

Ahold Delhaize's strong global portfolio delivers growth in Q1 net sales and diluted EPS; 2022 outlook increased

- * Q1 Group net sales increased 8.3% at actual rates to €19.8 billion. At constant exchange rates, net sales were up 3.6% as food-at-home consumption continues to prove resilient.
- * Q1 comparable sales excluding gas grew 3.3% (3.9% excluding weather and calendar impacts) in the U.S. and declined 3.1% in Europe (excluding weather and calendar impacts, declined 2.8%).
- * Net consumer online sales declined 1.0% at constant exchange rates following growth of 103.3% during Q1 in the prior year. Excluding bol.com, net consumer online sales increased 4.6% at constant rates.
- * Driven proactively by Save For Our Customers cost savings initiatives and working hard with suppliers to keep price increases as low as possible, Ahold Delhaize's great local brands are supporting customers to manage their shopping baskets efficiently, ensuring access to affordable and healthy food options in this inflationary environment.
- * By providing easy access to affordable and healthy food options, expanding high-quality low-cost own-brand assortments and bulk-item offerings, as well as further deploying highly tailored omnichannel loyalty programs, Ahold Delhaize saw increased market share across its key markets in the quarter.
- * Q1 underlying operating margin was 4.2%, in line with the Company's historical profile, versus last year's COVID-19-supported Q1 underlying operating margin of 4.6%.
- * Q1 IFRS-reported operating income was €818 million and Q1 IFRS-reported diluted EPS was €0.54.
- * Q1 diluted underlying EPS was €0.55, an increase of 1.3% over the prior year at actual rates.
- * The Company now expects underlying EPS to be comparable with 2021 levels (previously: down low- to mid-single-digits). Higher than expected Q1 earnings coupled with a more resilient consumer climate in the U.S. as well as a more favorable U.S. dollar are forecast to more than offset the challenging economic backdrop in Europe.
- * The Company reiterates the rest of the 2022 full-year outlook including: underlying operating margin to be at least 4%; free cash flow of approximately €1.7 billion; and net capital expenditures of €2.5 billion.

Zaandam, the Netherlands, May 11, 2022 – Ahold Delhaize, one of the world's largest food retail groups and a leader in both supermarkets and e-commerce, reports first quarter results today.

The interim report for the first quarter of 2022 can be viewed and downloaded at www.aholddelhaize.com.

Summary of key financial data

	Ahold Delhaize Group			The United States		Europe	
	Q1 2022	% change	% change constant rates	Q1 2022	% change constant rates	Q1 2022	% change constant rates
€ million, except per share data	13 weeks 2022 vs. 2021						
Net sales	19,774	8.3 %	3.6 %	12,199	5.8 %	7,575	0.3 %
Comparable sales growth excl. gas	0.7 %			3.3 %		(3.1)%	
Online sales	2,059	3.9 %	0.7 %	961	4.6 %	1,098	(2.4) %
Net consumer online sales	2,715	1.3 %	(1.0) %	961	4.6 %	1,754	(3.8) %
Operating income	818	(1.2) %	(5.4) %	540	2.7 %	255	(29.9) %
Operating margin	4.1 %	(0.4)pts	(0.4)pts	4.4 %	(0.1)pts	3.4 %	(1.5)pts
Underlying operating income	829	(2.3) %	(6.6) %	542	(2.5) %	263	(26.2) %
Underlying operating margin	4.2 %	(0.5)pts	(0.5)pts	4.4 %	(0.4)pts	3.5 %	(1.2)pts
Diluted EPS	0.54	2.6 %	(1.7) %				
Diluted underlying EPS	0.55	1.3 %	(3.1) %				
Free cash flow	(21)	NM ¹	NM ¹				

1. Not meaningful, as free cash flow is negative in Q1 2022.

Comments from Frans Muller, President and CEO of Ahold Delhaize

"I am pleased to report a strong start to the year for Ahold Delhaize. In times like these, our strong global portfolio of local brands provides distinct competitive and societal advantages. This allows us to successfully navigate short-term market volatility and, at the same time, provide financial stability and operational bandwidth to focus on our long term growth agenda.

