

Ahold Delhaize maintains momentum, reporting strong Q3 results and raising guidance on full-year underlying operating margin, earnings and free cash flow

- * On a two-year comparable sales growth basis**, comparable sales excluding gas in the U.S. were up 15.3% and in Europe were up 7.3% in Q3 2021, both of which remain elevated relative to historic levels.
- * Q3 Group net sales were €18.5 billion, up 4.6% at constant exchange rates.
- * In Q3, net consumer online sales grew 29.2% at constant exchange rates, building on top of the significant 62.6% growth in Q3 2020.
- * Q3 diluted underlying EPS was €0.53, representing an increase of 8.1% at constant exchange rates versus the prior year. Q3 IFRS-reported operating income was €780 million; Q3 IFRS-reported diluted EPS was €0.51.
- * In the U.S., Q3 comparable sales excluding gas grew 2.9%, while, in Europe, Q3 comparable sales were stable (0.2)% versus Q3 2020.
- * Q3 underlying operating margin was 4.4%.
- * Raising 2021 Group underlying margin, underlying EPS and free cash flow outlook; expect Group underlying operating margin to be approximately 4.4%, underlying EPS to grow in the low- to mid-20s range versus 2019, and free cash flow to be approximately €1.7 billion.

** 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, November 10, 2021 – Ahold Delhaize, one of the world's largest food retail groups and a leader in both supermarkets and e-commerce, reports third quarter results today.

The interim report for the third quarter 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	
	Q3 2021	% change constant rates	Q3 2021	% change constant rates	Q3 2021	% change constant rates	Q3 YTD 2021	% change constant rates	Q3 YTD 2021	% change constant rates	Q3 YTD 2021	% change constant rates
Net sales	18,545	4.6 %	11,502	6.8 %	7,043	1.1 %	55,454	4.5 %	33,356	4.3 %	22,098	4.7 %
Comparable sales growth excl. gas	1.7 %		2.9 %		(0.2)%		2.0 %		1.0 %		3.4 %	
Online sales	1,735	30.6 %	757	52.9 %	979	17.3 %	5,528	53.5 %	2,365	88.1 %	3,163	35.0 %
Net consumer online sales	2,295	29.2 %	757	52.9 %	1,538	20.1 %	7,420	51.6 %	2,365	88.1 %	5,055	39.0 %
Operating income	780	251.0 %	534	NM ¹	287	3.6 %	2,426	17.0 %	1,569	19.0 %	958	6.3 %
Operating margin	4.2 %	3.0 pts	4.6 %	4.9 pts	4.1 %	0.1 pts	4.4 %	0.5 pts	4.7 %	0.6 pts	4.3 %	0.1 pts
Underlying operating income	812	0.7 %	551	1.9 %	303	0.9 %	2,493	(6.2) %	1,622	(14.2) %	972	7.1 %
Underlying operating margin	4.4 %	(0.2)pts	4.8 %	(0.2)pts	4.3 %	— pts	4.5 %	(0.5)pts	4.9 %	(1.1)pts	4.4 %	0.1 pts
Diluted EPS	0.51	575.4 %					1.56	25.1 %				
Diluted underlying EPS	0.53	8.1 %					1.61	(3.0) %				
Free cash flow	516	210.9 %					1,239	(32.2) %				

1. Not meaningful, as operating income in the U.S. was a loss in Q3 2020.

Comments from Frans Muller, President and CEO of Ahold Delhaize

"Our Q3 results once again showed the resilience of our business model, with our brands building further on 2020's COVID-19-related sales gains, as various societies across our markets reopened in the quarter. During these ever-changing times, we remain proud of the significant efforts of associates in all our brands and businesses, who continue to tirelessly serve our communities. In Europe and the United States, our businesses faced additional disruptions in Q3 related to the Belgian floods, tornadoes in the Czech Republic, fires in Greece and Hurricane Ida in the U.S. We would like to send a special thank you to the affected associates for their continued dedication to their communities during these difficult times, and for truly living our core values.

"We continue to focus on making additional investments to meet associate, customer and community needs and 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. We also continued to support COVID-19-related health and safety measures, which remain a top priority; we invested €66 million in these measures in Q3. The pandemic has shown us the importance of maintaining food and product supplies to local communities – a vital role that we remain focused on fulfilling, together with our brands and suppliers.

