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Ahold Delhaize launches its Growing Together strategy building on its core strengths

Ahold Delhaize introduces updated purpose and creates new growth model, placing innovation and own-brand products at the heart of delivering healthy, affordable and sustainable assortment for customers.

Key financial and strategic ambitions for the period (2025-2028):¹

- Outperform traditional grocery market and achieve a 4% net sales CAGR.
- Maintain industry-leading underlying operating margins averaging 4%.
- Increase our Save for Our Customer ambition to €5 billion cumulative.
- Maintain a gross cash capital expenditure cadence of 3% of net sales.
- Grow underlying earnings per share at a high-single-digit CAGR compared to 2024.
- Generate strong cash flow to support consistent and growing shareholder returns:
 - €9 billion free cash flow (post-tax).

- Intention for €1 billion annual share buybacks.²
- Increase dividend per share on an annual basis within dividend payout corridor.²
- Grow complementary income streams to around €3 billion by 2028.
- Increase Own Brand share towards 45% of total store sales, moving healthy sales from solely Own Brand assortment to full store sales, and taking effective actions on assortments and promotions to enhance price perception.
- Drive up omnichannel loyalty sales penetration to over 80% by 2028, targeting 30 million monthly active users by 2028.
- Deliver on sustainability ambitions, for example taking steps on our pathway to our near and long-term scope 1, 2 and 3 emission reduction targets.
- Be an employer of choice; drive progress on our ambition to have a workforce that is 100% gender balanced, 100% reflective of our communities and 100% inclusive.

Zaandam, the Netherlands, May 23, 2024 - Ahold Delhaize today announces the launch of its Growing Together strategy at its 2024 Strategy Day, outlining key plans and ambitions towards 2028. This growth and investment plan underpins Ahold Delhaize's vision to be the trusted local (food) retailer, placing vibrant customer experiences and trusted products at the heart of its brands' customer value propositions.

Upon the launch of the Growing Together strategy, Frans Muller, President and CEO of Ahold Delhaize said: "We have taken a multi-stakeholder approach to developing this new strategy, ensuring we balance the needs of our customers, the people we work with, and broader societal dimensions. "Growing Together" ensures we will stay at the forefront of innovation in healthy foods, omnichannel experiences and supply chain transformation, serving customer needs through a well invested and future focused foundation. I am encouraged by the numerous avenues we have across our great local brands to realize our growth potential. By focusing on the things we do exceptionally well, we are together committed to fulfill these ambitions. By taking bigger steps, investing in our people and leveraging technologies, we are excited to unlock our purpose."

The levers of our growth model, which are further elaborated on below, will be powered by six strategic priorities at a brand and functional level, which together with our purpose, vision and values support and mutually reinforce each other:

our growing together strategy

our purpose

inspiring everyone to eat
and live better, for a healthier
future for people and planet



our vision

together, we are your trusted local food retailer



our values

teamwork

Together, we take ownership,
collaborate and win.

integrity

We do the right thing
and earn customers' trust.

care

We care for our customers,
our colleagues, and
our communities.

courage

We drive change, are open
minded, bold and innovative.

humor

We are humble, down-
to-earth, and don't take
ourselves too seriously.



strategic priorities

thriving people

We create a caring place
to work inspiring growth
and collaboration, where
everyone is heard, valued
and finds purpose in
serving our communities.

healthy communities & planet

We lead the transition to
a healthy and sustainable
food system and create a
brighter future for our
communities.

vibrant customer experiences

We serve our customers'
life needs through our
core, and an expanding
ecosystem of integrated
products, services,
channels and data.

trusted product

We translate our passion
for food into healthy, fresh
and affordable products
that are accessible for our
customers.

driving customer innovation

We drive further growth by
building profitable
complementary businesses
and through innovation to
support our customers of
tomorrow.

portfolio & operational excellence

We use technology and
data, we save for our
customers every day and
we leverage scale to
become the most
operationally efficient in
our industry.

Our growth model

Our Growing Together plan is anchored in the core attributes of what it takes to be a great retailer, which are included in the new growth model focused on winning with our existing and future customers:

We know that an omnichannel shopper spends 1.5 to 3 times more with us in our most mature markets. Therefore, by transforming our loyalty programs to lead with digital-first content, we aim to drive up omnichannel loyalty sales penetration to over 80% by 2028. Along the way, we intend to funnel loyalty customers from physical cards to our digital-apps, which should yield a rapid increase in monthly active users where we target 30 million by 2028.

