

Fourth quarter and full year 2012 results

Analyst meeting February 28, 2013



Safe harbor

- In today's meeting statements may be made that do not refer to historical facts but refer to expectations based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those included in such statements. Such risks and uncertainties are discussed in Ahold's Summary Report Q4-FY 2012 and they are discussed in Ahold's public filings and other disclosures, which are available on Ahold's website.

The introduction will be followed by a Q&A session and any views expressed by those asking questions are not necessarily the views of Ahold.

Agenda

- **Introduction** Dick Boer
- **Financial review** Jeff Carr
- **Business highlights** Dick Boer
- **Q&A** Dick Boer / Jeff Carr

Introduction

Fourth quarter and full year 2012

Dick Boer, CEO



2012 was a successful year

- **Delivering on our reshaping retail strategy**
 - Expanded geographic reach
 - Increased cost reduction program to €600 million
 - Continued to invest more into value for customers
 - Market share gains in all major markets
- **Solid financial performance**
 - Net sales increased 3.5% at constant rates to €32.8 billion
 - Underlying operating margin of 4.3%
 - Net income* of €830 million, impacted by non-recurring items
 - Record free cash flow of €1.2 billion
- **Investing in growth while providing attractive returns to shareholders**
 - Dividend increase of 10% to € 0.44 per share
 - New €500 million share buy back program announced



* From continuing operations

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Financial review

Fourth quarter and full year 2012

Jeff Carr, CFO



Operating performance

(in millions of euros)

	Quarter 4			Full year		
	2012	2011	Change	2012	2011	Change
Sales	7,835	7,290	7.5%	32,841	30,271	8.5%
Gross profit margin	26.1%	26.2%	(0.1)	26.0%	26.2%	(0.2)
Underlying operating income	355	341	4.1%	1,414	1,375	2.8%
At constant exchange rates	355	346	2.7%	1,414	1,433	(1.3%)
Underlying operating margin	4.5%	4.7%	(0.2)	4.3%	4.5%	(0.2)

- Strong sales performance, up 5.1% in the fourth quarter and 3.5% for the full year (at constant exchange rates)
- Cost reduction program of €600 million in 2012-2014 on track, delivering €190 million in 2012

Net income

(in millions of euros)

	Quarter 4			Full year		
	2012	2011	Change	2012	2011	Change
Underlying operating income	355	341	4.1%	1,414	1,375	2.8%
<i>Pension restructurings</i>	(88)	-	(88)	(88)	-	(88)
<i>IT restructuring</i>	(88)	-	(88)	(88)	-	(88)
<i>Impairments and other</i>	(23)	(13)	(10)	(51)	(28)	(23)
Operating income	156	328	(52.4%)	1,187	1,347	(11.9%)
<i>Financing costs</i>	(60)	(55)	(8.1%)	(227)	(316)	28.1%
<i>Income taxes</i>	2	(42)	104.9%	(211)	(140)	(50.2%)
<i>Income from joint ventures</i>	61	43	40.6%	81	141	(42.6%)
Net income from continuing operations	159	274	(42.0%)	830	1,032	(19.6%)

- Settlement of U.S. frozen pension plan €121 million, partly offset by changes in Dutch plan
- Write-down of capitalized software development costs €88 million
- Effective full-year tax rate 22.0%

Adjusted net income

(in millions of euros)

	Full year		
	2012	2011	Change
Net income from continuing operations	830	1,032	(19.6%)
<i>ICA adverse tax ruling</i>	90	-	
<i>Frozen plan settlement (after-tax)</i>	72	-	
<i>Write-down of capitalized software development costs (after-tax)</i>	52	-	
<i>Release of tax contingency reserve</i>	-	(109)	
<i>Provision related to Vornado (after-tax)</i>	-	86	
Adjusted income from continuing operations	1,044	1,009	3.4%
Adjusted EPS	€1.00	€0.91	9.9%
Dividend per share	€0.44*	€0.40	10.0%
Pay out ratio	44%	41%	7.3%

- Strong dividend growth of 10% driven by higher adjusted income and increased payout ratio