"Brand strength and relative market share are our most important measures of success. Our performance on these metrics again shone through in our results, with 8.3% growth in net sales to €19.8 billion and diluted underlying earnings per share up 1.3% to €0.55, exceeding our original expectations. Through our 19 great local brands, on the whole, we lapped prior year pandemic lockdowns with further market shares gains and healthy growth rates in our online grocery business while, at the same time, preserving our industry-leading profitability metrics.

"For consumers, Q1 was characterized by significant challenges both within and outside of our markets, headlined by the war in Ukraine. While we do not have direct operations in Ukraine or Russia, I am extremely proud of associates at our brands who quickly jumped into action to provide crucial support to those affected by the war. Our brands in Europe, together with Ahold Delhaize, donated more than €1.5 million worth of cash and in-kind support, and generated an additional €1.2 million in customer and associate donations to organizations like the Red Cross. Several brands are supporting associates who are volunteering their time to provide on the ground support, and are actively promoting jobs to Ukrainian people displaced by the violence. We will continue to provide support for as long as it's needed.

"We also know that consumers globally are feeling the pressure of high inflation rates. We are working hard with suppliers to mitigate price increases where possible and ensuring that increases are realistic and necessary. Moreover, Ahold Delhaize's local brands are helping customers manage their shopping baskets efficiently, by providing great value offers spearheaded by omnichannel loyalty programs, prioritizing healthy food options through Guiding Stars- and Nutri-Score-linked promotions, and expanding the assortment and availability of high-quality lower-cost own-brand products and bulk offerings.

"For example, The GIANT Company doubled points earned on the purchase of all Guiding Stars-rated items. Meanwhile, Giant Food expanded its "More for You" value campaign with the introduction of a bulk item aisle, offering consumers savings on larger-sized products. Also in Europe, a good example is Alfa Beta, which launched a new promotional campaign called Top Hits, offering discounts on key items. By the end of the first half of 2022, all European markets will have their own tailored entry price favorites programs.

"Our brands are laser focused on helping consumers manage their spending, proactively highlighting savings opportunities. For example, own-brand assortments, which offer great quality at a reduced cost versus national brands, are being positioned more prominently and conveniently in stores and the omnichannel shopping journey. In the Benelux, our own-brand portfolios represent over half of all our brands' food sales. In the U.S., own-brand penetration stands at approximately 30% and our brands will continue to invest in and extend their own-brand presence and visibility throughout 2022.

"Looking at our regional performance in more detail, in the U.S., we were able to grow comparable sales by 3.9%, excluding weather and calendar shifts, and maintained relatively stable underlying operating profit in U.S. dollars, as strong food-at-home demand and our cost savings initiatives enabled our brands to mitigate incremental cost pressures. Food Lion, in particular, with its 38th consecutive quarter of growth is one of the top performing brands in the U.S. right now with close to double-digit comparable sales.

"In Europe, the reopening of societies across our markets and a return to normal life for most citizens created a challenging comparison in the Benelux, as we lapped the year-ago quarter when strict lockdown measures boosted sales for both our grocery business and bol.com. This resulted in declining Q1 comparable sales and underlying operating profits for Europe. We see customer trust and loyalty as an important indicator of how well we are doing. This is clearly reflected in the fact that our overall market share is increasing, being particularly robust at Albert Heijn and bol.com.

"To counter the broader market conditions we see in Europe, particularly challenging markets like Belgium, we are focusing on two main approaches to strengthen our brands and connection with customers. Firstly,

we are strengthening our commercial proposition by ramping up the rollout of successful pricing and loyalty programs for customers in all our markets and broadening our product offering to ensure affordable options for every wallet. Secondly, cost savings are currently more important than ever to be able to offer customers the most competitive price without sacrificing investments in growth. As such, in the more challenged markets, on top of our running cost savings programs, we are committed to review additional structural costs more aggressively to better align them to the underlying dynamics of the market.

