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Ahold Delhaize USA Announces Three-Year, \$480 Million Investment to Transform Supply Chain for Future

Fully-integrated, self-distribution expansion to create hundreds of jobs, add seven state-of-the-art distribution centers, enhance freshness, service and end-to-end capabilities and equip the network for aggressive omnichannel growth

QUINCY, MASS. – Ahold Delhaize USA today announced plans to transform and expand U.S. supply chain operations over the next three years by investing \$480 million, including leases. The investment supports a strategy to transition the supply chain network into a fully-integrated, self-distribution model. The move includes the acquisition of three warehouse assets from C&S Wholesale Grocers and new leases on another two facilities. In addition, Ahold Delhaize USA will partner with various companies to build two fully-automated frozen facilities. The initiative will provide the infrastructure needed to support aggressive omnichannel growth plans.

Through the three-year strategy, Ahold Delhaize USA and its companies will:

- Increase distribution presence with seven new and acquired warehouses, including two fully-automated frozen facilities in the Northeast and Mid-Atlantic;
- Pursue optimal facility locations near the local brands of Ahold Delhaize USA and their customers, enabling local product expansion, increased product freshness and speed of delivery;
- Innovate in warehouse design, including transforming facilities to enhance automation and leverage technology advancements, such as an integrated transportation management system and end-to-end forecasting and replenishment technology, designed to support the omnichannel experience and multi-channel growth;
- Continue to build upon relationships with vendors and suppliers, and through the integration, further deepen partnerships to enhance service, quality, innovation and efficiencies; and

- Expand Ahold Delhaize USA companies' presence in local markets and reaffirm local community connections through the expected creation of hundreds of jobs in local communities, including positions in support offices.

"Today's announcement is another example of how Ahold Delhaize USA is transforming our infrastructure to support the next generation of grocery retail," said Kevin Holt, Chief Executive Officer, Ahold Delhaize USA. "Through this initiative, we will modernize our supply chain distribution, transportation and procurement through a fully-integrated, self-distribution model, that will be managed by our companies directly and locally. This will result in efficiencies and most importantly product availability and freshness for customers of our local brands – now and in the future – whenever, wherever however they choose to shop."

Three-Year Expansion Plans

Today, Ahold Delhaize USA companies' distribution networks include 15 traditional and ecommerce distribution centers, which service the local brands of Ahold Delhaize USA, which include Food Lion, Giant Food, GIANT/MARTIN'S, Hannaford, Peapod and Stop & Shop. The network will grow to 22 facilities by 2023. To date, Ahold Delhaize USA companies have partnered with C&S Wholesale Grocers to service select brands in the U.S. Retail Business Services, the services company of Ahold Delhaize USA, will continue to partner with C&S Wholesale Grocers to provide supply chain services as Ahold Delhaize USA transitions to a fully-integrated, self-distribution network.

"Moving to a self-managed supply chain will enable Retail Business Services to reduce costs for the local brands it serves, improve speed to shelf, deepen relationships with vendors and better position our companies' distribution centers in the communities they serve," said Chris Lewis, Executive Vice President, Supply Chain for Retail Business Services. "These changes will enable us to take advantage of financial and strategic value within procurement, logistics and warehousing to provide the freshest product through the most advanced, efficient delivery network in the grocery industry. We will continue to partner with key providers for distribution center management services, including third party labor services, such as our longstanding partner C&S."

As part of the expansion, Ahold Delhaize USA will purchase three warehouses from C&S, including two locations in York, Penn., and one in Chester, N.Y.

With respect to the two fully-automated frozen facilities, one will serve the Mid-Atlantic market and the other will serve the Northeast. In addition, the company will also pursue two new leases. One lease will be on a newly renovated warehouse in Manchester, Conn., and another will include the lease of a C&S facility in Bethlehem, Penn.

"Part of our strategy is leveraging the best of automation and technology," added Lewis. "Each facility will also maintain a significant workforce. We recognize the future of work is changing and we're taking active steps to help our workforce adapt by enabling them to work more efficiently."

This enhanced distribution network will provide coverage for Ahold Delhaize USA's local brands from Maine to Georgia.

Considered together, the companies of Ahold Delhaize USA comprise the largest grocery retail group on the East Coast and the fourth largest group in the nation, with nearly 2,000 retail stores and more than 6 million annualized online grocery orders. Additionally, the companies of Ahold Delhaize USA operate some of the most extensive supply chain operations on the East Coast, including more than 1,000 trucks that travel more than 120 million miles annually and deliver 1.1 billion cases to local brands' stores.

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About Ahold Delhaize USA

Ahold Delhaize USA, a division of Zaandam-based Ahold Delhaize, is the parent company for Ahold Delhaize's U.S. companies, including its local brands, Food Lion, Giant Food, GIANT/MARTIN'S, Hannaford and Stop & Shop, as well as online grocery retailer Peapod, Retail Business Services, a U.S. support services company providing services to the brands, and Peapod Digital Labs, its eCommerce engine. When considered together, the local brands of Ahold Delhaize USA comprise the largest grocery retail group on the East Coast and the fourth largest grocery retail group in the nation, operating more than 2,000 stores and distribution centers across 23 states and serving millions of customers each week through a wide variety of store formats with thousands of food and non-food items.