Third quarter 2013 results

November 14, 2013

Group highlights Q3 2013

- Sales up 0.6% at constant exchange rates to €7.4 billion
- Underlying operating margin 4.0%, broadly stable supported by good cost control
- Operating income €248 million, down €40 million including restructuring
- Net income €165 million, up €24 million
- Free cash flow of €181 million, up €22 million
- Agreement reached to sell Slovakian business
- Committed to balancing investing in growth and returning cash to shareholders
- Additional capital repayment of €1 billion and reverse stock split in first quarter 2014

Business highlights: Ahold USA

- **Gained market share in the food channel and maintained share in the all-outlet market**
  - Stop & Shop divisions stable market position within all-outlet channel
  - Giant Landover market impacted by competitor openings and impact of sequester
  - Giant Carlisle division gaining share in the all-outlet market

- **Ongoing strong cost performance**
  - Improved productivity in store operations expected to generate $60 million in full year 2013
  - $18 million expected in full year 2013 from improved sourcing in pharmacy
  - Own-brands reformulation, resizing and repackaging expected to deliver $20 million in full year 2013

- **Opened 46 pick-up points, bringing the total to 89 at the end of the quarter**

Ahold

Business highlights: the Netherlands (1/2)

- **Weak consumer sentiment, stable transactions with lower basket size impacting sales and market share**

- **We have clear plans in place:**
  - Improve promotional effectiveness
  - Launch of new loyalty card
  - Continue to roll out budget own brand AH BASIC
  - Re-launch three key fresh categories:

    fruits & vegetables, deli / cheese, meat

Ahold

Business highlights: the Netherlands (2/2)

We continue to invest in growth with clear strategic priorities:

- **Strong sales growth of our online banners bol.com and albert.nl**
- **Belgian stores continue to perform very well, 19 open by year-end**
- **Currently 29 C1000 stores converted to the AH brand, 39 in total expected by year-end**

Bol.com

Albert.nl

Albert Heijn Belgium

C1000

Ahold

Ahold reaches agreement to sell Slovakian business

- Ahold decided to sell the business as it has a limited market position in Slovakia
- Exit from this country enables focus on the business in Czech Republic
- Ahold Slovakia represents 9% of Other Europe total net sales and was loss making
- Financial details of the transaction have not been disclosed but are not material for Ahold

Business highlights: Czech Republic

- **Reduced operating cost levels: from mid- to low-twenties since 2009, allowing us to invest in our customer offering:**
  - Targeted price reductions
  - Optimized promotions
  - Improved deli departments

- **Two more compact hyper converted into our new format; 16 by year-end**
- **Good sales performance: 4% higher sales / m2 than the market***
- **Market share ytd positive despite competitive openings**
- **Underlying operating margin Q3 2013 improved to 1.8%, up 50 bps**

* Nielsen Modern trade market definition; company management estimate

Group performance

(in millions of euros)

	Quarter 3			
	2013	2012	Change	Change at constant rates
Sales	7,362	7,598	(3.1%)	0.6%
Underlying operating income	297	312	(4.8%)	(1.3%)
Underlying operating margin	4.0%	4.1%	(0.1%)	-
Operating income	248	288	(13.9%)	(10.8%)
Net income from continuing operations	161	186	(13.4%)	(11.2%)
Net income	165	141	17.0%	20.4%

- Underlying operating margin flat after additional Dutch pension charges, excluding restructuring and related charges in operating income
- Net income impacted by higher net financial expense, lower income tax and ICA loss in Q3 2012

Performance by segment

(in millions)

	Ahold USA		The Netherlands		Other Europe	
	Q3 2013	Change	Q3 2013	Change	Q3 2013	Change
Sales	$5,902	0.2%	€2,569	1.4%	€363	(4.0%)
Underlying operating income	$237	(0.8%)	€135	0.7%	€2	(50.0%)
Underlying operating margin	4.0%	(0.1)	5.3%	0.0	0.6%	(0.5)
Identical sales growth ex gas	0.6%		(0.2%)		(1.9%)	

- In the United States inflation at very low levels, solid underlying operating margin
- Lower basket size in the Netherlands impacting sales, underlying operating margin stable
- Underlying operating margin in the Czech Republic of 1.8%, offset by weak Slovakian performance

Committed to our Reshaping Retail Strategy

- **Focus on businesses we control and that create value**
- **Strong cash generation, allowing us to invest in existing and new markets**
- **Maintain strong financial discipline**
- **Continue to move towards a more efficient capital structure**
  - 30% of €2 billion share buyback program completed
  - Additional capital repayment of €1 billion in 2014
  - Invest in profitable growth
- **Well positioned for the future, delivering a good, sustainable performance**

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