Ahold Delhaize

Capital Markets Day 2018

US Digital & eCommerce

JJ Fleeman

President of Peapod Digital Labs

Our brands have a leading US food eCommerce and digital business

~$1b
Annualized eCommerce sales

~6m
Annualized online grocery orders

25+
Dedicated eCommerce fulfillment centers

1.6k
Peapod drivers engaging with customers

2b+
Annualized, personalized customer communications

A strong proprietary digital ecosystem for each brand

600m
Digital Coupons Clipped

77%
Sales made by
identifiable customers

~6m
Annualized online
grocery orders

3.2m
Mobile App downloads

15,250
Products Rated
for Guiding Stars

9
Scan & Go
Pilot Stores

23%
In-Store Kiosk
Engagement

500m
Email/Push Communications

~50%
Items in cart from digital
personalization tools

Development activities this year

Opportunity

Different omnichannel capabilities and platforms for each brands

Click and Collect **at select locations**

Primarily **next day** delivery

Select assortment and **different pricing** online

Separate brand loyalty across channels

Preparing for 2019

Integrated omnichannel capabilities and platform through Peapod Digital Labs

Full-scale Click and Collect rollout across all brands

Customers choose their speed: **Immediate, Same day, Next day**

Full assortment and **same great prices** online

Seamless brand loyalty across channels

Peapod Digital Labs has an ambitious plan for 2019

Omnichannel growth engine

Proprietary digital ecosystem

Innovation pipeline

Strategic partnerships

NextGen fulfillment

Click and Collect network

Powering ADUSA's Great Local Brands

Enabling brand omnichannel growth through Peapod Digital Labs

Strong foundation today

Strong digital talent to drive PDL

400+ PDL associates dedicated to digital and eCommerce

Strong **digital merchandising and marketing**

Own **enterprise campaign management** solutions

Personalized brand customer experience through data and analytics

Investing now

Proprietary omnichannel platform to support each brand

Flexible architecture for continuous improvement

Leading data science and analytics for all aspects of the business

Next generation fulfilment to provide increased speed and coverage

Innovation hub to serve customers even better

Peapod
DIGITAL LABS

Building an integrated omnichannel platform for each brand

Brand platforms

Food Lion · Giant · Hannaford · Stop & Shop · Giant/Martin's

Peapod commerce platform

Peapod

Digital tools and technology

Integrated omnichannel platform

- Same great prices
- Endless aisles
- Local assortment
- Single sign-on
- Consistent promotions
- Integrated loyalty
- Customizable by brand
- Extensive personalization
- Agile architecture
- Continuous deployment
- Build once and scale
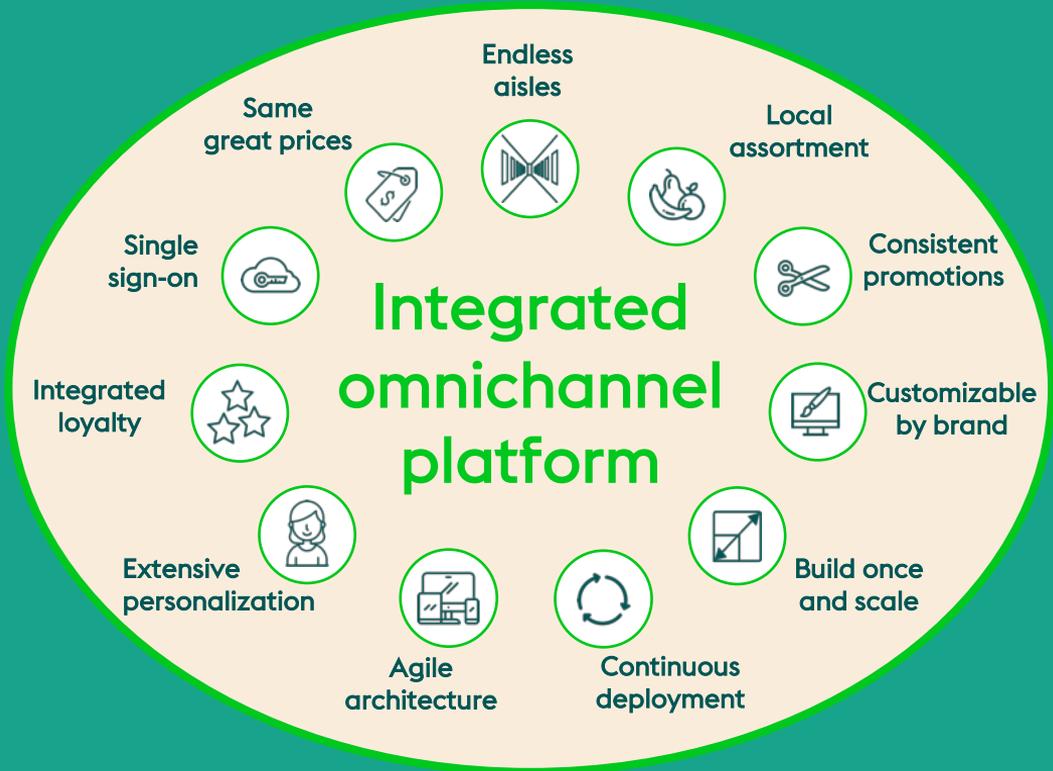
2-3x