"Q3 Group net sales of €18.5 billion remained elevated; this was exemplified by the U.S. segment, where comparable sales excluding gasoline grew 2.9% on top of last year's double-digit growth. Many consumer habits formed during the COVID-19 pandemic favoring food-at-home consumption and a focus on healthier eating are proving resilient, and we continue to make significant investments to address these trends.

"To meet consumer needs in line with this market dynamic and support our leading market share positions, our brands continued to bring new omnichannel solutions to customers. As a result, Q3 net consumer online sales grew 29.2% at constant currency rates, coming on top of the very robust growth profile from Q3 2020. And at bol.com, our online retail platform in the Benelux, net consumer sales grew by 19.2% in the quarter, which comes on top of 45.6% growth in Q3 2020. Bol.com's sales from third-party sellers grew 24.6% in the quarter, with nearly 48,000 merchant partners on the platform.

"We continue to solidify our position as an industry-leading local omnichannel retailer by executing our strategy to improve supply chain, advance omnichannel offerings, and enhance omnichannel productivity. To improve the efficiency of our supply chain, the U.S. business has now achieved self-distribution for 65% of center store volume, and remains on schedule to transition to a fully self-distributed network in 2023.

"To advance omnichannel offerings, Giant Food will soon launch Ship2me, an online marketplace solution, initially offering an additional ~40,000 general merchandise and food items. During the quarter, we also added 102 new click-and-collect locations in the U.S. and our brands in Greece and the Czech Republic expanded their online grocery delivery services.

"Improving omnichannel productivity remains a high priority and we are proud of our new e-commerce fulfillment facility in the Philadelphia market at The GIANT Company, which opened this week. The facility is part of our efforts to drive growth and efficiencies in our online operations. At our Investor Day on November 15, 2021, you will hear more from us regarding these and exciting initiatives being undertaken throughout the business in support of our omnichannel ambitions.

"We also continued along our path as a consolidator of choice within the food retail industry during Q3 by successfully completing the acquisition of 38 stores from DEEN in the Netherlands. We have already remodeled the majority of the acquired stores, and expect to have all of the stores remodeled by mid-November.

"Lastly, we continue to make progress in elevating our Healthy and Sustainable strategy. Our MSCI ESG ranking has been upgraded to an 'AA' ranking from our previous 'A' ranking, putting Ahold Delhaize in the top 25% of all companies measured. The ranking reflects our efforts to reduce carbon emissions, mitigate risks, and ensure we have great diverse talent. We are proud of this achievement as it reflects our ambition to be an ESG leader, and we will continue to work hard towards this goal. Furthermore, we have joined the Science Based Targets initiative (SBTi) Business Ambition for 1.5°C, a global coalition of UN agencies, business and industry leaders, in partnership with the Race to Zero. In the Czech Republic, Albert was recognized as the market leader for its wide range of organic products. And Delhaize in Belgium has launched a new subscription service that allows companies to offer their employees a discount on healthy food products. Furthermore, bol.com has begun utilizing a multi-packing machine that saves packaging material, leading to fewer delivery trips and thereby reducing bol.com's overall CO₂ emissions.

"Looking ahead, we are excited to share more on these as well as other important initiatives and updates to our Leading Together strategy at our first virtual Investor Day on November 15, 2021."

Q3 Financial highlights

Group highlights

Group net sales were €18.5 billion, up 4.0% at actual exchange rates, and increased 4.6% at constant exchange rates. Group net sales were driven by positive contributions from comparable sales growth excluding gasoline of 1.7% and acquisitions, which were modestly offset by unfavorable foreign exchange rates.

Q3 comparable sales were negatively impacted by approximately 0.6 percentage points from unfavorable calendar shifts and weather. On a two-year comparable sales stack basis, growth for the Group of 12.2% in Q3 2021 compares to the 14.4% growth posted for the full year 2020.

In Q3, Group net consumer online sales grew 29.2% at constant exchange rates, due to significant growth at bol.com, continued strong performance across the rest of the online business, and the FreshDirect acquisition.

