Ahold Delhaize USA Merger

First in a three-part series: Brand

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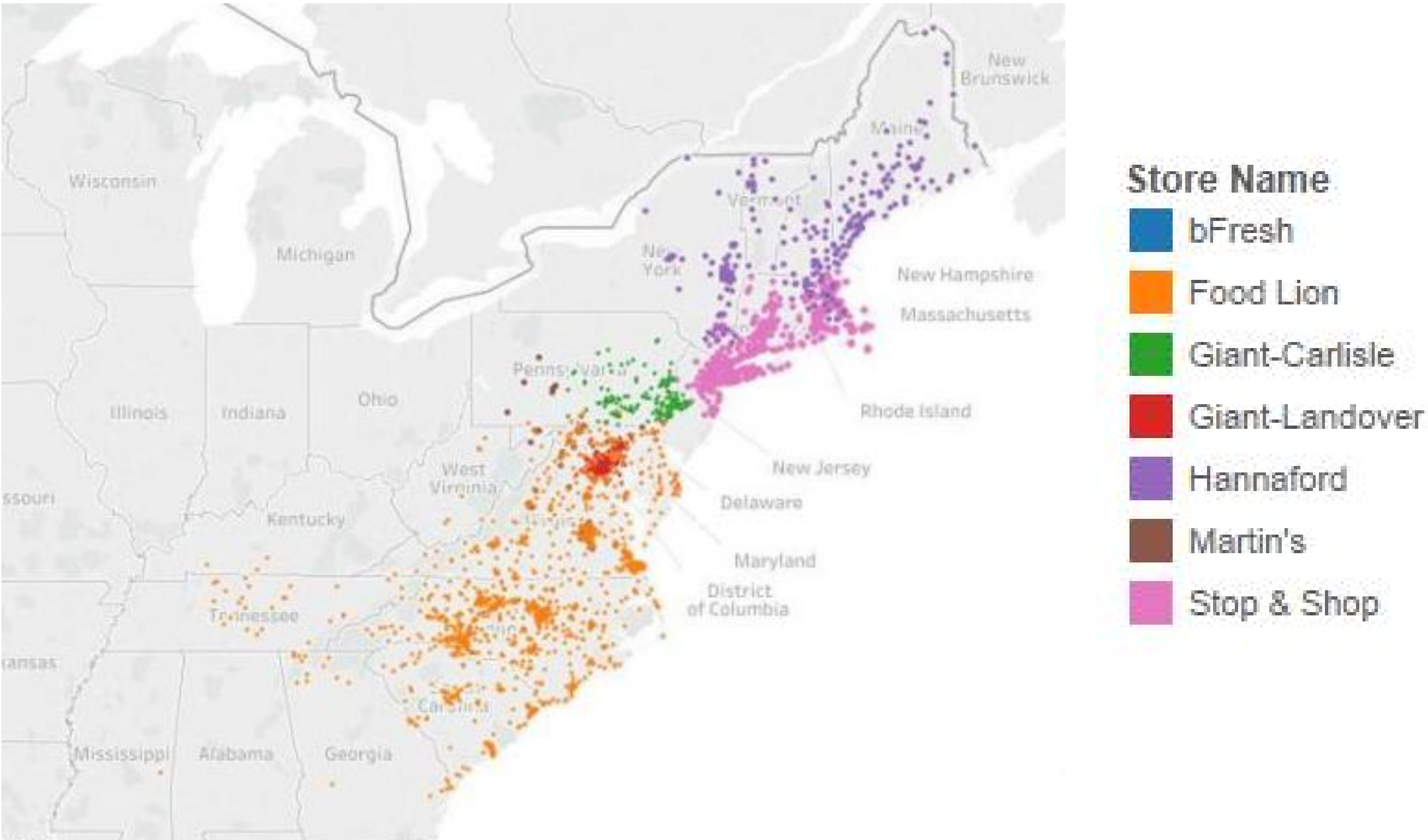
Ahold Delhaize USA Operates Across 23 States in the Northeast and Mid-Atlantic



Source: Kantar Retail research and analysis, AggData

Retailer Operates 1,990 Combined Stores

Food Lion accounts for 52% of combined store base

Banner: Stop & Shop
Store Count 2015: 417
No. of Markets: 5
Avg. Sq. Ft./Store: 53,230
Positioning: Mainstream

Banner: Giant Landover
Store Count 2015: 169
No. of Markets: 4
Avg. Sq. Ft./Store: 41,000
Positioning: Mainstream

Banner: Giant Carlisle*
Store Count 2015: 185
No. of Markets: 4
Avg. Sq. Ft./Store: 52,493
Positioning: Mainstream

Banner: Peapod
Store Count 2015: Online grocery
No. of Markets: 13
Positioning: Mainstream

Banner: bfresh
Store Count 2015: 2
No. of Markets: 1
Avg. Sq. Ft/Store: 9,300
Positioning: Aspirational

