

Ahold Delhaize reports firm Q2 results with higher two-year comparable sales growth rates**; raises full-year earnings and underlying operating margin guidance

- * On a two-year comparable sales growth basis**, comparable sales excluding gas in the U.S. were up 19.1% and in Europe were up 12.6% in Q2 2021, a sequential acceleration versus growth in full year 2020 of 15.8% and 12.3%, respectively.
- * Q2 Group net sales were €18.6 billion, up 3.0% at constant exchange rates, down 2.4% at actual exchange rates.
- * In the U.S. and Europe, Q2 comparable sales excluding gas were (1.5)% and 2.4%, respectively.
- * In Q2, net consumer online sales grew 35.8% at constant exchange rates, building on top of the significant 77.6% growth in Q2 2020.
- * Q2 underlying operating margin was 4.5%; Q2 diluted underlying EPS was €0.53.
- * Q2 IFRS-reported operating income was €817 million; Q2 IFRS-reported diluted EPS was €0.52.
- * Raising 2021 underlying EPS and Group underlying operating margin outlook; expect underlying EPS to grow in the high-teen range versus 2019 and Group underlying operating margin to be approximately 4.3%.
- * 2021 interim dividend is €0.43 compared to 2020 interim dividend of €0.50, based on the Group's interim dividend policy of 40% payout of first half underlying income per share from continuing operations.

** Two-year comparable sales growth is a stack of the comparable sales growth excluding gasoline in the current year period added to the comparable sales growth excluding gasoline in the prior year period. This measure may be helpful to improve the understanding of trends in periods that are affected by variations in prior year growth rates.

Zaandam, the Netherlands, August 11, 2021 – Ahold Delhaize, one of the world's largest food retail groups and a leader in both supermarkets and e-commerce, reports second quarter results today.

The interim report for the second quarter and half year 2021 can be viewed and downloaded at www.aholddelhaize.com.

Summary of key financial data

€ million, except per share data	Ahold Delhaize Group		The United States		Europe		Ahold Delhaize Group		The United States		Europe	
	Q2 2021	% change constant rates	Q2 2021	% change constant rates	Q2 2021	% change constant rates	HY 2021	% change constant rates	HY 2021	% change constant rates	HY 2021	% change constant rates
Net sales	18,645	3.0 %	11,115	2.7 %	7,529	3.6 %	36,909	4.4 %	21,854	3.1 %	15,055	6.4 %
Comparable sales growth excl. gas	— %		(1.5)%		2.4 %		2.1 %		— %		5.2 %	
Online sales	1,812	39.2 %	753	61.0 %	1,059	26.9 %	3,793	66.8 %	1,608	110.4 %	2,184	44.8 %
Net consumer online sales	2,447	35.8 %	753	61.0 %	1,693	27.0 %	5,126	64.3 %	1,608	110.4 %	3,517	49.4 %
Operating income	817	(13.3)%	546	(16.2)%	308	(5.8)%	1,645	(11.1)%	1,035	(22.2)%	670	7.5 %
Operating margin	4.4 %	(0.8)pts	4.9 %	(1.1)pts	4.1 %	(0.4)pts	4.5 %	(0.8)pts	4.7 %	(1.5)pts	4.5 %	— pts
Underlying operating income	832	(12.2)%	554	(15.9)%	314	(3.1)%	1,680	(9.2)%	1,071	(20.5)%	669	10.2 %
Underlying operating margin	4.5 %	(0.8)pts	5.0 %	(1.1)pts	4.2 %	(0.3)pts	4.6 %	(0.7)pts	4.9 %	(1.5)pts	4.4 %	0.2 pts
Diluted EPS	0.52	(13.9)%					1.05	(9.9)%				
Diluted underlying EPS	0.53	(12.1)%					1.07	(7.5)%				
Free cash flow	428	(14.8)%					723	(56.4)%				

Comments from Frans Muller, President and CEO of Ahold Delhaize

"We are pleased with our Q2 performance. During the quarter, associates in all our brands and businesses continued to work tirelessly in a rapidly shifting environment, marked by the gradual reopening of the economies across our markets. We remain grateful to them for their hard work and dedication to serving customers and communities. We would also like to express our support for everyone impacted by the recent flooding in the Netherlands and Belgium and fires in Greece, and are committed to serving these communities and our brands' associates during these difficult times. We are aware of the recent increases in infection rates in many of our markets and will continue to support COVID-19 vaccination efforts in the U.S. and provide help and assistance in all our communities. We remain on track to deliver on our pledge to contribute €20 million in charitable donations, spread evenly between the U.S. and Europe, during 2021.

This is part of our broader spending for COVID-19-related care, which amounted to €84 million in the quarter. In Q2, our brands, together with suppliers, remained focused on fulfilling their vital role in society by maintaining food and product supplies to local communities.

