First quarter 2014 results

May 28, 2014

Group highlights Q1 2014

Business and strategic highlights

- Decision to roll out program in the United States to improve customer proposition
- Stabilized market share trend in the Netherlands in a slowing market
- Acquisition of Czech SPAR stores announced, sale of Slovakian business completed
- Online sales of €362 million, up 20% on an identical basis
- Belgium reaching 2% market share in Flanders* with 20 stores
- Continue to move towards our financial guidelines, with current €2.0 billion SBB and the completion of €1.0 billion capital repayment
- Agreement reached in principle to settle Waterbury class action

* Source: GFK

Group performance

(in millions of euros)

	Quarter 1			
	2014	2013	Change	Change at constant rates
Sales	9,821	10,074	(2.5%)	0.3%
Underlying operating income	392	418	(6.2%)	(4.1%)
Underlying operating margin	4.0%	4.1%		
Operating income	380	347	9.5%	11.2%
Net income from continuing operations	235	211	11.4%	13.9%
Net income	50	1,951	(97.4%)	(97.4%)
Free cash flow	302	188	60.6%	61.6%

- Sales €9.8 billion, broadly flat at constant exchange rates, impacted by low inflation and volumes under pressure
- Free cash flow of €302 million, up €114 million, impacted by lower capex and timing of working capital

Performance by segment

(in millions of euros)

	Ahold USA		The Netherlands		Czech Republic	
	Q1 2014	Change*	Q1 2014	Change	Q1 2014	Change*
Sales	5,859	(0.3%)	3,547	1.2%	415	1.2%
Underlying operating income	227	(4.9%)	178	(4.3%)	9	37.6%
Underlying operating margin	3.9%	(0.2%)	5.0%	(0.3%)	2.2%	0.6%
Identical sales growth ex gas	0.1%		(1.4%)		0.5%	

- Margin in the United States mainly impacted by cost price inflation outpacing retail pricing
- Dutch margin comparable to last year excluding the impact of an increased number of franchise stores and the greater contribution from bol.com.
- Czech margin continued to improve, supported by an increased focus on our procurement activities

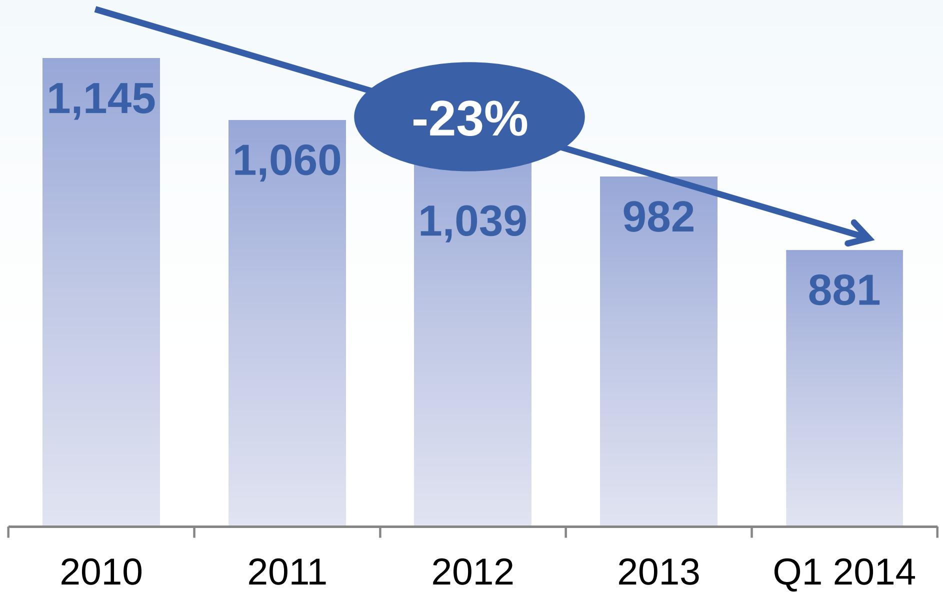
* At constant rates

Capital structure

Continue to move towards a more efficient balance sheet

- Net debt of €280 million, compared to net cash of €942 million at end of Q4 2013 owing to:
  - Completion of €1.0 billion capital repayment and reverse stock split in the quarter
  - Share buyback: €0.8 billion remaining
- Reduced the number of outstanding shares by 23% in four years
- Balanced investments in growth and returning excess cash

