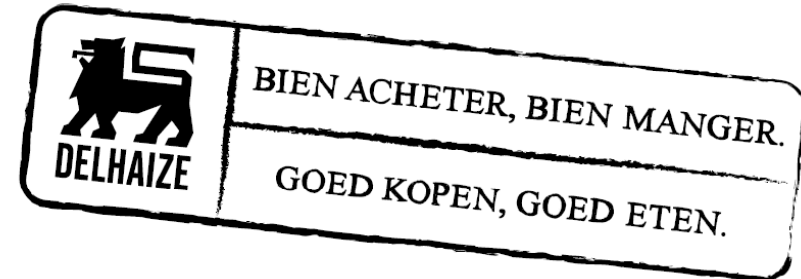


Delhaize Belgium plans to re-inforce its differentiated position



Launch of 2 pilot stores in April centered around 'Bien acheter, bien manger' ('Buy well, eat well')

- New look & feel and customer experience
- Enhanced Fresh departments (Fruits & Vegetable, Bakery, Butchery, Fish)
- Efficient checkout, increased self checkout
- Innovative and more efficient assortment
- More visible promotions



April 2014
2 pilot stores

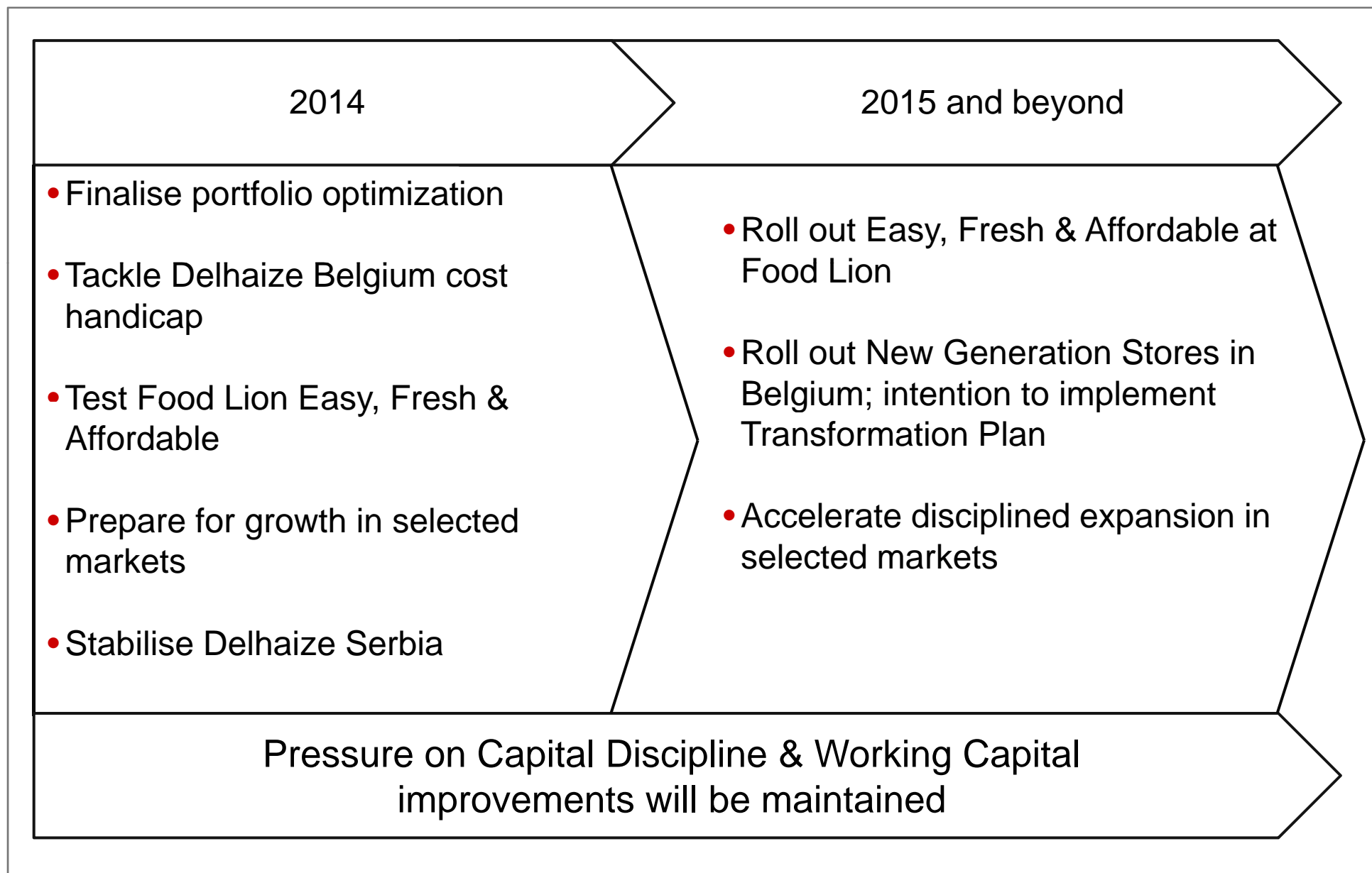
H2 2014
2 additional pilot stores

2015
Use learnings from pilots

SEE: Growth is driven by store expansion

- Alfa Beta:
 - Expansion of 16 net new stores in the first half of 2014
 - Positive CSS growth for the last 4 quarters, driven by more transactions
 - Profitability impacted by pension change in Q2 2013
- Serbia:
 - Revenues are starting to stabilize although CSS remains negative
 - New Maxi and Tempo concepts are being tested
 - Performance continues to be below plan triggering impairment
- Mega Image:
 - Delivering on expansion plan with 21 net new stores year-to-date
 - Announced acquisition of 20 stores in Greater Bucharest market
- All three countries are seeing further market share gains

Delhaize Group has a decisive and practical approach for the years to come



Conclusion

- Two important strategic initiatives underway
 - Food Lion Easy, Fresh and Affordable
 - Transformation Plan in Belgium
- Trends for H2 2014
 - Expect positive CSS at Food Lion and Hannaford in H2
 - Greece and Romania continuing to grow revenues with good profitability
 - Transformation Plan in Belgium leading to uncertainties in the short term
 - Persistent difficult environment in Serbia
- Reiterated 2014 guidance
 - Capex of approximately €625 million⁽¹⁾
 - 180 new stores
 - Healthy free cash flow generation despite significant capex increase