"While communities across our markets reopened during Q2, food-at-home demand remained very resilient. Many of the habits formed by consumers during the COVID-19 pandemic in 2020 are proving sticky, aided by our initiatives to improve our omnichannel offerings for consumers. This drove Group net sales of €18.6 billion in the quarter and was exemplified by the acceleration in the Group two-year comparable sales stack in Q2 to 16.4%, versus growth of 14.4% in full year 2020. The two-year comparable sales stack growth rates were strong in both of our regions, but particularly in the U.S.

"While COVID-19 continues to create significant uncertainty, our Q2 results provide us with the confidence to raise our underlying EPS and underlying operating margin forecast for the full year. We also announced a 2021 interim dividend of €0.43 compared to the 2020 interim dividend of €0.50, in line with our dividend policy which is equal to 40% of the year-to-date underlying income per share from continuing operations. As previously communicated, expect to grow the full-year 2021 dividend year-over-year.

"We continue to be in a strategically stronger position in 2021 relative to the time before the COVID-19 pandemic began. Our investments in our online proposition continue to serve us well. In Q2, net consumer online sales continued to grow, coming on top of the very robust growth profile from the same quarter last year. During the quarter, we added 86 new click-and-collect locations in the U.S., continued to expand AH Compact (our no-fee delivery service in the Netherlands) to new markets, and doubled Albert Heijn's home delivery coverage in Belgium's Flanders region.

"Our "Save for Our Customers" program remains on track to produce savings of more than €750 million in 2021 and we continue to execute against our initiatives aimed at becoming a more efficient company beyond 2021. For example, after a successful pilot program, the U.S. businesses will scale up the use of artificial intelligence-enabled 'exosuits' to reduce fatigue and improve safety for associates in distribution centers. We also remain on schedule to achieve 65% self-distribution in the U.S. supply chain by year-end and 85% by 2022.

"We continue to make progress in elevating our Healthy and Sustainable strategy. We are proud to be one of the leading signers of the EU Code of Conduct for Responsible Food Business and Marketing Practices, as part of the European Green Deal, committed to shifting to a sustainable food system. As part of the pact, we have made commitments in the areas of healthier choices, product transparency, waste reduction and climate impact. In Europe, Romania has added the Nutri-Score nutritional navigation system to all of its own-brand ranges, joining Delhaize Belgium and our Serbian brands, which already utilize the Nutri-Score system. In the U.S., 52.4% of our Q2 sales are healthy, earning the Guiding Stars 1, 2, or 3 rating. This is in support of our company-wide ambition to raise sales of healthy own-brand products to 51% by the end of 2022; in 2020 we reached 49.8%."

Q2 Financial highlights

Group highlights

Group net sales were €18.6 billion, down 2.4% at actual exchange rates, but up 3.0% at constant exchange rates, impacted by unfavorable foreign exchange rate, acquisitions, a rebound in gasoline sales, and flat comparable sales growth excluding gasoline, cycling strong Q2 2020 results. Comparable sales were negatively impacted by approximately 0.3 percentage points from unfavorable calendar shifts in 2021. On a two-year comparable sales stack basis, growth for the Group of 16.4% in Q2 2021 was an acceleration from the 14.4% growth posted for the full year 2020, and consistent with the 16.4% growth from Q1 2021. In Q2, Group net consumer online sales grew 35.8% at constant exchange rates, aided by the FreshDirect acquisition.

In Q2, Group underlying operating margin was 4.5%, down 0.8 percentage points from the prior year at constant exchange rates, as margins lapped unusually high levels in the prior year due to COVID-19. Margins in 2020 benefited largely from higher operating leverage due to higher sales trends related to COVID-19. In Q2, Group IFRS-reported operating margin was 4.4%.

Underlying income from continuing operations was €551 million, down 20.6% in the quarter. Ahold Delhaize's IFRS-reported net income in the quarter was €540 million. Diluted EPS was €0.52 and diluted underlying EPS was €0.53, down 17.5% compared to last year's record Q2 results. Management believes that framing 2021 diluted underlying EPS growth relative to 2019 (prior to COVID-19) provides a helpful context for investors. Therefore, compared to Q2 2019, diluted underlying EPS in the quarter was up approximately 55%. In the quarter, 7.5 million own shares were purchased for €176 million, bringing the total amount to €488 million in the first half of the year.

U.S. highlights

U.S. net sales increased 2.7% at constant exchange rates, and declined 6.2% at actual exchange rates. U.S. comparable sales excluding gasoline declined 1.5%, as they were unfavorably impacted by the lapping of significant consumer stock-up activity related to COVID-19 in 2020, when comparable sales excluding gasoline grew 20.6% in the second quarter. On a two-year comparable sales stack basis for Q2 2021, growth was 19.1%, a sequential acceleration versus the 15.8% growth for the full year 2020. Brand performance continued to be led by Food Lion.