Common shares outstanding (in millions)



Business highlights: Ahold USA (1/2)

Decision to roll out program to improve customer proposition

- Piloted across all our divisions 2nd half 2013, resulting in encouraging volume uplifts
- Program focuses on improving our Fresh offering, enhancing customer experience and targeted price reductions
- Active in 190 stores by the end of Q1 2014
- Are accelerating our plans for further rollout, increasing the intensity of the program in New England specifically
- Expect program to be implemented in over 50% of our stores by end of 2014
- Largely funded through Ahold USA Simplicity savings of $250 million in 2014

Business highlights: Ahold USA (2/2)

Decision to roll out program to improve customer proposition

Improving our Fresh offering

- 100 SKU additions in Fresh
- Changes to Produce sizing and specifications
- Attractive entry-price points in own-brands

Enhancing customer experience

- Improved in-store merchandising, signing and presentation
- Training and associate engagement program

Targeted price reductions

- Over 1,000 item price reductions
- Improvement of promotions on front page of circular
- Direct mail and online campaigns

Ahold

Business highlights: the Netherlands (1/2)

Albert Heijn market share trend stabilized in slowing market

- Further slowdown of market growth in the Netherlands
- Low inflation and pressure on volumes in the market
- Market share performance stabilized and was in line with the performance of the previous quarter
- Optimizing efficiency of support functions and restructuring our organizational capabilities at Albert Heijn
- Further strengthening commercial position and focusing on future growth

Business highlights: The Netherlands (2/2)

Further strengthening commercial position and focusing on future growth

Assortment improvements and additions

- New product lines in coffee, wine, and in our healthy food assortment
- Rolling out significant improvements in our Bakery department

Invest in quality and value

- Promotional campaigns focused on quality and value
- Continued to invest in our price position, resulting in improved price position

Continue to invest in future growth

- Belgian stores achieved double-digit ID sales growth
- Six former C1000 stores added to the network; total of 45 now converted

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Business highlights: Czech Republic

Focus on growing our Czech business

- Strategic acquisition of SPAR stores announced: will make Albert #1 food retailing brand*
- Sale of Slovakian business completed
- Our new compact hyper format achieved higher identical sales growth than our other existing formats.
- Rolled out new Bakery assortment and continued to invest in further improving our Produce offer

* Pending anti-trust approval

Online offering – extending our leadership

Online sales €362 million, up 20% on an identical basis

Peapod®

- Opened new facilities, adding $65 million in capacity
- Opened 47 new pick-up points bringing the total to 167
- Peapod and Weight Watchers launch partnership, help customers make healthier choices through NutriFilter tool in app

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- Increased geographical coverage to 75% of households (from 70% in Q4 2013)
- Added new functionalities and assortment to Appie app
- New *Allerhande* platform successfully launched

bol.com

- 53,000 sellers* on Plaza platform; now 16% of consumer sales
- Voted best web store in the Netherlands**
- Opened 25,000-item Jewelry & Watches store
- Started collaboration with Etos

•Active business (B2C) and individual (C2C) sellers
•**13th annual Dutch Home Shopping Awards

Outlook

- Our outlook for the next quarter reflects similar trading conditions to the first quarter as well as investments in our customer proposition and future growth.

- We expect the underlying operating margin in the Netherlands to be broadly in line with current levels.

- We anticipate margins in the United States to be slightly lower than in the first quarter, as we will continue to partly absorb commodity price increases and we are accelerating the rollout of the program to improve our customer proposition.

- For the year we expect to deliver close to €300 million in cost savings from our Simplicity program, in line with last year, which will be reinvested to improve our competitiveness.

- We remain focused on executing our Reshaping Retail strategy, taking advantage of our strong brands, leading market positions, solid balance sheet, and fast-growing online business.

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