In Q3, Group underlying operating margin was 4.4%, down 0.2 percentage points from the prior year at constant exchange rates, as margins lapped unusually high levels from last year due to COVID-19. Margins in 2020 benefited largely from higher operating leverage due to strong sales trends related to COVID-19. In Q3, Group IFRS-reported operating margin was 4.2%.

Underlying income from continuing operations was €547 million, up 3.2% in the quarter at actual rates. Ahold Delhaize's IFRS-reported net income in the quarter was €522 million. Diluted EPS was €0.51 and diluted underlying EPS was €0.53, up 7.2% at actual currency rates compared to last year's record Q3 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 Q3 2019, diluted underlying EPS in the quarter was up by approximately 20%. In the quarter, 7.7 million own shares were purchased for €207 million, bringing the total amount to €695 million through Q3.

U.S. highlights

U.S. net sales increased 6.8% at constant exchange rates and 5.8% at actual exchange rates. U.S. comparable sales excluding gasoline increased 2.9%, growing on top of 12.4% growth from the year ago period, as elevated food-at-home demand remained intact.

Q3 comparable sales were negatively impacted by approximately 0.8 percentage points from an unfavorable calendar shift. On a two-year comparable sales stack basis, growth was 15.3%, similar to the 15.8% growth for the full year 2020. Brand performance continued to be led by Food Lion.

In Q3, online sales in the segment were up 52.9% in constant currency, driven by the continued expansion of click-and-collect facilities and the FreshDirect acquisition. Excluding the FreshDirect acquisition, U.S. online sales grew 26.2% in constant currency, building on top of the significant 114.7% growth in the same quarter last year.

Underlying operating margin in the U.S. was 4.8%, down 0.2 percentage points at constant exchange rates from the prior year period, which had benefited from unusually low shrink levels and favorable sales mix owing to a surge in demand related to COVID-19. In Q3, U.S. IFRS-reported operating margin was 4.6%.

Europe highlights

European net sales grew 1.1% at constant exchange rates and 1.3% at actual exchange rates. Europe's comparable sales excluding gasoline declined by 0.2%. Despite lapping strong comparable sales growth excluding gasoline in the year ago period of 7.5% and contending with the reopening of societies across Europe, comparable sales remained stable on the back of continued market share gains. Albert Heijn was a particular standout in the quarter, with market share results being driven by successful marketing campaigns and sales uplifts provided by the brand's store remodeling activities. The European brands that produced good comparable sales growth excluding gasoline in the quarter were led by bol.com, and included our central and southern European operations.

Q3 comparable sales in Europe were negatively impacted by approximately 0.4 percentage points from flooding in Belgium, which occurred early in the quarter. On a two-year comparable sales stack basis for Q3 2021, growth was 7.3%, a deceleration compared to growth of 12.3% in 2020, although the Q3 2021 two-year comparable stack remains elevated relative to historic levels.

In Q3, net consumer online sales in the segment were up 20.1%, following 48.6% growth in the same period last year.

Underlying operating margin in Europe was 4.3%, flat compared with the prior year at constant exchange rates, as strong savings programs offset inflationary pressures on costs. In Q3, Europe's IFRS-reported operating margin was 4.1%.

Outlook

Our Q3 results provide management with the confidence to raise the 2021 outlook for underlying operating margin, underlying EPS growth and free cash flow.

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 is impacting results in 2021, which returned to a 52-week calendar.

In 2021, the Group underlying operating margin outlook has been raised to approximately 4.4%, versus approximately 4.3% previously, reflecting the strong year-to-date margin performance. The outlook continues to reflect the effects of over €750 million in cost savings largely offsetting cost pressures related to COVID-19, and the negative impact from increased online sales penetration.