In Q2, online sales in the segment were up 61.0% in constant currency, driven by continued expansion of click-and-collect facilities and the FreshDirect acquisition. Excluding the FreshDirect acquisition, U.S. online sales grew 29.0% in constant currency, building on top of the significant 126.8% growth in the same quarter last year.

Underlying operating margin in the U.S. was 5.0%, down 1.1 percentage points from the prior year at constant exchange rates, as the prior year period benefited from higher operating leverage due to higher sales trends related to COVID-19 and, to a smaller extent, continued costs related to COVID-19. In Q2, U.S. IFRS-reported operating margin was 4.9%.

Europe highlights

European net sales grew 3.6% at constant exchange rates and 3.9% at actual exchange rates. Europe's comparable sales excluding gasoline grew 2.4%, despite lapping high comparable sales excluding gas of 10.2% in the same quarter last year. Q2 comparable sales were negatively impacted by approximately 0.7 percentage points from calendar shifts in 2021. On a two-year comparable sales stack basis for Q2 2021, growth was 12.6%, an acceleration compared to growth of 12.3% in 2020. The strong growth was led by performance at Albert Heijn, bol.com and in the Czech Republic.

In Q2, net consumer online sales in the segment were up 27.0%, which comes on top of 63.9% growth in the same period last year. At bol.com, net consumer sales grew by 24.2% in the quarter, which comes on top of 65.4% growth in Q2 2020. Bol.com's sales from third-party sellers grew 26% in the quarter, with nearly 47,000 merchant partners on the platform.

Underlying operating margin in Europe was 4.2%, down 0.3 percentage points from the prior year at constant exchange rates, as the prior year period benefited from higher operating leverage due to higher sales trends related to COVID-19 and to a smaller extent, continued costs related to COVID-19. In Q2, European IFRS-reported operating margin was 4.1%.

Outlook

While COVID-19 continues to create significant uncertainty for the remainder of 2021, our results in Q2 provide management the confidence to once again raise the underlying EPS growth outlook for 2021, and to raise the underlying operating margin outlook for 2021.

As previously reported, COVID-19, and to a lesser extent, a 53-week calendar, significantly distorted Ahold Delhaize's 2020 financial results. Lapping these effects will impact results in 2021, which returns to a 52-week calendar.

In 2021, the Group underlying operating margin outlook has been raised to approximately 4.3%, versus at least 4.0% previously, reflecting the strong margin performance over the first half of the year. The outlook continues to reflect the effects of the cost savings of over €750 million largely offsetting cost pressures related to COVID-19, that are expected to continue and the negative impact from increased online sales penetration.

The underlying EPS guidance has been raised and is now expected to grow in the high-teen range relative to 2019 earnings, versus low- to mid-teen growth previously. Management believes that framing 2021 underlying EPS guidance relative to 2019, which was prior to COVID-19 and also on a 52-week calendar, provides a helpful context for investors.

The free cash flow outlook is unchanged at approximately €1.6 billion. This puts the Company on track to reach €5.6 billion in cumulative free cash flow from 2019-2021 (averaging nearly €1.9 billion annually), which exceeds the Capital Markets Day 2018 target of €5.4 billion (averaging €1.8 billion annually). Capital expenditure is expected to be around €2.2 billion, and reflects the Company's higher investments in digital and omnichannel capabilities and for improvements related to recent M&A. In addition, Ahold Delhaize remains committed to its dividend policy and share buyback program in 2021, as previously stated. We expect to grow the full-year 2021 dividend year-over-year.

	Full-year outlook	Underlying operating margin ¹	Underlying EPS	Save for Our Customers	Capital expenditures	Free cash flow ²	Dividend payout ratio ^{3, 4}	Share buyback ⁴
Updated outlook	2021	~ 4.3%	High-teen growth vs. 2019	> €750 million	~ €2.2 billion	~ €1.6 billion	40-50% payout; YOY growth in dividend per share	€1 billion
Previous outlook	2021	At least 4%	Low- to mid-teen growth vs. 2019	> €750 million	~ €2.2 billion	~ €1.6 billion	40-50% payout; YOY growth in dividend per share	€1 billion

1. No significant impact to underlying operating margin from returning to a 52-week calendar versus a 53-week calendar in 2020, though the return to a 52-week calendar will negatively impact net sales for the full year by 1.5-2.0%. Comparable sales growth will be presented on a comparable 52-week basis.
2. Excludes M&A.
3. Calculated as a percentage of underlying income from continuing operations.
4. Management remains committed to the share buyback and dividend program, but given the uncertainty caused by COVID-19, they will continue to monitor macroeconomic developments. The program is also subject to changes in corporate activities, such as material M&A activity.