"While short term mitigation actions will keep us busy this year, our Leading Together strategic priorities also remain front and center in our work. Our omnichannel transformation agenda is core to this. Coming off a very strong 2021 which saw a further step up in online gains due to the pandemic, our energy to drive stickiness in our omnichannel ecosystem is paying off. In Q1, Group net consumer online sales only declined by 1.0% at constant exchange rates. This includes 4.6% growth in the U.S., offset by a 3.8% decline in Europe. Excluding bol.com, net consumer online sales increased 4.6%, as online grocery penetration rates continued to increase. We continue to use a blend of organic investment and strategic partnerships to make smart choices as we expand our proposition and reach. For example, in the U.S., we now have over 1,400 pick-up points and have added new instant delivery options with partners. In Europe, Albert Heijn expanded its existing partnership with Deliveroo and Thuisbezorgd.nl.

"At bol.com, sales declined 7% in the quarter, against a market backdrop which is estimated to have been down mid-teens. The strong position of bol.com with customers and partners has therefore again yielded strong market share gains. We continue to make very good progress with the bol.com management team in our preparations to have bol.com ready for a sub-IPO in the second half of 2022, subject of course to market conditions, and other factors. We believe strongly in the value and potential of bol.com. Our intentions remain firmly focused on securing the right future path to unlock value and provide further funding for bol.com and Ahold Delhaize to execute our winning strategy.

"Speaking of the long term, we remain strongly focused on our ESG ambitions, and continued to make strides in this area during Q1. Albert Heijn and bol.com were recognized as industry leaders by the 2022 Sustainable Brand Index. Albert Heijn was voted the most sustainable supermarket chain in the Netherlands for the sixth year in a row and bol.com was recognized as the most sustainable e-commerce brand for the second year in a row. As we continue to support the transition to a healthy and sustainable food system, our U.S. brand Hannaford announced plans to be fully powered by renewable energy by 2024.

"All in all, I am pleased with the performance of the business in what is an increasingly challenging environment. Overall, Q1 results were better than our expectations, despite macro-economic pressures arising from the war in Ukraine. The second quarter is seeing many of the trends from Q1 continuing. Therefore, taking all moving parts together, we expect underlying EPS to be comparable to 2021 with the rest of our full-year guidance metrics unchanged."

Q1 Financial highlights

Group highlights

Group net sales were €19.8 billion, an increase of 3.6% at constant exchange rates, and up 8.3% at actual exchange rates. Group net sales were driven by positive contributions from comparable sales growth excluding gasoline of 0.7%, foreign currency translation benefits, acquisitions, and higher gasoline sales. Q1 Group comparable sales had a net negative impact of approximately 0.5 percentage points from weather and calendar shifts, primarily relating to the timing of Easter.

In Q1, Group net consumer online sales declined by 1.0% at constant exchange rates, as growth in the U.S. was offset by the cycling of a strong Q1 2021 in Europe, particularly at bol.com, arising from last year's lockdowns and the subsequent reopening of societies in Q1 2022. Excluding bol.com, net consumer online sales increased 4.6% at constant exchange rates.

In Q1, Group underlying operating margin was 4.2%, down 0.5 percentage points compared to Q1 2021 at constant exchange rates, reflecting higher labor, distribution and energy costs than in the prior year period. In Q1, Group IFRS-reported operating income was €818 million, representing an IFRS-reported operating margin of 4.1%.

Underlying income from continuing operations was €555 million, down 2.0% in the quarter at actual rates. Ahold Delhaize's IFRS-reported net income in the quarter was €546 million. Diluted EPS was €0.54 and diluted underlying EPS was €0.55, up 1.3% at actual currency rates compared to last year's results. In the quarter, 9.4 million own shares were purchased for €268 million.

U.S. highlights

U.S. net sales were €12.2 billion, an increase of 5.8% at constant exchange rates, and up 13.6% at actual exchange rates. Sales also benefited from favorable foreign currency translation rates, last year's acquisition of stores from Southeastern Grocers, and higher fuel sales. U.S. comparable sales excluding gasoline increased 3.3%. This was partially offset by an unfavorable Q1 net impact to sales of 0.6 percentage points from weather and calendar shifts, primarily relating to the timing of Easter. Brand performance continued to be led by Food Lion, which has now delivered 38 consecutive quarters of positive sales growth.