The underlying EPS guidance has been raised and is now expected to grow in the low- to mid-20s range relative to 2019, versus high-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 2021 free cash flow outlook has also been raised to approximately €1.7 billion, compared to the previous outlook of approximately €1.6 billion. This puts the Company on track to reach €5.7 billion in cumulative free cash flow from 2019-2021 (averaging €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 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	Underlying EPS	Save for Our Customers	Capital expenditures	Free cash flow ²	Dividend payout ratio ^{3, 4}	Share buyback ⁴
Updated outlook	2021	~ 4.4%	Low- to mid-20s growth vs. 2019	> €750 million	~ €2.2 billion	~ €1.7 billion	40-50% payout; YOY growth in dividend per share	€1 billion
Previous 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

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, 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	Q3 2021	Q3 2020	% change	% change constant rates	Q3 YTD 2021	Q3 YTD 2020	% change	% change constant rates
Net sales	18,545	17,826	4.0 %	4.6 %	55,454	55,136	0.6 %	4.5 %
Of which: online sales	1,735	1,334	30.1 %	30.6 %	5,528	3,679	50.3 %	53.5 %
Net consumer online sales ¹	2,295	1,780	28.9 %	29.2 %	7,420	4,971	49.3 %	51.6 %
Operating income	780	207	276.8 %	251.0 %	2,426	2,174	11.6 %	17.0 %
Income from continuing operations	522	68	664.6 %	550.6 %	1,612	1,406	14.7 %	20.4 %
Net income	522	68	664.2 %	550.4 %	1,612	1,406	14.6 %	20.3 %
Basic income per share from continuing operations (EPS)	0.51	0.06	692.9 %	574.7 %	1.56	1.31	19.1 %	25.0 %
Diluted income per share from continuing operations (diluted EPS)	0.51	0.06	693.7 %	575.4 %	1.56	1.31	19.1 %	25.1 %
Underlying EBITDA ¹	1,568	1,514	3.6 %	4.2 %	4,700	4,906	(4.2)%	(0.1)%
Underlying EBITDA margin ¹	8.5 %	8.5 %			8.5 %	8.9 %		
Underlying operating income ¹	812	813	(0.1)%	0.7 %	2,493	2,783	(10.4)%	(6.2)%
Underlying operating margin ¹	4.4 %	4.6 %			4.5 %	5.0 %		
Underlying income per share from continuing operations – basic (underlying EPS) ¹	0.53	0.50	7.1 %	8.0 %	1.61	1.74	(7.4)%	(3.0)%
Underlying income per share from continuing operations – diluted (diluted underlying EPS) ¹	0.53	0.50	7.2 %	8.1 %	1.61	1.73	(7.4)%	(3.0)%
Free cash flow ¹	516	176	193.8 %	210.9 %	1,239	1,937	(36.0)%	(32.2)%

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 [Alternative performance measures](#) to this press release.

Performance by segment

The United States

	Q3 2021	Q3 2020	% change	% change constant rates	Q3 YTD 2021	Q3 YTD 2020	% change	% change constant rates
\$ million								
Net sales	13,550	12,688	6.8 %		39,874	38,215	4.3 %	
Of which: online sales	892	583	52.9 %		2,829	1,504	88.1 %	
€ million								
Net sales	11,502	10,875	5.8 %	6.8 %	33,356	34,045	(2.0)%	4.3 %
Of which: online sales	757	499	51.5 %	52.9 %	2,365	1,336	77.1 %	88.1 %
Operating income (loss)	534	(36)	NM ¹	NM ¹	1,569	1,422	10.3 %	19.0 %
Underlying operating income	551	547	0.6 %	1.9 %	1,622	2,024	(19.9)%	(14.2)%
Underlying operating margin	4.8 %	5.0 %			4.9 %	5.9 %		
Comparable sales growth	3.6 %	11.4 %			1.5 %	14.5 %		
Comparable sales growth excluding gasoline	2.9 %	12.4 %			1.0 %	15.5 %		

1. Not meaningful, as operating income in the U.S. was a loss in Q3 2020.

Europe

	Q3 2021	Q3 2020	% change	% change constant rates	Q3 YTD 2021	Q3 YTD 2020	% change	% change constant rates
€ million								
Net sales	7,043	6,951	1.3 %	1.1 %	22,098	21,091	4.8 %	4.7 %
Of which: online sales	979	834	17.3 %	17.3 %	3,163	2,343	35.0 %	35.0 %
Net consumer online sales	1,538	1,281	20.1 %	20.1 %	5,055	3,636	39.0 %	39.0 %
Operating income	287	277	3.8 %	3.6 %	958	900	6.5 %	6.3 %
Underlying operating income	303	300	1.1 %	0.9 %	972	907	7.2 %	7.1 %
Underlying operating margin	4.3 %	4.3 %			4.4 %	4.3 %		
Comparable sales growth	(0.2)%	7.5 %			3.4 %	9.1 %		
Comparable sales growth excluding gasoline	(0.2)%	7.5 %			3.4 %	9.2 %		