Invest in our winning Customer Value Proposition (CVP)

Loyalty and membership programs are at the heart of our offering and provide us with relevant insights so we can help customers make the right choices and access more affordable options. Together with our brand teams, we have put together a strong set of levers and ingredients to drive market share and volume growth, each providing multi-year growth curves. These include increasing Own Brand share towards 45% of total store sales, moving healthy sales from solely Own Brand assortment to full store sales, and taking effective actions on assortments and promotions to enhance price perception.

Densify and grow markets

Portfolio excellence is a big part of this refreshed plan, which will have both organic and inorganic components. Optimizing our portfolio and making necessary interventions when brands are facing challenges will also be an important contributor to elevating the quality of our sales. Returning to more pronounced organic store growth in the U.S. is a key highlight of this plan, particularly with the acceleration of our brands Food Lion and Hannaford. Furthermore, we will take decisive and deliberate actions to ensure a stable and thriving future for Stop & Shop. In Europe, further leveraging our Benelux stronghold through Albert Heijn, Delhaize and bol and capturing new growth opportunities in the Central and Southeastern ('CSE') region, especially with complementary footprint opportunities such as Profi in Romania, and organically with new store openings, will bring new scale and unlock synergies.

Innovate for growth and efficiency

By leveraging our data to drive retail media, data and insights, partnering with other industry leaders to develop strategic capabilities, and scaling new business models in the B2B and B2C areas, our ambition is to grow complementary income streams to around €3 billion by 2028. We have identified additional medium- and long term opportunities and are refining and increasing the scope of our ambition in complementary income streams, as we see more areas to lift, shift and scale ideas commercially around our markets.

Leverage and lower our cost base

A key driver of our industry leading margins is our Save for our Customers program. We continue to have a relentless focus on driving operational efficiency and cost discipline, to fund growth and simplify our ways of working. Between 2025 and 2028, we are raising the bar to €5 billion in cumulative savings, by stepping up our efforts in areas like joint sourcing, infusing AI and automation in logistics, distribution, store operations and back office, and by simplifying and refining our operating model to enable us to operate more efficiently and sustainably.

Jolanda Poots-Bijl, CFO of Ahold Delhaize, added: "I am excited by our growth plan, as it plays to the strengths of our company. Our ambition is to create sustainable value and deliver predictable returns to our shareholders. We are a 4% margin company, and to ensure this we continue to be laser focused on operational efficiency, enabling us to drive growth by investing in our brands' customer value propositions, digital solutions and sustainability ambitions. We are confident that we are doing the right things to get our new strategic plan off to the right start, through which we expect to return to diluted underlying earnings growth for 2025."

Given our regional diversification, brand diversification, and the blend of growth and efficiency opportunities, the power in our portfolio is the opportunity to utilize our size and scale and the synergies of our parts to reinforce each other. Building a quality top-line in both our regions will also have a long-term benefit for a quality bottom line.

During the event today, JJ Fleeman, CEO of Ahold Delhaize USA and Wouter Kolk, CEO of Ahold Delhaize Europe & Indonesia will detail how the Growing Together strategy translates into activation across their markets and is brought to life by our great local brands. CHRO Natalia Wallenberg and CTO Ben Wishart will detail how we are focusing our resources on creating the future of grocery retail. In particular, they will highlight how we are future-proofing our foundation by leveraging the talent, experience and deep industry knowledge of our great people by applying and deploying the latest advances in technology and AI throughout the Group's ecosystems.

JJ Fleeman said: "As the largest grocery retailer on the East Coast, Ahold Delhaize USA and its local brands have a rich heritage in the markets they serve, with loyal customer bases, trusted products, and a reputation for being an integral part of their local communities. Over the next several years, we will strengthen the market position for each of our brands, including the revitalization of Stop & Shop. We will improve value for customers through price investments and enhance the customer experience through 1,000 targeted remodels and new stores. We will lead, grow and differentiate in Own Brands, build digital relationships through more personalized value, and improve operational efficiency at every level. With these moves, underpinned by strong talent and innovation, our brands are well positioned to lead in the grocery industry for years to come."