In Q1, online sales in the segment were up 4.6% in constant currency. This builds on top of the significant 188.3% constant currency growth in the same quarter last year.

Underlying operating margin in the U.S. was 4.4%, down 0.4 percentage points at constant exchange rates from the prior year period driven by increased labor, distribution and energy costs, which were partially offset by higher pricing and cost savings initiatives. In Q1, U.S. IFRS-reported operating margin was 4.4%.

Europe highlights

European net sales were €7.6 billion, an increase of 0.3% at constant exchange rates and 0.6% at actual exchange rates, driven by the 2021 acquisition of 38 stores from DEEN in the Netherlands. Europe's comparable sales excluding gasoline declined 3.1%. We saw a net negative impact on Q1 comparable sales in Europe of approximately 0.3 percentage points from weather and calendar shifts, primarily relating to the timing of Easter.

Declining Q1 comparable sales in Europe came as the segment lapped strong comparable sales growth excluding gasoline in Q1 2021 of 8.3%. The reopening of societies, particularly in the Benelux, and the resulting shift of some consumer spending back to travel and restaurants contributed to this development. Nonetheless, our market shares across Europe remained strong. Albert Heijn was a particular standout in the quarter, with robust market share gains attributed to strong execution, successful marketing campaigns, sales uplifts resulting from the brand's store remodeling activities and contributions from the acquired DEEN stores.

In Q1, net consumer online sales in the segment were down 3.8%, following 78.6% growth in the same period last year. At bol.com, our online retail platform in the Netherlands and Belgium, net consumer online sales were €1.3 billion in Q1. This follows net consumer online sales of €1.4 billion in the same quarter last year, when sales at bol.com were aided by lockdown measures limiting brick-and-mortar retail stores.

Bol.com's percentage of net consumer online sales from third-party sellers was 60% in Q1, with nearly 49,000 merchant partners active on the platform.

Underlying operating margin in Europe was 3.5%. This compares to an underlying operating margin of 4.7% in the prior year quarter when margins sustained unusual benefits as a result of lockdown conditions in Europe. Additionally, higher overall costs also impacted margins in Q1. Europe's Q1 IFRS-reported operating margin was 3.4%.

Outlook

While ongoing high rates of inflation, rising costs and supply chain disruptions represent 2022 headwinds, management remains confident in its 2022 outlook following the Company's Q1 results.

Ahold Delhaize's 2022 Group underlying operating margin is expected to be at least 4.0%, in line with the Company's historical profile. Management believes that the Company's brands continue to offer consumers a strong shopping proposition and are well-positioned to maintain profitability in the current inflationary environment. Despite significant product cost increases, Ahold Delhaize's Save for Our Customers initiative is expected to deliver more than €850 million in savings, which should help offset cost pressures related to inflation and supply chain issues, along with the negative impact to margins from increased online sales penetration.

Higher than expected Q1 earnings coupled with a more resilient consumer climate in the U.S. as well as a more favorable U.S. dollar and benefits from favorable insurance results from rising interest rates are forecast to more than offset the challenging economic backdrop in Europe. Based on the current macro-economic outlook, we now expect underlying EPS to be comparable to 2021, compared to our previous guidance of a low- to mid-single-digits decline.

Free cash flow is expected to be approximately €1.7 billion. Net capital expenditures are expected to total a maximum of €2.5 billion, reflecting a step up in the Company's investments in its digital and omnichannel offering to support accelerated sales growth. On the latter, given higher labor and raw material costs, Management remains committed to executing and phasing the timing of investments with the same discipline and focus on achieving required hurdle rates and return on capital metrics. In addition, Ahold Delhaize remains committed to its dividend policy and share buyback program, as previously stated. We expect to again increase our full-year dividend, and we are executing our €1 billion share repurchase program in 2022 as planned.