Global Support Office

	Q3 2021	Q3 2020	% change	% change constant rates	Q3 YTD 2021	Q3 YTD 2020	% change	% change constant rates
€ million								
Underlying operating loss	(41)	(34)	22.2 %	22.5 %	(101)	(148)	(31.4)%	(28.8)%
Underlying operating loss excluding insurance results	(40)	(34)	17.1 %	17.4 %	(117)	(105)	12.1 %	14.2 %

In Q3, underlying Global Support Office costs were €41 million, which was €7 million higher than the prior year. Excluding insurance results, underlying Global Support Office costs increased versus the prior year due to accelerated IT, Digital and HR initiatives.

Consolidated income statement

€ million, except per share data	Q3 2021	Q3 2020 ¹	Q3 YTD 2021	Q3 YTD 2020 ¹
Net sales	18,545	17,826	55,454	55,136
Cost of sales	(13,472)	(12,936)	(40,225)	(39,893)
Gross profit	5,073	4,890	15,229	15,243
Other income	115	99	371	334
Selling expenses	(3,673)	(3,526)	(10,949)	(10,745)
General and administrative expenses	(735)	(1,257)	(2,225)	(2,658)
Operating income	780	207	2,426	2,174
Interest income	6	8	21	29
Interest expense	(44)	(33)	(134)	(101)
Net interest expense on defined benefit pension plans	(4)	(4)	(13)	(12)
Interest accretion to lease liability	(84)	(89)	(252)	(270)
Other financial expenses	(1)	(6)	(12)	(19)
Net financial expenses	(127)	(124)	(389)	(374)
Income before income taxes	653	83	2,037	1,800
Income taxes	(144)	(27)	(448)	(411)
Share in income of joint ventures	13	12	24	17
Income from continuing operations	522	68	1,612	1,406
Income from discontinued operations	—	—	—	—
Net income	522	68	1,612	1,406
Net income per share attributable to common shareholders				
Basic	0.51	0.06	1.56	1.31
Diluted	0.51	0.06	1.56	1.31
Income from continuing operations per share attributable to common shareholders				
Basic	0.51	0.06	1.56	1.31
Diluted	0.51	0.06	1.56	1.31
Weighted average number of common shares outstanding (in millions)				
Basic	1,026	1,064	1,032	1,072
Diluted	1,028	1,068	1,036	1,076
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8489	0.8568	0.8364	0.8907

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

Consolidated balance sheet

€ million	October 3, 2021	January 3, 2021
Assets		
Property, plant and equipment	11,409	10,696
Right-of-use asset	8,826	7,455
Investment property	716	739
Intangible assets	12,589	11,565
Investments in joint ventures and associates	237	227
Other non-current financial assets	811	705
Deferred tax assets	305	323
Other non-current assets	65	53
Total non-current assets	34,958	31,764
Assets held for sale	80	19
Inventories	3,669	3,245
Receivables	1,878	1,975
Other current financial assets	331	360
Income taxes receivable	59	58
Prepaid expenses and other current assets	303	337
Cash and cash equivalents	5,151	2,933
Total current assets	11,470	8,928
Total assets	46,428	40,692
Equity and liabilities		
Equity attributable to common shareholders	13,082	12,432
Loans	4,557	3,863
Other non-current financial liabilities	10,287	8,905
Pensions and other post-employment benefits	1,376	1,235
Deferred tax liabilities	763	664
Provisions	789	718
Other non-current liabilities	61	63
Total non-current liabilities	17,834	15,448
Liabilities related to assets held for sale	12	—
Accounts payable	6,832	6,795
Other current financial liabilities	5,054	2,386
Income taxes payable	197	128
Provisions	443	378
Other current liabilities	2,976	3,125
Total current liabilities	15,513	12,812
Total equity and liabilities	46,428	40,692
Year-end U.S. dollar exchange rate (euro per U.S. dollar)	0.8624	0.8187