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

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

Delivering a best-in-class local omnichannel experience for each brand

An innovation pipeline to serve brand customers even better

Endless aisle assortment

Automated fulfillment

Same day delivery

Curated meal kits

Pod Bags for unattended delivery

Virtual butcher shop

Exclusive media partnerships

Ideate

Test and learn

Execute

Peapod Digital Labs

Devoted innovation hub

Partnerships with universities

Collaboration with start-ups
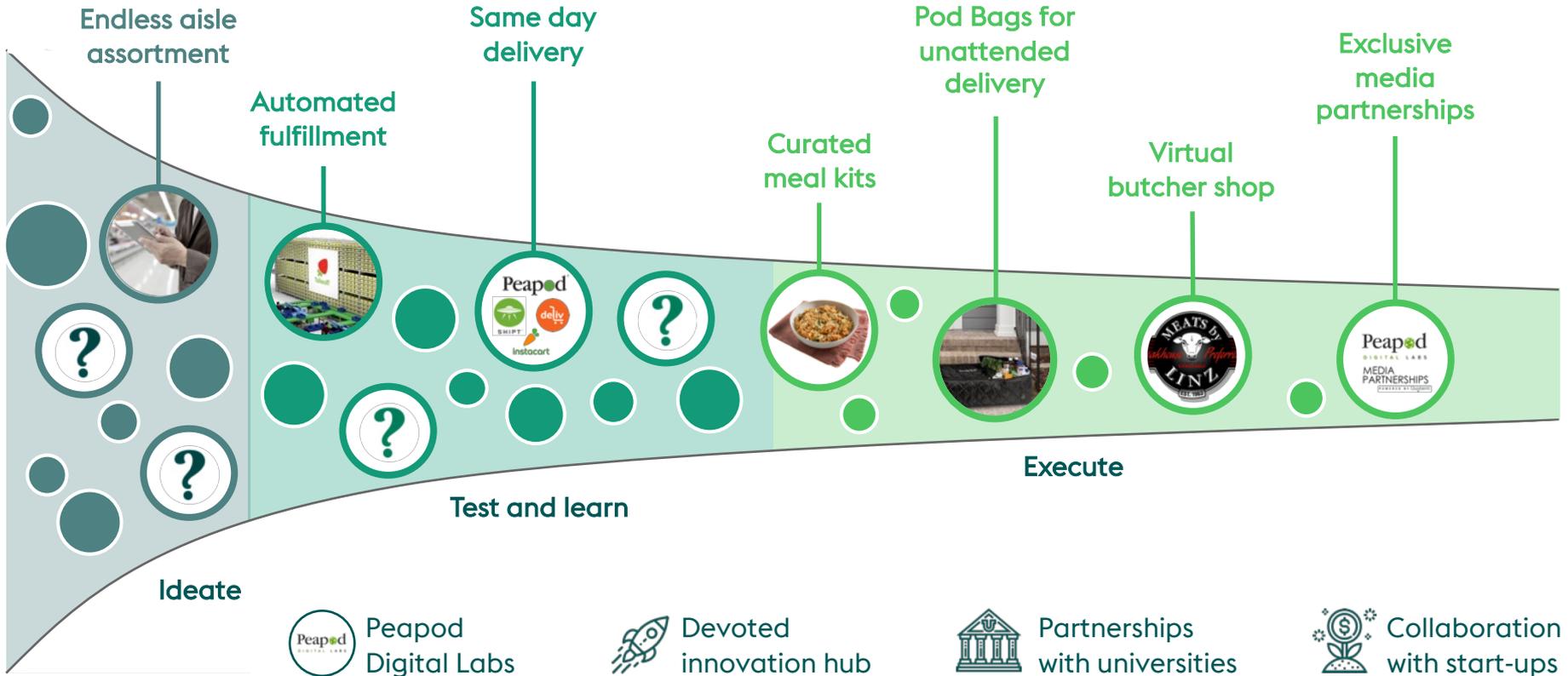
Expanding the portfolio of fulfillment methods