	Full-year outlook	Underlying operating margin	Underlying EPS	Save for Our Customers	Net capital expenditures	Free cash flow ¹	Dividend payout ratio ^{2,3}	Share buyback ³
Outlook	2022	At least 4%	Comparable to 2021	>€850 million	~ €2.5 billion	~ €1.7 billion	40-50% payout; YOY growth in dividend per share	€1 billion

1. Excludes M&A.

2. Calculated as a percentage of underlying income from continuing operations.

3. Management remains committed to the share buyback and dividend program, but, given the uncertainty caused by COVID-19, will continue to monitor macro-economic developments. The program is also subject to changes resulting from corporate activities, such as material M&A activity.

Group performance

€ million, except per share data	Q1 2022 (13 weeks)	Q1 2021 (13 weeks)	% change	% change constant rates
Net sales	19,774	18,264	8.3 %	3.6 %
Of which: online sales	2,059	1,981	3.9 %	0.7 %
Net consumer online sales ¹	2,715	2,679	1.3 %	(1.0)%
Operating income	818	828	(1.2)%	(5.4)%
Income from continuing operations	546	550	(0.7)%	(4.9)%
Net income	546	550	(0.7)%	(4.9)%
Basic income per share from continuing operations (EPS)	0.54	0.53	2.5 %	(1.8)%
Diluted income per share from continuing operations (diluted EPS)	0.54	0.53	2.6 %	(1.7)%
Underlying EBITDA ¹	1,636	1,569	4.3 %	(0.3)%
Underlying EBITDA margin ¹	8.3 %	8.6 %		
Underlying operating income ¹	829	849	(2.3)%	(6.6)%
Underlying operating margin ¹	4.2 %	4.6 %		
Underlying income per share from continuing operations – basic (underlying EPS) ¹	0.55	0.54	1.2 %	(3.2)%
Underlying income per share from continuing operations – diluted (diluted underlying EPS) ¹	0.55	0.54	1.3 %	(3.1)%
Free cash flow ¹	(21)	295	NM ²	NM ²

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 section [Alternative performance measures](#) in this press release.
2. Not meaningful, as free cash flow is negative in Q1 2022.

Performance by segment

The United States

	Q1 2022 (13 weeks)	Q1 2021 (13 weeks)	% change	% change constant rates
\$ million				
Net sales	13,680	12,926	5.8 %	
Of which: online sales	1,077	1,030	4.6 %	
€ million				
Net sales	12,199	10,738	13.6 %	5.8 %
Of which: online sales	961	855	12.3 %	4.6 %
Operating income	540	489	10.5 %	2.7 %
Underlying operating income	542	517	4.7 %	(2.5)%
Underlying operating margin	4.4 %	4.8 %		
Comparable sales growth	4.1 %	1.5 %		
Comparable sales growth excluding gasoline	3.3 %	1.7 %		

Europe

	Q1 2022 (13 weeks)	Q1 2021 (13 weeks)	% change	% change constant rates
€ million				
Net sales	7,575	7,526	0.6 %	0.3 %
Of which: online sales	1,098	1,126	(2.4)%	(2.4)%
Net consumer online sales	1,754	1,824	(3.8)%	(3.8)%
Operating income	255	363	(29.7)%	(29.9)%
Underlying operating income	263	355	(25.9)%	(26.2)%
Underlying operating margin	3.5 %	4.7 %		
Comparable sales growth	(3.1)%	8.2 %		
Comparable sales growth excluding gasoline	(3.1)%	8.3 %		

Global Support Office

	Q1 2022 (13 weeks)	Q1 2021 (13 weeks)	% change	% change constant rates
€ million				
Underlying operating income (loss)	25	(23)	NM ¹	NM ¹
Underlying operating loss excluding insurance results	(36)	(37)	(3.6)%	(5.6)%

1. Not meaningful, as the result is an income in Q1 2022, compared to a loss in Q1 2021.

In Q1, underlying operating income was €25 million at the Global Support Office, compared to a loss of €23 million in the prior year period, mainly due to a positive impact of €47 million from insurance, which reflects the favorable discounting effect on the Company's insurance provisions driven by a significant increase in interest rates.