Consolidated statement of cash flows

€ million	Q3 2021	Q3 2020	Q3 YTD 2021	Q3 YTD 2020
Income from continuing operations	522	68	1,612	1,406
Adjustments for:				
Net financial expenses	127	124	389	374
Income taxes	144	27	448	411
Share in income of joint ventures	(13)	(12)	(24)	(17)
Depreciation, amortization and impairments	771	714	2,244	2,159
(Gains) losses on leases and the sale of assets / disposal groups held for sale	(21)	(8)	(38)	(54)
Share-based compensation expenses	8	14	31	42
Operating cash flows before changes in operating assets and liabilities	1,538	927	4,662	4,322
Changes in working capital:				
Changes in inventories	(104)	(109)	(269)	(138)
Changes in receivables and other current assets	26	14	216	(37)
Changes in payables and other current liabilities	14	(137)	(538)	404
Changes in other non-current assets, other non-current liabilities and provisions	55	603	121	660
Cash generated from operations	1,528	1,297	4,192	5,211
Income taxes paid – net	(70)	(161)	(301)	(393)
Operating cash flows from continuing operations	1,458	1,136	3,891	4,818
Net cash from operating activities	1,458	1,136	3,891	4,818
Purchase of non-current assets	(586)	(611)	(1,529)	(1,825)
Divestments of assets / disposal groups held for sale	11	10	18	92
Acquisition of businesses, net of cash acquired	(129)	—	(527)	(4)
Divestment of businesses, net of cash divested	—	(1)	1	(2)
Changes in short-term deposits and similar instruments	105	(120)	44	(257)
Dividends received from joint ventures	1	—	19	16
Interest received	4	4	12	20
Lease payments received on lease receivables	21	25	77	75
Other	4	(9)	18	(3)
Investing cash flows from continuing operations	(571)	(701)	(1,868)	(1,889)
Net cash from investing activities	(571)	(701)	(1,868)	(1,889)
Proceeds from long-term debt	—	—	598	497
Interest paid	(27)	(17)	(103)	(99)
Repayments of loans	(6)	(6)	(417)	(433)
Changes in short-term loans	1,693	1,916	2,700	2,794
Repayment of lease liabilities	(367)	(373)	(1,145)	(1,160)
Dividends paid on common shares	(442)	(533)	(856)	(1,026)
Share buyback	(207)	(186)	(695)	(705)
Other cash flows from derivatives	—	—	—	2
Other	(2)	(2)	(4)	(7)
Financing cash flows from continuing operations	643	800	77	(136)
Net cash from financing activities	643	800	77	(136)
Net cash from operating, investing and financing activities	1,531	1,235	2,100	2,793
Cash and cash equivalents at the beginning of the period (excluding restricted cash)	3,565	5,204	2,910	3,701
Effect of exchange rates on cash and cash equivalents	89	(150)	175	(206)
Cash and cash equivalents at the end of the period (excluding restricted cash)	5,185	6,289	5,185	6,289
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.8489	0.8568	0.8364	0.8907

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	Q3 2021	Q3 2020	Q3 YTD 2021	Q3 YTD 2020
Operating cash flows from continuing operations before changes in working capital and income taxes paid	1,593	1,530	4,783	4,982
Changes in working capital	(65)	(233)	(591)	229
Income taxes paid – net	(70)	(161)	(301)	(393)
Purchase of non-current assets	(586)	(611)	(1,529)	(1,825)
Divestments of assets / disposal groups held for sale	11	10	18	92
Dividends received from joint ventures	1	—	19	16
Interest received	4	4	12	20
Interest paid	(27)	(17)	(103)	(99)
Lease payments received on lease receivables	21	25	77	75
Repayment of lease liabilities	(367)	(373)	(1,145)	(1,160)
Free cash flow	516	176	1,239	1,937

In Q3 2021, free cash flow was €516 million, which represents an increase of €340 million compared to Q3 2020, mainly driven by the improvement in working capital of €168 million, higher operating cash flow of €63 million and the lower income taxes paid of €91 million, a decrease mainly driven by the timing of payments.

Free cash flow for the first three quarters of 2021 was €1,239 million, or €698 million lower than last year. This decrease was expected and is mainly the result of lower operating cash flow of €199 million and the unfavorable development in working capital of €820 million. The latter was mainly due to the reversal of last year's favorable payables and inventories positions resulting from the strong sales increase related to COVID-19. These developments were partly offset by the lower net investments of €221 million and lower income taxes paid of €92 million.