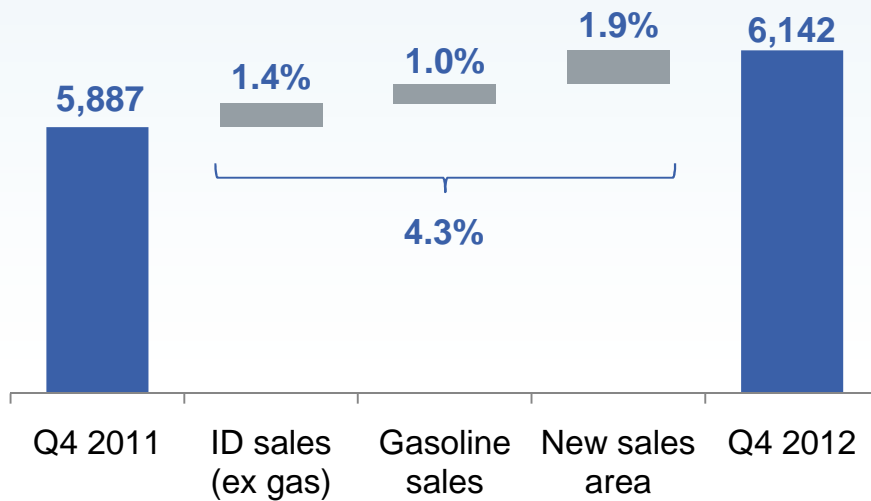
* Proposed

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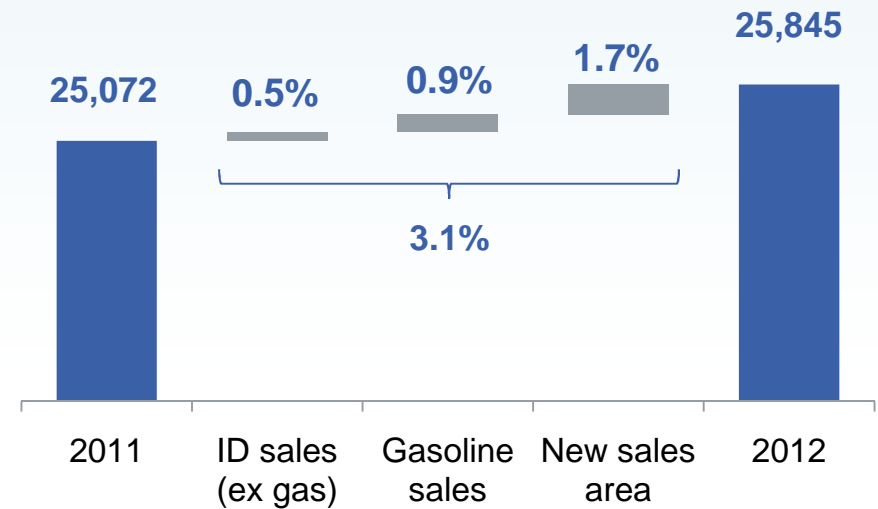
Sales development – Ahold USA

(in millions of US dollars)

Quarter 4



Full year



- Price inflation significantly down versus last year
- Strong sales growth in the fourth quarter, New York Metro impacted by Hurricane Sandy

Operating performance – Ahold USA

(in millions of US dollars)

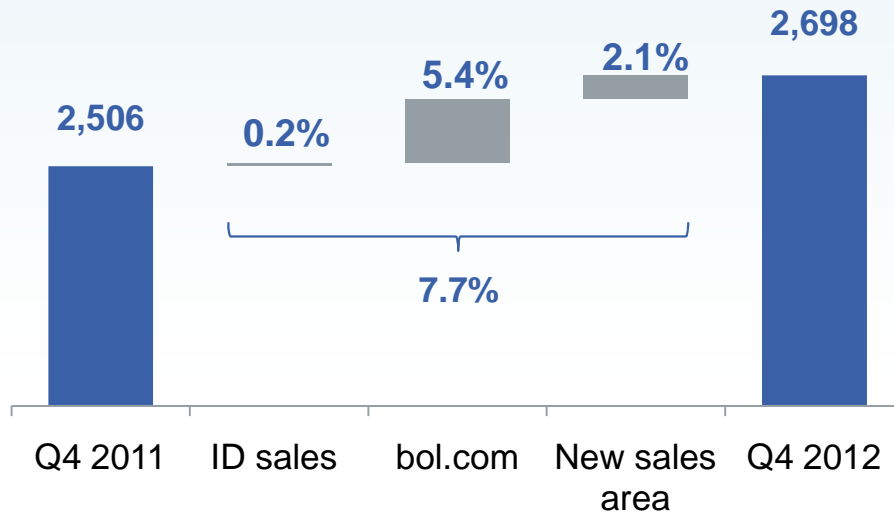
	Quarter 4			Full year		
	2012	2011	Change	2012	2011	Change
Sales	6,142	5,887	4.3%	25,845	25,072	3.1%
Underlying operating income	255	239	6.7%	1,069	1,067	0.2%
Underlying operating margin	4.2%	4.1%	0.1	4.1%	4.3%	(0.2)