Consolidated income statement

	Q1 2022 (13 weeks)	Q1 2021 (13 weeks)
€ million, except per share data		
Net sales	19,774	18,264
Cost of sales	(14,414)	(13,202)
Gross profit	5,360	5,062
Other income	143	128
Selling expenses	(3,957)	(3,609)
General and administrative expenses	(728)	(753)
Operating income	818	828
Interest income	9	6
Interest expense	(52)	(45)
Net interest expense on defined benefit pension plans	(4)	(4)
Interest accretion to lease liability	(85)	(84)
Other financial expenses	(5)	(11)
Net financial expenses	(137)	(139)
Income before income taxes	682	690
Income taxes	(141)	(143)
Share in income of joint ventures	5	3
Income from continuing operations	546	550
Income (loss) from discontinued operations	—	—
Net income	546	550
Attributable to:		
Common shareholders	546	550
Non-controlling interests	—	—
Net income	546	550
Net income per share attributable to common shareholders		
Basic	0.54	0.53
Diluted	0.54	0.53
Income from continuing operations per share attributable to common shareholders		
Basic	0.54	0.53
Diluted	0.54	0.53
Weighted average number of common shares outstanding (in millions)		
Basic	1,007	1,040
Diluted	1,011	1,045
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8919	0.8307

Consolidated balance sheet

€ million	April 3, 2022	January 2, 2022
Assets		
Property, plant and equipment	11,913	11,838
Right-of-use asset	9,302	9,010
Investment property	710	708
Intangible assets	12,986	12,770
Investments in joint ventures and associates	233	244
Other non-current financial assets	1,167	1,193
Deferred tax assets	287	289
Other non-current assets	88	76
Total non-current assets	36,685	36,128
Assets held for sale	33	18
Inventories	4,107	3,728
Receivables	2,027	2,058
Other current financial assets	384	356
Income taxes receivable	42	45
Prepaid expenses and other current assets	392	387
Cash and cash equivalents	3,746	2,993
Total current assets	10,730	9,584
Total assets	47,415	45,712
Equity and liabilities		
Equity attributable to common shareholders	14,387	13,721
Loans	4,663	4,678
Other non-current financial liabilities	10,767	10,473
Pensions and other post-employment benefits	1,127	1,107
Deferred tax liabilities	825	746
Provisions	741	746
Other non-current liabilities	61	62
Total non-current liabilities	18,184	17,812
Accounts payable	7,414	7,563
Other current financial liabilities	3,615	2,552
Income taxes payable	148	96
Provisions	465	484
Other current liabilities	3,202	3,483
Total current liabilities	14,844	14,179
Total equity and liabilities	47,415	45,712
Year-end U.S. dollar exchange rate (euro per U.S. dollar)	0.9056	0.8795

Consolidated statement of cash flows

€ million	Q1 2022 (13 weeks)	Q1 2021 (13 weeks)
Income from continuing operations	546	550
Adjustments for:		
Net financial expenses	137	139
Income taxes	141	143
Share in income of joint ventures	(5)	(3)
Depreciation, amortization and impairments	812	727
(Gains) losses on leases and the sale of assets / disposal groups held for sale	(6)	(6)
Share-based compensation expenses	10	12
Operating cash flows before changes in operating assets and liabilities	1,635	1,562
Changes in working capital:		
Changes in inventories	(303)	(125)
Changes in receivables and other current assets	65	114
Changes in payables and other current liabilities	(430)	(382)
Changes in other non-current assets, other non-current liabilities and provisions	(39)	35
Cash generated from operations	928	1,205
Income taxes paid – net	(20)	(101)
Operating cash flows from continuing operations	909	1,104
Operating cash flows from discontinued operations	—	—
Net cash from operating activities	909	1,104
Purchase of non-current assets	(511)	(454)
Divestments of assets / disposal groups held for sale	6	5
Acquisition of businesses, net of cash acquired	—	(382)
Divestment of businesses, net of cash divested	—	—
Changes in short-term deposits and similar instruments	—	(94)
Dividends received from joint ventures	—	—
Interest received	6	2
Lease payments received on lease receivables	30	31
Other	—	(3)
Investing cash flows from continuing operations	(468)	(895)
Investing cash flows from discontinued operations	—	—
Net cash from investing activities	(468)	(895)
Proceeds from long-term debt	—	598
Interest paid	(32)	(38)
Repayments of loans	(23)	(397)
Changes in short-term loans	962	1,323
Repayment of lease liabilities	(429)	(356)
Dividends paid on common shares	—	—
Share buyback	(268)	(312)
Other cash flows from derivatives	—	—
Other	(13)	(3)
Financing cash flows from continuing operations	197	816
Financing cash flows from discontinued operations	—	—
Net cash from financing activities	197	816
Net cash from operating, investing and financing activities	637	1,024
Cash and cash equivalents at the beginning of the period (excluding restricted cash)	2,968	2,910
Effect of exchange rates on cash and cash equivalents	113	104
Cash and cash equivalents at the end of the period (excluding restricted cash)	3,718	4,038
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8919	0.8307

