SUPPLY CHAIN CONFERENCE

Connect. Transform. Deliver.

April 30 - May 2, 2017
Paradise Point Resort & Spa
San Diego, CA

Trading Partner Alliance
FMI and GMA
Supply Chain Visibility & Collaboration for True Win-Win-Win-Win Partnerships
Today’s Presenters:

Larry Della Noce
Senior Director Non Perishable Warehouse Replenishment, Ahold USA

Tom Elliot
Retail Channel Director - Ahold, Retail Solutions Inc.

Ursula Iriarte
Senior Customer Supply Chain Manager, Procter & Gamble

Michelle Rodriguez
Continuous Improvement Manager, Ahold USA

Julissa Susanowicz
Customer Collaboration Analyst, Danone
Operating Supermarkets Internationally for 125+ Years

United States
Food Lion
Stop & Shop
Hannaford
Giant
Martin’s
Giant Food
Peapod
bfresh

Europe
Albert Heijn
Delhaize
Etos
Gall & Gall
bol.com
Albert
Maxi
Tempo
AB
ENAI
Mega Image
Pingo Doce*

Asia
Super Indo*

* Joint venture
Ahold USA

- 2016 Net Sales: $26 Billion
- 776 Stores
- 114,000 Employees
- Century of Local Heritage
- Serve a Trading Area of 38 Million Customers
Our mission is to align Ahold USA and our strategic vendor partners to drive actionable insights and efficiencies from under-utilized data using a structured continual improvement methodology, providing superior value to our mutual consumers.
Ahold USA’s Collaboration Journey

2012
- Assessed & confirmed demand signal repository benefits
- Partnered with Retail Solutions, Inc.
- Developed data feeds & custom use cases

2013
- Assigned dedicated team of CI Managers
- Began 1st manufacturer partnership in May
- Implemented daily store-level out-of-stock alerting

Today
- Program has expanded to 135+ manufacturers
- Vendor incremental sales improvements in excess of $150M
- Expansion from Warehouse to DSD
Retail Solutions – Powering Retail Execution
Our Primary Mission: Powering Retail Execution
Generating insights is only part of the solution...
Collaborative Use Case Model
A POWERFUL way of working
Building a Portfolio of Collaborative Use Cases...

- In-store alerting (compliance)
- Promo allocation
- Store-level promo replenishment
- Distribution voids
- CAO setup (DD)
- Phantom inventory correction
- DC baseline forecasting
- NPI implementation
- Demand Sensing
- Service level improvement
...Drives Value for Everyone
Key Focus Areas Driving Success

- Supply Chain Optimization
- Pricing
- Promo Execution & Optimization
- New Product Introductions
- On Shelf Availability and Management
- DSD
- Unsaleables Reduction
- Unsaleables
- On Shelf Availability
- Business Health
- Collaborative Forecasting
- Assortment Optimization
New Item Launch and Run Down Process
Portfolio Transformation – Leading Brands

P&G is focusing on 10 product categories with about 65 brands.

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Image</th>
<th>Description</th>
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<tbody>
<tr>
<td>Baby</td>
<td><img src="baby.png" alt="Image" /></td>
<td>Skin &amp; Personal Care</td>
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<tr>
<td>Hair</td>
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<td>Skin &amp; Personal Care</td>
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<tr>
<td>Oral</td>
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<td>Personal Health Care</td>
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*Not representative of all brands*

2016 NET SALES BY BUSINESS SEGMENT

(Excludes Net Sales in Corporate)

- Baby, Feminine and Family Care: 28%
- Health Care: 11%
- Fabric and Home Care: 32%
- Beauty: 18%
- Grooming: 11%

2016 NET SALES BY GEOGRAPHIC REGION

- North America: 44%
- Latin America: 8%
- Europe: 23%
- Asia Pacific: 9%
- Greater China: 8%
- India, Middle East & Africa (IMEA): 8%
Ahold – P&G Collaborative Partnership

New Item Launches & Run Down Process

- Speed to shelf/Be first to Market
- All Stores Scanning within first four weeks
- Run Down Strategic Multifunctional Process
  - to avoid large Markdowns
  - to avoid Outs on the Shelf
  - to avoid high Reclaim after the transition

Strategic Planning  By SKU Monitoring & Planning  Speed to Shelf  Inventory Run Down
Building Blocks to Success

Multi-functional Team

- **People**: Buyer, Retail Analyst, Master Data Contact
- **Ahold Team Sales, PS**
- **C&S Team Sale, PS**
- **Buyer**

Launch and Run Down Management Data Report

- Sale $ and Units
- Inventory DC and Store Units, DOH, $
- Conversion Type
- Customer Strategy to turn codes on/off
- Key Dates
- Ad Support

Critical Path Schedule - Plan, Do, Check, Act

1) Kick off/get ready meeting
2) Weekly multi-functional checks meeting: @SKU Level Planning & Executing (Dates/Gates/Merch)
3) Post Launch Evaluation
4) Implement Improvement
### RUN DOWN REPORT

**HHHH QTR 17 Run Down Analysis**  
Last Fiscal Sun-Sat 13 Weeks  
Jan 17 2017

<table>
<thead>
<tr>
<th>UPC</th>
<th>AHLD ITEM DESCRIPTION</th>
<th>AHLD INTERNAL ITEM</th>
<th>Total Sales $</th>
<th>Total Sales Volume Units</th>
<th>Store On Hand Volume Units</th>
<th>Store On Hand Cases</th>
<th>Store Weeks OH</th>
<th>Newsburg</th>
<th>Freetown</th>
<th>Total Warehouse Inventory in CS</th>
<th>Total Warehouse Inv Units</th>
<th>Wrhse Wks Oh</th>
<th>Total Wks OH (Store + WH)</th>
<th>Run Out Date Based on WK OH</th>
<th>Excess Inv in Units After Reset Date</th>
<th>Reset Data (Currently Shown Last Ship Date)</th>
<th>UPCOMING ADS - OLD PRODUCT</th>
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### NEW ITEM REPORT

**NEW ITEM REPORT**

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Annual Forecasted Sales</th>
<th>Target Weekly Flow Rate</th>
<th>Start of Ship</th>
<th>Planogram Reset</th>
<th># of Weeks in 2015</th>
<th>CY 2015 Forecasted Sales</th>
<th>Forecasted Flow Rate</th>
<th>FY Units</th>
<th>FY Sales</th>
<th>FY VK RR</th>
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<th>Difference</th>
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**Let’s take a look into the Process & Data**

**PS * LEADER Manages E2E Synchronized Process to meet Gates and Dates**

- **Master Data Flow**
- **Forecast Merchandising Events**
- **Display Assortment**
- **Weekly Meetings**
- **CPS Track Dates**
- **Execution**
- **Speed to Scan Unprecedented Volume**
- **Outcome**
Our Results

- Merch Plan/Coupons
- New Item Store Display
- Shelf Reset

- Reclaim Reduction
- New Item Scan

- Speed to Market all stores scanning within 4 weeks.
- Avoid Shelf OOS while transitioning
- Run Down More/Markdown Less
- Communication/Action/Team work

SALES  SHARE
SALES
PROFIT  MARKDOWN
COLLABORATION
Final Thoughts
What drives success?

- Sitting at the same table
- Becoming transactional
- Managing the cultural change
- Agreeing on value tracking mechanisms
- Aligning goals, sharing data and scorecarding fairly
Questions?