Click and Collect

Automated MFC and HSC models

In-house and 3rd party delivery

"... And more" solutions

Increasing speed and coverage

Today's offerings

2020 vision

65%
of brand
customers
will have access
to same day

Fastest available
pick-up or delivery

- Next day
- Same day
- Immediate

Fastest available
pick-up or delivery

- Next day
- Same day
- Immediate
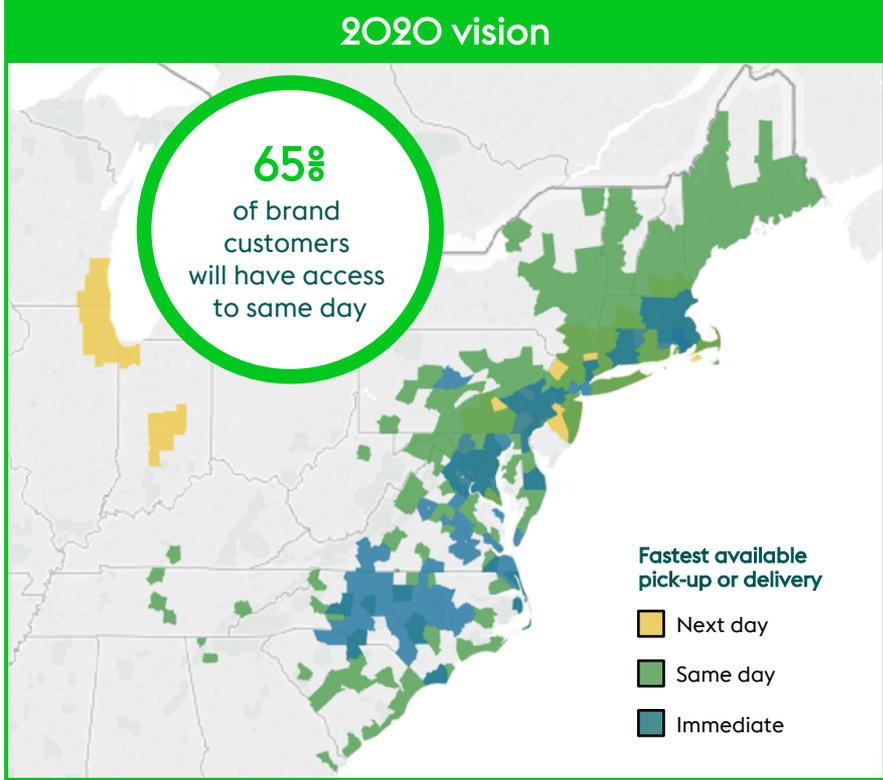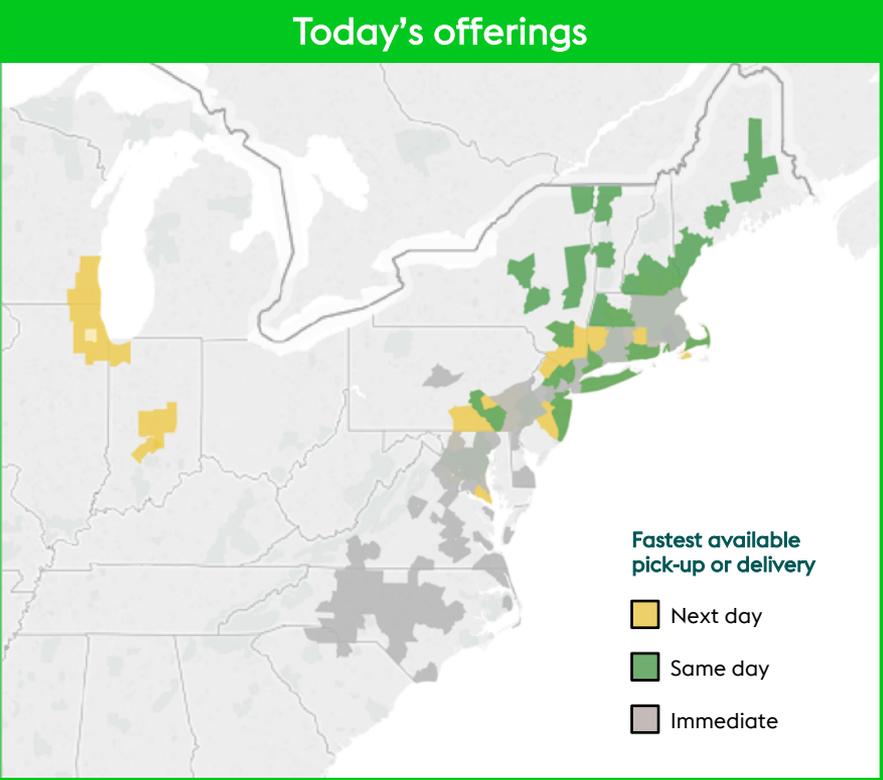
Expanding Click and Collect to 600+ stores by 2019