Net debt

€ million	October 3, 2021	July 4, 2021	January 3, 2021
Loans	4,557	4,534	3,863
Lease liabilities	9,777	9,183	8,442
Non-current portion of long-term debt	14,334	13,717	12,305
Short-term borrowings and current portion of long-term debt	4,832	3,030	2,249
Gross debt	19,166	16,747	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}	5,299	3,826	3,119
Net debt	13,867	12,921	11,434

- Short-term deposits and similar instruments include investments with a maturity of between three and 12 months. The balance of these instruments at October 3, 2021, was €15 million (July 4, 2021: €119 million, January 3, 2021: €58 million) and is presented within Other current financial assets in the consolidated balance sheet.
- Included in the short-term portion of investments in debt instruments is a U.S. treasury investment fund in the amount of €133 million (July 4, 2021: €129 million, January 3, 2021: €129 million).
- 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 October 3, 2021, was €324 million (July 4, 2021: €306 million, January 3, 2021: €441 million).
- Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €2,742 million (July 4, 2021: €1,303 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 Q3 2021 by €946 million to €13,867 million, compared to Q2 2021. This was attributable to the interim dividend payment of €442 million, the share buyback of €207 million, the acquisition of businesses, net of cash acquired, of €129 million and the net increase in lease liabilities of €665 million in part as a result of the acquisition of DEEN. These impacts were partially offset by the free cash flow of €516 million.

Underlying EBITDA

€ million	Q3 2021	Q3 2020	Q3 YTD 2021	Q3 YTD 2020
Underlying operating income	812	813	2,493	2,783
Depreciation and amortization ¹	756	701	2,207	2,122
Underlying EBITDA	1,568	1,514	4,700	4,906

- The difference between the total amount of depreciation and amortization for Q3 2021 of €760 million (Q3 2020: €701 million) and Q3 YTD 2021 of €2,211 million (Q3 YTD 2020: €2,126 million) and the amounts mentioned here relates to items that were excluded from underlying operating income.

In Q3 2021, underlying operating income decreased by €1 million to €812 million, and was adjusted for the following items, which impacted reported IFRS operating income: impairments of €12 million (Q3 2020: €13 million); (gains) and losses on leases and the sale of assets of €(19) million (Q3 2020: €(6) million); and restructuring and related charges and other items of €40 million (Q3 2020: €599 million). The Q3 2020 restructuring and related charges and other items included a €577 million provision related to the tentative withdrawal agreement reached between Stop & Shop and local unions on the United Food & Commercial Workers International Union (UFCW) – Industry Pension Fund. Including these items, IFRS operating income increased by €573 million to €780 million.

For the first three quarters of the year, underlying operating income of €2,493 million (Q3 YTD 2020: €2,783 million) was adjusted for the items below, in the amount of €67 million (Q3 YTD 2020: €609 million), which impacted reported IFRS operating income:

- Impairments of €33 million (Q3 YTD 2020: €33 million)
- (Gains) and losses on leases and the sale of assets of €(39) million (Q3 YTD 2020: €(46) million)
- Restructuring and related charges and other items of €73 million (Q3 YTD 2020: €622 million).

Including these items, IFRS operating income increased by €251 million to €2,426 million.

Underlying income from continuing operations

€ million, except per share data	Q3 2021	Q3 2020	Q3 YTD 2021	Q3 YTD 2020
Income from continuing operations	522	68	1,612	1,406
Adjustments to operating income	32	606	67	609
Tax effect on adjusted and unusual items	(8)	(145)	(16)	(149)
Underlying income from continuing operations	547	530	1,664	1,866
Underlying income from continuing operations for the purpose of diluted earnings per share	547	530	1,664	1,866
Basic income per share from continuing operations ¹	0.51	0.06	1.56	1.31
Diluted income per share from continuing operations ²	0.51	0.06	1.56	1.31
Underlying income per share from continuing operations – basic ¹	0.53	0.50	1.61	1.74
Underlying income per share from continuing operations – diluted ²	0.53	0.50	1.61	1.73

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 Q3 2021 is 1,026 million (Q3 2020: 1,064 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 Q3 2021 is 1,028 million (Q3 2020: 1,068 million).