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 the *Glossary* in Ahold Delhaize's Annual Report 2021.

Free cash flow

€ million	Q1 2022	Q1 2021
Operating cash flows from continuing operations before changes in working capital and income taxes paid	1,596	1,597
Changes in working capital	(668)	(393)
Income taxes paid – net	(20)	(101)
Purchase of non-current assets	(511)	(454)
Divestments of assets / disposal groups held for sale	6	5
Interest received	6	2
Interest paid	(32)	(38)
Lease payments received on lease receivables	30	31
Repayment of lease liabilities	(429)	(356)
Free cash flow	(21)	295

In Q1 2022, free cash flow was negative €21 million, which represents a decrease of €316 million compared to Q1 2021, mainly driven by unfavorable development in working capital of €275 million due to the partial unwinding of COVID-19-driven working capital gains, higher net lease repayments of €75 million and higher net investments of €55 million, which were partially offset by lower income taxes paid of €81 million.

Net debt

€ million	April 3, 2022	January 2, 2022
Loans	4,663	4,678
Lease liabilities	10,334	10,061
Non-current portion of long-term debt	14,998	14,739
Short-term borrowings and current portion of long-term debt	3,414	2,350
Gross debt	18,412	17,089
Less: cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments ^{1, 2, 3, 4}	3,893	3,143
Net debt	14,519	13,946

1. Short-term deposits and similar instruments include investments with a maturity of between three and 12 months. The balance of these instruments at April 3, 2022, was €15 million (January 2, 2022: €15 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 €131 million (January 2, 2022: €135 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 April 3, 2022, was €367 million (January 2, 2022: €397 million).
4. Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €1,218 million (January 2, 2022: €807 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 Q1 2022 by €574 million to €14,519 million, compared to Q4 2021. This was mainly attributable to the share buyback of €268 million, foreign exchange impact on net debt of €199 million and the increase in lease liabilities of €82 million.

Underlying EBITDA

€ million	Q1 2022	Q1 2021
Underlying operating income	829	849
Depreciation and amortization	807	720
Underlying EBITDA	1,636	1,569

Underlying operating income decreased in Q1 2022 by €20 million to €829 million, and was adjusted for the following items, which impacted reported IFRS operating income: impairments of €5 million (Q1 2021: €7 million); (gains) and losses on leases and the sale of assets of €(7) million (Q1 2021: €(7) million); and restructuring and related charges and other items of €12 million (Q1 2021: €21 million). Including these items, IFRS operating income decreased by €10 million to €818 million.

Underlying income from continuing operations

€ million, except per share data	Q1 2022	Q1 2021
Income from continuing operations	546	550
Adjustments to operating income	11	21
Tax effect on adjusted and unusual items	(2)	(4)
Underlying income from continuing operations	555	566
Underlying income from continuing operations for the purpose of diluted earnings per share	555	566
Basic income per share from continuing operations ¹	0.54	0.53
Diluted income per share from continuing operations ²	0.54	0.53
Underlying income per share from continuing operations – basic ¹	0.55	0.54
Underlying income per share from continuing operations – diluted ²	0.55	0.54

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 2022 is 1,007 million (Q1 2021: 1,040 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 Q1 2022 is 1,011 million (Q1 2021: 1,045 million).*

In Q1 2022, income from continuing operations was €546 million, representing a decrease of €4 million compared to last year. This follows mainly from the €10 million decrease in operating income, partially offset by the resulting lower income taxes of €2 million, lower net financial expenses of €2 million and higher income from joint ventures of €2 million.