Group performance

€ million, except per share data	Q2 2021	Q2 2020	% change	% change constant rates	HY 2021	HY 2020	% change	% change constant rates
Net sales	18,645	19,103	(2.4)%	3.0 %	36,909	37,310	(1.1)%	4.4 %
Of which: online sales	1,812	1,347	34.5 %	39.2 %	3,793	2,345	61.7 %	66.8 %
Net consumer online sales ¹	2,447	1,846	32.5 %	35.8 %	5,126	3,191	60.6 %	64.3 %
Operating income	817	1,004	(18.6)%	(13.3)%	1,645	1,967	(16.4)%	(11.1)%
Income from continuing operations	540	693	(22.1)%	(17.1)%	1,090	1,338	(18.5)%	(13.4)%
Net income	540	693	(22.1)%	(17.1)%	1,090	1,338	(18.5)%	(13.4)%
Basic income per share from continuing operations (EPS)	0.52	0.65	(19.1)%	(14.0)%	1.05	1.24	(15.3)%	(10.0)%
Diluted income per share from continuing operations (diluted EPS)	0.52	0.65	(19.0)%	(13.9)%	1.05	1.24	(15.2)%	(9.9)%
Underlying EBITDA ¹	1,562	1,725	(9.4)%	(3.9)%	3,131	3,391	(7.7)%	(2.1)%
Underlying EBITDA margin ¹	8.4 %	9.0 %			8.5 %	9.1 %		
Underlying operating income ¹	832	1,009	(17.6)%	(12.2)%	1,680	1,970	(14.7)%	(9.2)%
Underlying operating margin ¹	4.5 %	5.3 %			4.6 %	5.3 %		
Underlying income per share from continuing operations – basic (underlying EPS) ¹	0.53	0.65	(17.6)%	(12.3)%	1.08	1.24	(13.1)%	(7.6)%
Underlying income per share from continuing operations – diluted (diluted underlying EPS) ¹	0.53	0.65	(17.5)%	(12.1)%	1.07	1.24	(13.0)%	(7.5)%
Free cash flow ¹	428	533	(19.8)%	(14.8)%	723	1,761	(58.9)%	(56.4)%

1. Net consumer online sales, underlying EBITDA, underlying operating income, basic and diluted underlying income per share from continuing operations and free cash flow are alternative performance measures that are used throughout the report. For a description of alternative performance measures, see [Alternative performance measures](#) to this press release.

Performance by segment

The United States

	Q2 2021	Q2 2020	% change	% change constant rates	HY 2021	HY 2020	% change	% change constant rates
\$ million								
Net sales	13,399	13,044	2.7 %		26,324	25,527	3.1 %	
Of which: online sales	908	564	61.0 %		1,937	921	110.4 %	
€ million								
Net sales	11,115	11,856	(6.2)%	2.7 %	21,854	23,170	(5.7)%	3.1 %
Of which: online sales	753	512	47.0 %	61.0 %	1,608	836	92.3 %	110.4 %
Operating income	546	716	(23.7)%	(16.2)%	1,035	1,458	(29.0)%	(22.2)%
Underlying operating income	554	724	(23.4)%	(15.9)%	1,071	1,477	(27.5)%	(20.5)%
Underlying operating margin	5.0 %	6.1 %			4.9 %	6.4 %		
Comparable sales growth	(0.5)%	18.8 %			0.5 %	16.1 %		
Comparable sales growth excluding gasoline	(1.5)%	20.6 %			— %	17.2 %		

Europe

	Q2 2021	Q2 2020	% change	% change constant rates	HY 2021	HY 2020	% change	% change constant rates
€ million								
Net sales	7,529	7,247	3.9 %	3.6 %	15,055	14,140	6.5 %	6.4 %
Of which: online sales	1,059	834	26.9 %	26.9 %	2,184	1,509	44.8 %	44.8 %
Net consumer online sales	1,693	1,334	27.0 %	27.0 %	3,517	2,355	49.4 %	49.4 %
Operating income	308	325	(5.4)%	(5.8)%	670	623	7.7 %	7.5 %
Underlying operating income	314	323	(2.9)%	(3.1)%	669	607	10.2 %	10.2 %
Underlying operating margin	4.2 %	4.5 %			4.4 %	4.3 %		
Comparable sales growth	2.4 %	10.1 %			5.2 %	9.9 %		
Comparable sales growth excluding gasoline	2.4 %	10.2 %			5.2 %	10.0 %		

Global Support Office

	Q2 2021	Q2 2020	% change	% change constant rates	HY 2021	HY 2020	% change	% change constant rates
€ million								
Underlying operating loss	(37)	(37)	(1.9)%	1.4 %	(60)	(114)	(47.2)%	(44.7)%
Underlying operating loss excluding insurance results	(40)	(35)	17.1 %	20.1 %	(77)	(71)	9.7 %	12.6 %

In Q2, underlying Global Support Office costs were €37 million, which was in line with the prior year. Excluding insurance results, underlying Global Support Office costs increased versus the prior year due to IT and digital initiatives. The insurance results were favorable versus the prior year, mainly reflecting the favorable discounting effect on the Company's insurance provision.