In Q3 2021, income from continuing operations was €522 million, representing an increase of €454 million compared to last year. This follows mainly from the €573 million increase in operating income, partially offset by the resulting higher income taxes of €117 million.

For the first three quarters of 2021, income from continuing operations was €1,612 million, which was €206 million higher than last year. This mainly reflects the increase in operating income of €251 million, which was partially offset by higher income taxes of €37 million.

Segment reporting

Q3 2021

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	11,502	7,043	—	18,545
Of which: online sales	757	979	—	1,735
Operating income (loss)	534	287	(41)	780
Impairment losses and reversals – net	7	5	—	12
(Gains) losses on leases and the sale of assets – net	(4)	(15)	—	(19)
Restructuring and related charges and other items	13	26	—	40
<i>Adjustments to operating income</i>	<i>17</i>	<i>16</i>	<i>—</i>	<i>32</i>
Underlying operating income (loss)	551	303	(41)	812

Q3 2020

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	10,875	6,951	—	17,826
Of which: online sales	499	834	—	1,334
Operating income (loss)	(36)	277	(34)	207
Impairment losses and reversals – net	9	4	—	13
(Gains) losses on leases and the sale of assets – net	(3)	(3)	—	(6)
Restructuring and related charges and other items	577	22	—	599
<i>Adjustments to operating income</i>	<i>583</i>	<i>23</i>	<i>—</i>	<i>606</i>
Underlying operating income (loss)	547	300	(34)	813

First three quarters 2021

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	33,356	22,098	—	55,454
Of which: online sales	2,365	3,163	—	5,528
Operating income (loss)	1,569	958	(101)	2,426
Impairment losses and reversals – net	25	8	—	33
(Gains) losses on leases and the sale of assets – net	(13)	(26)	—	(39)
Restructuring and related charges and other items	41	32	—	73
<i>Adjustments to operating income</i>	<i>53</i>	<i>14</i>	<i>—</i>	<i>67</i>
Underlying operating income (loss)	1,622	972	(101)	2,493

First three quarters 2020

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	34,045	21,091	—	55,136
Of which: online sales	1,336	2,343	—	3,679
Operating income (loss)	1,422	900	(148)	2,174
Impairment losses and reversals – net	19	14	—	33
(Gains) losses on leases and the sale of assets – net	(9)	(37)	—	(46)
Restructuring and related charges and other items	592	30	—	622
<i>Adjustments to operating income</i>	<i>602</i>	<i>7</i>	<i>—</i>	<i>609</i>
Underlying operating income (loss)	2,024	907	(148)	2,783

Additional information

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

\$ million	Q3 2021	Q3 2020	Q3 YTD 2021	Q3 YTD 2020
Net sales	13,550	12,688	39,874	38,215
Of which: online sales	892	583	2,829	1,504
Operating income (loss)	629	(27)	1,877	1,578
Underlying operating income	649	636	1,940	2,262

Store portfolio

Store portfolio (including franchise and affiliate stores)

	End of Q3 2020	Opened / acquired	Closed / sold	End of Q3 2021
The United States	1,970	77	(3)	2,044
Europe ¹	5,098	243	(42)	5,299
Total	7,068	320	(45)	7,343

1. The number of stores at the end of Q3 2021 includes 1,119 specialty stores (Etos and Gall & Gall); (end of Q3 2020: 1,117).

	End of Q4 2020	Opened / acquired	Closed / sold	End of Q3 2021
The United States	1,970	75	(1)	2,044
Europe ¹	5,167	161	(29)	5,299
Total	7,137	236	(30)	7,343

1. The number of stores at the end of Q3 2021 includes 1,119 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 2022 are as follows:

February 16	Results Q4/FY 2021
March 2	Annual Report 2021
May 11	Results Q1 2022
August 10	Results Q2 2022
November 9	Results Q3 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 maintain, guidance, full-year, constant, may, further, ever-changing, remain(s), continue(d)/(s)/(ing), focus(ed), strategy, on track, on schedule, expect(s)/(ed), will, by, to reduce, mitigate, ambition, begun, looking ahead, 2021, provide, reach, year-over-year 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



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