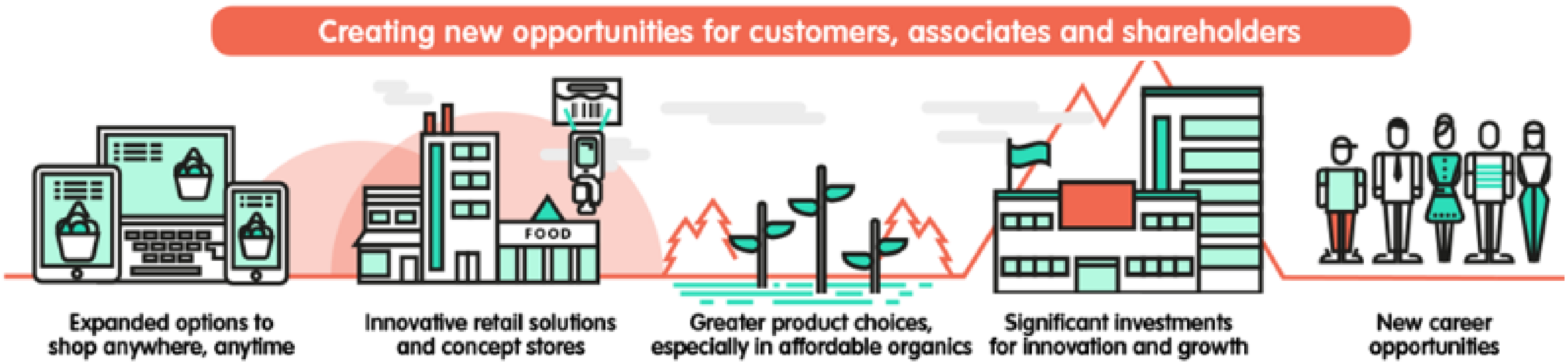
Banner: Food Lion
Store Count 2015: 1,039
No. of Markets: 10
Avg. Sq. Ft./Store: 28,000
Positioning: Mainstream

Banner: Hannaford
Store Count 2015: 178
No. of Markets: 5
Avg. Sq. Ft./Store: 40,000
Positioning: Mainstream

Banner: Hannaford to Go
Store Count 2015: Curbside pickup available at 27 stores
No. of Markets: 4
Positioning: Mainstream

* The Martin's and Giant banners make up Ahold's Giant Carlisle division.
Note: Store counts reflect store divestitures.
Source: Kantar Retail research and analysis, Peapod.com

Ahold Delhaize's Brand Position and Mission Focus on Convenience, Assortment, and Innovation



- Peapod market expansion
- Hannaford to Go expansion
- Food Lion partnership with Instacart for online grocery delivery

- bfresh Millennial-geared, urban format in Boston
- Hannaford prototype store in Bedford, N.H.
- Hannaford small-format store in North Berwick, Maine

- Expanded private label offering, especially in organic/natural tier
- Expanded local/organic products in produce department

- Mobile app and website upgrades
- Investments in store perimeter to enhance fresh offering

- Improved employee development programs

Source: Kantar Retail research and analysis, company reports

Brand Mission Incorporates Six-Pillar Sustainability Strategy

Healthy eating

Recent initiative: Reduced salt in 21 private label products and removed artificial flavors, sugar, and high-fructose corn syrup from 29 others at Food Lion and Hannaford stores.

Product safety and sustainability

Recent initiative: Selling only sustainably sourced seafood at Ahold USA stores. Now offering 200 sustainably sourced products to choose from across banners.

Food waste

Recent initiative: Built Stop & Shop Green Energy facility that will eventually generate 40% of the energy used for the 1.1 million-square-foot Freetown, Mass., distribution center.

Inclusive and healthy workplace

Recent initiative: Hannaford and Food Lion received a 100% rating from the Human Rights Campaign's Corporate Equality Index for its support of the LGBT community.

Climate impact

Recent initiative: The combined retailer operates 75+ LEED-certified stores, including one Platinum LEED Hannaford store.

Development of associates

Recent initiative: Food Lion & Hannaford expanding customer service trainings such as "Count on Me" and "Power of You" programs.

Source: Kantar Retail research and analysis, company reports

Legacy Ahold Shopper Profile

Percent of U.S. Households Shopped Ahold[1]
8%

Top Retailers Outside Supermarket Channel Cross-Shopped by Ahold Shoppers	
Amazon.com	62%*
CVS/pharmacy	54%
Walmart/Walmart Supercenter	51%
Target/SuperTarget	39%
The Home Depot	35%

* Read as: 62% of Ahold shoppers also shop at Amazon.com

Ahold Shopper Cross-Shopping in Supermarket Channel	
Albertsons/Safeway[2]	21%*
Trader Joe's	20%

* Read as: 21% of Ahold shoppers also shop at Albertsons/Safeway

[1] Includes Giant Foods and Stop & Shop

[2] Includes Acme, Albertsons, Jewel/Jewel-Osco, Randalls, Safeway Shaw's/Star Market, Tom Thumb, and Vons