Consolidated income statement

€ million, except per share data	Q2 2021	Q2 2020 ¹	HY 2021	HY 2020 ¹
Net sales	18,645	19,103	36,909	37,310
Cost of sales	(13,551)	(13,799)	(26,752)	(26,957)
Gross profit	5,094	5,304	10,156	10,353
Other income	128	119	255	234
Selling expenses	(3,668)	(3,725)	(7,276)	(7,219)
General and administrative expenses	(737)	(694)	(1,490)	(1,401)
Operating income	817	1,004	1,645	1,967
Interest income	8	10	14	21
Interest expense	(44)	(33)	(89)	(69)
Net interest expense on defined benefit pension plans	(4)	(4)	(9)	(8)
Interest accretion to lease liability	(83)	(90)	(168)	(182)
Other financial income (expense)	1	9	(11)	(13)
Net financial expenses	(123)	(108)	(262)	(250)
Income before income taxes	694	895	1,384	1,717
Income taxes	(161)	(202)	(304)	(384)
Share in income of joint ventures	8	—	10	5
Income from continuing operations	540	693	1,090	1,338
Income (loss) from discontinued operations	—	—	—	—
Net income	540	693	1,090	1,338
Net income per share attributable to common shareholders				
Basic	0.52	0.65	1.05	1.24
Diluted	0.52	0.65	1.05	1.24
Income from continuing operations per share attributable to common shareholders				
Basic	0.52	0.65	1.05	1.24
Diluted	0.52	0.65	1.05	1.24
Weighted average number of common shares outstanding (in millions)				
Basic	1,031	1,070	1,035	1,076
Diluted	1,034	1,075	1,039	1,081
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8297	0.9087	0.8302	0.9076

1. Comparative balances have been restated to conform to the current year's presentation.

Consolidated balance sheet

€ million	July 4, 2021	January 3, 2021
Assets		
Property, plant and equipment	11,141	10,696
Right-of-use asset	8,312	7,455
Investment property	703	739
Intangible assets	12,067	11,565
Investments in joint ventures and associates	220	227
Other non-current financial assets	769	705
Deferred tax assets	310	323
Other non-current assets	53	53
Total non-current assets	33,576	31,764
Assets held for sale	141	19
Inventories	3,486	3,245
Receivables	1,883	1,975
Other current financial assets	420	360
Income taxes receivable	110	58
Prepaid expenses and other current assets	288	337
Cash and cash equivalents	3,577	2,933
Total current assets	9,905	8,928
Total assets	43,481	40,692
Equity and liabilities		
Equity attributable to common shareholders	12,946	12,432
Loans	4,534	3,863
Other non-current financial liabilities	9,745	8,905
Pensions and other post-employment benefits	1,346	1,235
Deferred tax liabilities	761	664
Provisions	758	718
Other non-current liabilities	68	63
Total non-current liabilities	17,212	15,448
Liabilities related to assets held for sale	26	—
Accounts payable	6,921	6,795
Other current financial liabilities	3,166	2,386
Income taxes payable	178	128
Provisions	377	378
Other current liabilities	2,654	3,125
Total current liabilities	13,323	12,812
Total equity and liabilities	43,481	40,692
Year-end U.S. dollar exchange rate (euro per U.S. dollar)	0.8428	0.8187