2018

~50 hannaford to go FOOD LION to GO

~200 Peapod Pick-up Points

2019
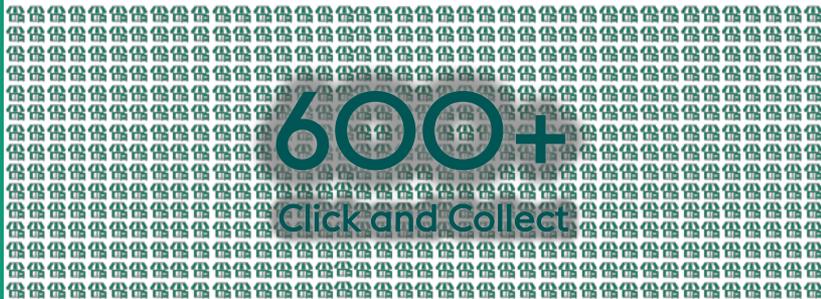
600+ Click and Collect

Best-in-class same day offering

Full store assortment

In-store pricing

Integrated loyalty

Dedicated customer service

Building automated micro-fulfillment, tailored to each brand's local market

Reaching customers within 1 hour

"All-in" productivity of ~145 units per labor hour

Reduced last mile expense

Piloting automated micro-fulfillment with **Takeoff**

Less than 12 months to build

Build in our existing stores or other locations

$3-5m Capex for pilot facility

Faster   **Fresher**   **Efficient**   **Local**

This plan will accelerate food eCommerce sales growth for each brand

2018E 10%+

2019E 20%+

2020E 30%+

Key takeaways

Launching the digital and eCommerce engine to support each brand's strategy

Creating the digital ecosystem of the future

Driving brand eCommerce growth through:

- 600+ Click and Collect stores by 2019
- Same-day pickup & delivery to 65%+ of customers

Rolling out NextGen fulfillment models

Connecting all brand customers to omnichannel to expand loyalty and share of wallet

2019E

20%+

2020E

30%+

Cautionary notice

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

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