Source: Kantar Retail ShopperScape®, July 2015-June 2016

Shopper Profile	All Primary Household Shoppers	Monthly Ahold Shoppers
Age		
18-24	5%	5%
25-34	17%	16%
35-44	18%	17%
45-54	20%	22%
55-64	19%	19%
65+	21%	21%
Household Income		
<$25K	**25%**	15%
$25K-$49.9K	**25%**	20%
$50K-$74.9K	18%	19%
$75K-$99.9K	12%	13%
$100K+	21%	**34%**
Presence of Own Children <18 in Household		
Yes	25%	24%
No	75%	76%

Note: Bolding/highlighting indicate a significant difference between column percentages (95% confidence level)

Legacy Delhaize Shopper Profile

Percent of U.S. Households Shopped Delhaize[1]
6%

Top Retailers Outside Supermarket Channel Cross-Shopped by Delhaize Shoppers	
Walmart/Walmart Supercenter	78%*
Amazon.com	58%
Dollar Tree	39%
Lowe's	37%
Dollar General	36%

* Read as: 78% of Delhaize shoppers also shop at Walmart/Walmart Supercenter

Delhaize Shopper Cross-Shopping in Supermarket Channel	
Kroger[2]	29%*
Aldi	17%

* Read as: 29% of Delhaize shoppers also shop at Kroger

[1] Includes Food Lion and Hannaford

[2] Includes Dillons/Dillons Marketplace, Fry's/Fry's Marketplace, Harris Teeter, King Soopers, Kroger/Kroger Marketplace/Kroger Fresh Fare, QFC, Ralphs, Smith's Food, and Drug/Smith's Marketplace

Source: Kantar Retail ShopperScape®, July 2015-June 2016

Shopper Profile	All Primary Household Shoppers	Monthly Delhaize Shoppers
Age		
18-24	**5%**	3%
25-34	**17%**	15%
35-44	18%	18%
45-54	20%	21%
55-64	19%	**21%**
65+	21%	22%
Household Income		
<$25K	25%	25%
$25K-$49.9K	25%	**29%**
$50K-$74.9K	18%	18%
$75K-$99.9K	12%	11%
$100K+	**21%**	18%
Presence of Own Children <18 in Household		
Yes	25%	26%
No	75%	74%

Note: Bolding/highlighting indicate a significant difference between column percentages (95% confidence level)

Shopper Profile Varies Across Top Banners

Stop & Shop	Giant	Food Lion	Hannaford
Skews younger	Skews older	Skews older	Balanced
More affluent	More affluent	Less affluent	Less affluent
Less diverse	More diverse — African American	More diverse — African American and Hispanic	Less diverse
Urban shoppers	Urban shoppers	Suburban/ rural shoppers	Suburban/ rural shoppers

Source: Kantar Retail ShopperScape®, July 2015-June 2016

Ahold Delhaize Operates Tiered Private Label

Overlap between products could lead to some phase out eventually

Source: Kantar Retail research and analysis, [Supermarket News]

Private Label Four Box Model

Ahold Delhaize uses private label to target various shopper groups

Source: Kantar Retail research & analysis

Key Takeaways/Supplier Implications

1

Format Summary

- Leverage newfound scale Ahold Delhaize USA offers as the third-largest supermarket retailer.
- Manage the different call points across the company for product sales, price negotiations, and promotional calendar planning until company fully integrates.
- Develop more nuanced and flexible brand objectives to better adhere to the regional variations within the company.

2

Brand Position and Mission

- Collaborate with Ahold Delhaize banner leaders to stay engaged with innovations and adjustments that will help to differentiate stores.
- Identify opportunities to demonstrate sustainable objectives with your products, especially for seafood categories.

3

Target Shopper

- Leverage your understanding of differences in shopper profiles across Ahold Delhaize banners during sales calls especially for items of targeted relevance that might be at risk.
- Offer shopper data insight for your products to help Ahold Delhaize drive personalization and value for shoppers. Be alert to internal data standards and actionability.

4

Private Label

- Expect simplification across Ahold Delhaize's current private label tiers, especially in the OPP categories.
- Develop a defense against possible introductions of private label products from European portfolio, especially in HBC categories.

Source: Kantar Retail analysis

Want to Learn More? Attend Kantar Retail's East and West Coast Regional Grocery Forums

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Core questions to be addressed include:

- What key changes to store design and merchandising will impact your brand?
- What makes the new generation of shoppers pick a store, and how can you help your customer win?
- What does your retailer want from suppliers going forward that is different from the past?
- What are the growth prospects for major customers in the Eastern zone, from Maine to Florida, or in the Western zone, from Seattle to Los Angeles and Chicago to San Antonio?
- Which retailers are choosing to align and focus on a certain shopper type and what does that mean for effective promotions and assortment?
- Who will win the battle for supermarket multichannel?

For more information, see:

- Regional Grocery Forum — East
- Regional Grocery Forum — West

(**Now available:** Pay with a credit card online!)

For further information please refer to KantarRetailiQ.com

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