Consolidated statement of cash flow

€ million	Q2 2021	Q2 2020	HY 2021	HY 2020
Income from continuing operations	540	693	1,090	1,338
Adjustments for:				
Net financial expenses	123	108	262	250
Income taxes	161	202	304	384
Share in income of joint ventures	(8)	—	(10)	(5)
Depreciation, amortization and impairments	745	731	1,472	1,445
(Gains) losses on leases and the sale of assets / disposal groups held for sale	(11)	(20)	(17)	(45)
Share-based compensation expenses	10	18	23	29
Operating cash flows before changes in operating assets and liabilities	1,562	1,733	3,124	3,395
Changes in working capital:				
Changes in inventories	(40)	(400)	(165)	(29)
Changes in receivables and other current assets	76	89	190	(51)
Changes in payables and other current liabilities	(170)	136	(552)	541
Changes in other non-current assets, other non-current liabilities and provisions	31	19	66	56
Cash generated from operations	1,459	1,577	2,664	3,914
Income taxes paid – net	(130)	(199)	(231)	(231)
Operating cash flows from continuing operations	1,329	1,378	2,433	3,682
Net cash from operating activities	1,329	1,378	2,433	3,682
Purchase of non-current assets	(489)	(506)	(943)	(1,214)
Divestments of assets / disposal groups held for sale	2	40	7	82
Acquisition of businesses, net of cash acquired	(16)	—	(399)	(4)
Divestment of businesses, net of cash divested	2	(1)	1	(1)
Changes in short-term deposits and similar instruments	33	(92)	(61)	(137)
Dividends received from joint ventures	17	15	18	16
Interest received	6	8	8	16
Lease payments received on lease receivables	24	25	55	49
Other	18	(1)	15	6
Investing cash flows from continuing operations	(402)	(512)	(1,297)	(1,188)
Net cash from investing activities	(402)	(512)	(1,297)	(1,188)
Proceeds from long-term debt	—	497	598	497
Interest paid	(39)	(51)	(77)	(82)
Repayments of loans	(14)	(12)	(411)	(426)
Changes in short-term loans	(317)	(220)	1,006	878
Repayment of lease liabilities	(423)	(375)	(779)	(787)
Dividends paid on common shares	(414)	(494)	(414)	(494)
Share buyback	(176)	(183)	(488)	(519)
Other cash flows from derivatives	—	3	—	3
Other	1	(4)	(2)	(6)
Financing cash flows from continuing operations	(1,382)	(840)	(566)	(936)
Net cash from financing activities	(1,382)	(840)	(566)	(936)
Net cash from operating, investing and financing activities	(455)	26	570	1,559
Cash and cash equivalents at the beginning of the period (excluding restricted cash)	4,038	5,217	2,910	3,701
Effect of exchange rates on cash and cash equivalents	(18)	(39)	86	(55)
Cash and cash equivalents at the end of the period (excluding restricted cash)	3,565	5,204	3,565	5,204
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8297	0.9087	0.8302	0.9076

Alternative performance measures

This press release includes alternative performance measures (also known as non-GAAP measures). The descriptions of these alternative performance measures are included in *Definitions: Performance measures* in Ahold Delhaize's Annual Report 2020.

Free cash flow

€ million	Q2 2021	Q2 2020	HY 2021	HY 2020
Operating cash flows from continuing operations before changes in working capital and income taxes paid	1,593	1,752	3,190	3,452
Changes in working capital	(134)	(175)	(527)	462
Income taxes paid – net	(130)	(199)	(231)	(231)
Purchase of non-current assets	(489)	(506)	(943)	(1,214)
Divestments of assets / disposal groups held for sale	2	40	7	82
Dividends received from joint ventures	17	15	18	16
Interest received	6	8	8	16
Interest paid	(39)	(51)	(77)	(82)
Lease payments received on lease receivables	24	25	55	49
Repayment of lease liabilities	(423)	(375)	(779)	(787)
Free cash flow	428	533	723	1,761

In Q2 2021, free cash flow was €428 million, which represents a decrease of €106 million compared to Q2 2020, mainly driven by the lower operating cash flow of €159 million, partially offset by the lower income taxes paid of €69 million.

Free cash flow for half year 2021 was €723 million, or €1,038 million lower than last year. This decrease was expected and is mainly the result of lower operating cash flow of €261 million and the unfavorable development in working capital of €989 million. The latter was mainly due to the reversal of last year's favorable payables and inventories positions as a result of the strong sales increase related to COVID-19. These developments were partly offset by the lower net investment of €196 million.

Net debt

€ million	July 4, 2021	April 4, 2021	January 3, 2021
Loans	4,534	4,561	3,863
Lease liabilities	9,183	9,206	8,442
Non-current portion of long-term debt	13,717	13,767	12,305
Short-term borrowings and current portion of long-term debt	3,030	3,388	2,249
Gross debt	16,747	17,155	14,554
Less: cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments ^{1, 2, 3, 4}	3,826	4,342	3,119
Net debt	12,921	12,812	11,434

1. Short-term deposits and similar instruments include investments with a maturity of between three and 12 months. The balance of these instruments at July 4, 2021, was €119 million (April 4, 2021: €153 million, January 3, 2021: €58 million) and is presented within Other current financial assets in the consolidated balance sheet.
2. Included in the short-term portion of investments in debt instruments is a U.S. treasury investment fund in the amount of €129 million (April 4, 2021: €128 million, January 3, 2021: €129 million).
3. Book overdrafts, representing the excess of total issued checks over available cash balances within the Group cash concentration structure, are classified in accounts payable and do not form part of net debt. This balance at July 4, 2021, was €306 million (April 4, 2021: €351 million, January 3, 2021: €441 million).
4. Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €1,303 million (April 4, 2021: €1,747 million, January 3, 2021: €681 million). This cash amount is fully offset by an identical amount included under Short-term borrowings and current portion of long-term debt.