Segment reporting
Q1 2022

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	12,199	7,575	—	19,774
Of which: online sales	961	1,098	—	2,059
Operating income	540	255	23	818
Impairment losses and reversals – net	4	1	—	5
(Gains) losses on leases and the sale of assets – net	(2)	(4)	—	(7)
Restructuring and related charges and other items	(1)	11	2	12
<i>Adjustments to operating income</i>	<i>1</i>	<i>8</i>	<i>2</i>	<i>11</i>
Underlying operating income	542	263	25	829

The underlying operating income of €25 million at the Global Support Office includes €60 million income result from insurance activities, mainly due to favorable discounting effect on the Company's insurance provisions driven by a significant increase in interest rates.

Q1 2021

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	10,738	7,526	—	18,264
Of which: online sales	855	1,126	—	1,981
Operating income (loss)	489	363	(23)	828
Impairment losses and reversals – net	7	—	—	7
(Gains) losses on leases and the sale of assets – net	1	(8)	—	(7)
Restructuring and related charges and other items	20	1	—	21
<i>Adjustments to operating income</i>	<i>28</i>	<i>(7)</i>	<i>—</i>	<i>21</i>
Underlying operating income (loss)	517	355	(23)	849

Additional information

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

\$ million	Q1 2022	Q1 2021
Net sales	13,680	12,926
Of which: online sales	1,077	1,030
Operating income	606	590
Underlying operating income	607	623

Store portfolio

Store portfolio (including franchise and affiliate stores)

	End of Q1 2021	Opened / acquired	Closed / sold	End of Q1 2022
The United States	2,028	23	(5)	2,046
Europe ¹	5,176	384	(55)	5,505
Total	7,204	407	(60)	7,551

1. The number of stores at the end of Q1 2022 includes 1,129 specialty stores (Etos and Gall & Gall); (end of Q1 2021: 1,114).

	End of Q4 2021	Opened / acquired	Closed / sold	End of Q1 2022
The United States	2,048	1	(3)	2,046
Europe ¹	5,404	130	(29)	5,505
Total	7,452	131	(32)	7,551

1. The number of stores at the end of Q1 2022 includes 1,129 specialty stores (Etos and Gall & Gall); (end of Q4 2021: 1,136).

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 2022 financial year consists of 52 weeks and ends on January 1, 2023.

The key publication dates for 2022 are as follows:

August 10	Results Q2 2022
November 9	Results Q3 2022

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 2021. While the Group does not have any operations in Ukraine or Russia, and is not directly affected by trading restrictions or sanctions, it is, to a certain extent, affected by the wider macro-economic consequences of the war and might be additionally impacted if the situation develops further. These wider macro-economic consequences could impact the Company's balance sheet valuations, results and cash flow. We are closely monitoring and assessing any potential impacts of the war in Ukraine on our people or on macro-economic, operational, and supply chain aspects in the markets of our brands that border Ukraine and also elsewhere in Europe. The assessment of the impact is ongoing and will be updated as the situation unfolds. The integrated comprehensive analysis of the principal risks faced by Ahold Delhaize is included in the *Risks and opportunities* section of Ahold Delhaize's Annual Report 2021, which was published on March 2, 2022.

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 growth, outlook, increase(ed)/(ing), constant, reiterates, full-year, continue(s)/(d)/(ing), keep, further, as long, transformation, now, expect(s)/(ed)/(ations), resilient, preserving, mitigate, more, will, throughout, enable, expected, believe, maintain, focus, ambitions, by, 2024, determine, evolving, estimate, committed, remain, strategy, monitor, ongoing, unfolds, should, remains, confident, well-positioned, risks, uncertainties, could 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 environmental, social and governance matters (including performance) 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 55 million customers each week, both in stores and online, in the United States, Europe and Indonesia. Together, these brands employ more than 413,000 associates in 7,452 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.



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