Wouter Kolk stated: "As a group of strong brands, what makes us unique is how we connect with our customers: our local presence and clear purpose. When I look at what we have achieved, in terms of our store footprint, our sales growth, sustainability, and loyalty programs; I can only say that it makes me very proud. Our commitment to being the #1 choice for our customers and associates has and will continue to be a driving force for success. By leveraging scale across our region, strengthening our leadership in the e-commerce space, ramping up and further exploring new revenue streams and engaging more deeply with our customers via omnichannel touch points, I am confident we are on a clear path to strong growth."

Natalia Wallenberg added: "We are proud to introduce our new purpose: 'Inspiring everyone to eat and live better, for a healthier future for people and planet.' When I think of this purpose, it reminds me of how food connects us and creates a shared experience. How we make a positive impact that extends beyond our walls. How we serve customers, associates and communities. Today, we have shared our new strategy, but we know nothing happens without people – their passion, their talent, their creativity is what will help us bring it to life. Therefore, our ambition is to be the most local, most future-proof and most inclusive grocery retailer."

Ben Wishart stated: “Our company serves 63 million customers every week, online and offline, with over 7,000 stores and more than 402,000 highly engaged associates. Our vision is: together, we are your local trusted retailer. Everything that happens in society and in our local communities impacts our operations. This requires sustainable systems and infrastructure that can respond fluidly and at pace to changing customer needs and operational challenges. With this plan, we will continue our track record of investing wisely in our technology landscape, leveraging tech-innovations including AI to deliver robust solutions that enable business performance and our healthy communities & planet ambitions, securing the long-term trust of our customers.”

Live broadcast Strategy Day

Ahold Delhaize today launches its Growing Together strategy during a multi-stakeholder event. The event will be broadcasted at 2 pm CEST via the Ahold Delhaize [website](#) and will feature presentations by CEO Frans Muller, CFO Jolanda Poots-Bijl, CEO of Ahold Delhaize Europe & Indonesia Wouter Kolk, CEO of Ahold Delhaize USA JJ Fleeman, CTO Ben Wishart and CHRO Natalia Wallenberg, amongst other leaders within the company.

(1) Our ambitions from 2025 assume the successful completion of the Profi acquisition and account for potential portfolio interventions in the United States.

(2) Management remains committed to the share buyback program and the dividend payout policy, which allocates 40%-50% of underlying income from continuing operations (on a 52-week basis). The company targets a sustainable year-on-year dividend per share growth. However, management may adjust the company's shareholder remuneration approach because of material changes caused by broader adverse macro-economic and geopolitical developments or corporate events such as M&A activity.

- Ends -

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 build(ing), strengths, purpose, create(es)/(ing), placing, key, strateg(ic)/(y), ambition(s), 2025, 2028, outperform, maintain, increase, grow(th), generate, deliver, drive, steps, reduction, targets, underpins, vision, approach, developing, ensuring, balance, realize, focus(ing)/(es)/(ed), committed, fulfill, further, aim, intend, should, can, help, strong, providing, actions, will, optimizing, challenges, important, elevating, returning, highlight, acceleration, through, opportunities, leveraging, capabilities, see, continue, raising, efforts, simplifying, enabl(e)/(ing), confident, expect, utilize, talent, experience, knowledge, next, strengthen, improve, well positioned, by, beyond, requires, plan, securing, assume, remains, may or other similar words or expressions are typically used to identify forward-looking statements.

Forward-looking statements are subject to risks, uncertainties and other factors that are difficult to predict and that may cause actual results of Koninklijke Ahold Delhaize N.V. (the “Company”) to differ materially from future results expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the risk factors set forth 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.

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 63 million customers each week, both in stores and online, in the United States, Europe, and Indonesia. Together, these brands employ more than 402,000 associates in 7,716 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, supporting local communities and helping customers make healthier choices.

Ahold Delhaize is building its future on a foundation that has characterized the company for more than 150 years. The company has a focus on six strategic priorities: thriving people, healthy communities & planet, vibrant customer experiences, trusted product, driving customer innovation and portfolio & operational excellence. These priorities help to fulfill the company's 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 Depository 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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