Net debt increased in Q2 2021 by €109 million to €12,921 million. This was attributable to the dividend payment of €414 million and the share buyback of €176 million. These impacts were partially offset by the free cash flow of €428 million.

Underlying EBITDA

€ million	Q2 2021	Q2 2020	HY 2021	HY 2020
Underlying operating income	832	1,009	1,680	1,970
Depreciation and amortization ¹	731	716	1,451	1,421
Underlying EBITDA	1,562	1,725	3,131	3,391

1. The difference between the total amount of depreciation and amortization for Q2 2020 of €720 million and HY 2020 of €1,425 million, and the €716 million and €1,421 million, respectively, mentioned here relates to items that were excluded from underlying operating income. In 2021, there were no amounts excluded from underlying operating income.

In Q2 2021, underlying operating income decreased by €178 million to €832 million, and was adjusted for the following items, which impacted reported IFRS operating income: impairments of €14 million (Q2 2020: €12 million); (gains) and losses on leases and the sale of assets of €(12) million (Q2 2020: €(15) million); and restructuring and related charges and other items of €13 million (Q2 2020: €9 million). Including these items, IFRS operating income decreased by €186 million to €817 million.

For the first half of the year, underlying operating income of €1,680 million (HY 2020: €1,970 million) was adjusted for the items below, in the amount of €35 million (HY 2020: €3 million), which impacted reported IFRS operating income:

- Impairments of €21 million (HY 2020: €20 million)
- (Gains) and losses on leases and the sale of assets of €(20) million (HY 2020: €(40) million)
- Restructuring and related charges and other items of €33 million (HY 2020: €23 million).

Including these items, IFRS operating income decreased by €322 million to €1,645 million.

Underlying income from continuing operations

€ million, except per share data	Q2 2021	Q2 2020	HY 2021	HY 2020
Income from continuing operations	540	693	1,090	1,338
Adjustments to operating income	14	6	35	3
Tax effect on adjusted and unusual items	(4)	(5)	(8)	(4)
Underlying income from continuing operations	551	694	1,117	1,337
Underlying income from continuing operations for the purpose of diluted earnings per share	551	694	1,117	1,337
Basic income per share from continuing operations ¹	0.52	0.65	1.05	1.24
Diluted income per share from continuing operations ²	0.52	0.65	1.05	1.24
Underlying income per share from continuing operations – basic ¹	0.53	0.65	1.08	1.24
Underlying income per share from continuing operations – diluted ²	0.53	0.65	1.07	1.24

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 2021 is 1,031 million (Q2 2020: 1,070 million).*
2. *The diluted earnings per share from continuing operations and diluted underlying EPS are calculated by dividing the diluted (underlying) income from continuing operations by the diluted weighted average number of shares outstanding. The diluted weighted average number of shares used for calculating the diluted underlying EPS for Q2 2021 is 1,034 million (Q2 2020: 1,075 million).*

in Q2 2021, income from continuing operations was €540 million, representing a decline of €153 million compared to last year. This follows mainly from the €186 million decrease in operating income, which was partly offset by lower income taxes of €41 million.

For the first half of 2021, income from continuing operations was €1,090 million, which was €247 million lower than last year. This mainly reflects the decrease in operating income of €322 million, which was partially offset by lower income taxes of €80 million.

Segment reporting
Q2 2021

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	11,115	7,529	—	18,645
Of which: online sales	753	1,059	—	1,812
Operating income (loss)	546	308	(37)	817
Impairment losses and reversals – net	11	4	—	14
(Gains) losses on leases and the sale of assets – net	(9)	(3)	—	(12)
Restructuring and related charges and other items	7	5	—	13
<i>Adjustments to operating income</i>	<i>8</i>	<i>6</i>	<i>—</i>	<i>14</i>
Underlying operating income (loss)	554	314	(37)	832

Q2 2020

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	11,856	7,247	—	19,103
Of which: online sales	512	834	—	1,347
Operating income (loss)	716	325	(37)	1,004
Impairment losses and reversals – net	4	7	—	12
(Gains) losses on leases and the sale of assets – net	(1)	(14)	—	(15)
Restructuring and related charges and other items	5	5	—	9
<i>Adjustments to operating income</i>	8	(2)	—	6
Underlying operating income (loss)	724	323	(37)	1,009

Half year 2021

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	21,854	15,055	—	36,909
Of which: online sales	1,608	2,184	—	3,793
Operating income (loss)	1,035	670	(60)	1,645
Impairment losses and reversals – net	18	4	—	21
(Gains) losses on leases and the sale of assets – net	(9)	(11)	—	(20)
Restructuring and related charges and other items	27	6	—	33
<i>Adjustments to operating income</i>	36	(1)	—	35
Underlying operating income (loss)	1,071	669	(60)	1,680

Half year 2020

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	23,170	14,140	—	37,310
Of which: online sales	836	1,509	—	2,345
Operating income (loss)	1,458	623	(114)	1,967
Impairment losses and reversals – net	10	10	—	20
(Gains) losses on leases and the sale of assets – net	(7)	(34)	—	(40)
Restructuring and related charges and other items	15	9	—	23
<i>Adjustments to operating income</i>	18	(16)	—	3
Underlying operating income (loss)	1,477	607	(114)	1,970

Additional information

Results in local currency for the United States are as follows:

\$ million	Q2 2021	Q2 2020	HY 2021	HY 2020
Net sales	13,399	13,044	26,324	25,527
Of which: online sales	908	564	1,937	921
Operating income	658	786	1,248	1,605
Underlying operating income	669	794	1,291	1,625

Store portfolio

Store portfolio (including franchise and affiliate stores)

	End of Q2 2020	Opened / acquired	Closed / sold	End of Q2 2021
The United States	1,971	78	(5)	2,044
Europe ¹	5,057	206	(44)	5,219
Total	7,028	284	(49)	7,263

1. The number of stores at the end of Q2 2021 includes 1,114 specialty stores (Etos and Gall & Gall); (end of Q2 2020: 1,122).

	End of Q4 2020	Opened / acquired	Closed / sold	End of Q2 2021
The United States	1,970	75	(1)	2,044
Europe ¹	5,167	72	(20)	5,219
Total	7,137	147	(21)	7,263

1. The number of stores at the end of Q2 2021 includes 1,114 specialty stores (Etos and Gall & Gall); (end of Q4 2020: 1,118).

Financial calendar

Ahold Delhaize's financial year consists of 52 or 53 weeks and ends on the Sunday nearest to December 31. Ahold Delhaize's 2021 financial year consisted of 52 weeks and ends on January 2, 2022.

The key publication dates for 2021 are as follows:

November 10 Results Q3 2021

Risks and uncertainties

Ahold Delhaize's enterprise risk management program provides the Company with a periodic and comprehensive understanding of Ahold Delhaize's key business risks and the management practices, policies and procedures in place to mitigate these risks. Ahold Delhaize recognizes strategic, operational, financial and compliance/regulatory risk categories. Our principal risks have not changed significantly compared to those disclosed within the Annual Report 2020. The COVID-19 pandemic continues to impact our business operations and our overall risk profile. The Company has initiated several actions to mitigate the impact of the COVID-19 pandemic on our business, with a focus on protecting associates and customers, ensuring the continuity of our operations and making additional investments into our digital and omnichannel capabilities. The impact of this risk is being monitored and any required actions will be reassessed as necessary. The updated integrated comprehensive analysis of the principal risks faced by Ahold Delhaize will be included in the Annual Report 2021.

Cautionary notice

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

This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words and expressions such as remain, would, committed, during, continue(s)/(d), on track, to be, strategically, aimed, becoming, beyond 2021, progress, uncertainty, outlook, expect(ed), believes, to grow, year-over-year, confidence, impact, to reach, target, risks, focus 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 the 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; political developments, natural disasters and pandemics; 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 the inability to pass on cost increases 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.

For more information:

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About Ahold Delhaize

Ahold Delhaize is one of the world's largest food retail groups and a leader in both supermarkets and e-commerce. Its family of great local brands serves 54 million customers each week, both in stores and online, in the United States, Europe, and Indonesia. Together, these brands employ more than 410,000 associates in 7,137 grocery and specialty stores and include the top online retailer in the Benelux and the leading online grocers in the Benelux and the United States. Ahold Delhaize brands are at the forefront of sustainable retailing, sourcing responsibly, supporting local communities and helping customers make healthier choices. The company's focus on four growth drivers – drive omnichannel growth, elevate healthy and sustainable, cultivate best talent and strengthen operational excellence – is helping to fulfil its purpose, achieve its vision and prepare its brands and businesses for tomorrow. Headquartered in Zaandam, the Netherlands, Ahold Delhaize is listed on the Euronext Amsterdam and Brussels stock exchanges (ticker: AD) and its American Depositary Receipts are traded on the over-the-counter market in the U.S. and quoted on the OTCQX International marketplace (ticker: ADRNY). For more information, please visit: www.aholddelhaize.com