- Good cost controls continuing to balance promotional investments
- The fourth quarter included a \$26 million benefit related to a settlement of litigation with Visa and Mastercard
- Former Genuardi's stores performing in line with expectations

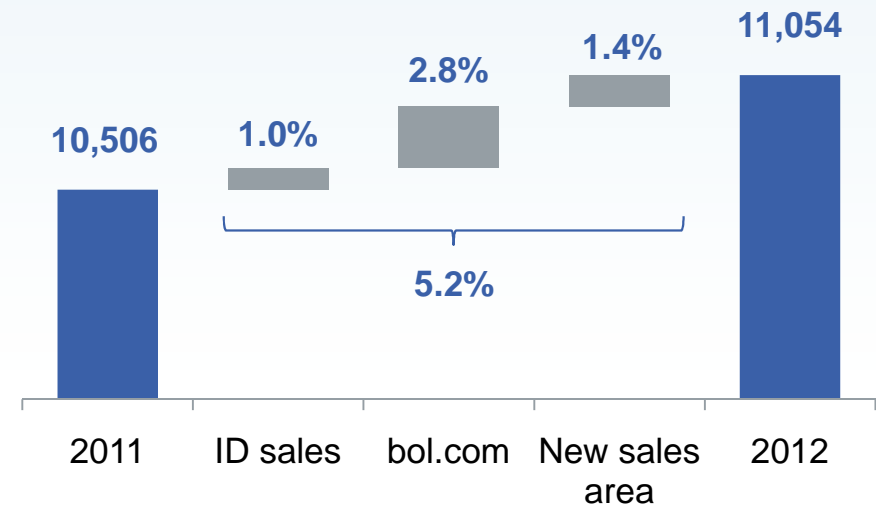
Sales development – The Netherlands

(in millions of euros)

Quarter 4



Full year



- The fourth quarter was impacted by the timing of year end and a challenging period for Etos
- Strong sales growth, mainly driven by progress on our growth initiatives, especially bol.com, expansion in Belgium and C1000 / Jumbo stores

Operating performance – The Netherlands

(in millions of euros)

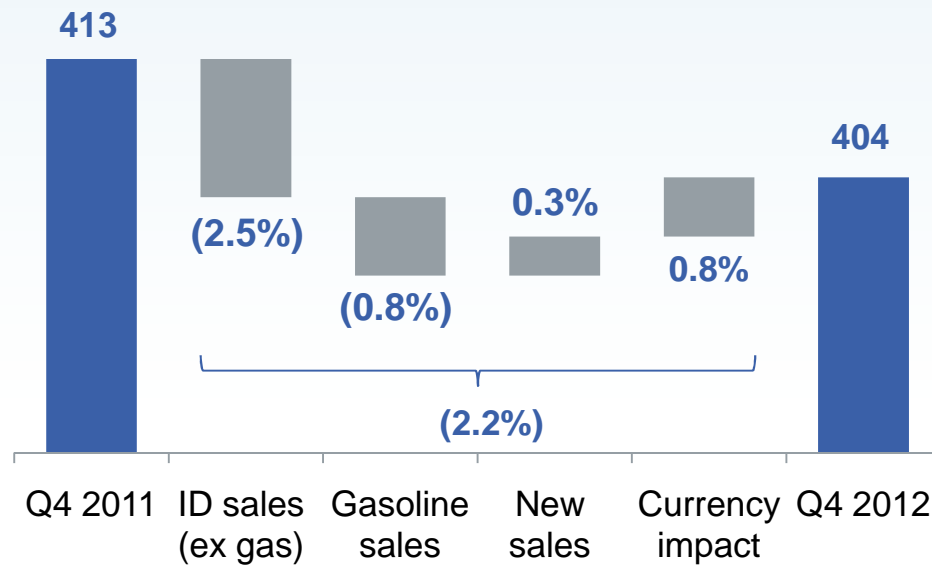
	Quarter 4			Full year		
	2012	2011	Change	2012	2011	Change
Sales	2,698	2,506	7.7%	11,054	10,506	5.2%
Underlying operating income	171	173	(1.2%)	644	666	(3.3%)
Underlying operating margin	6.3%	6.9%	(0.6)	5.8%	6.3%	(0.5)

- Excluding bol.com underlying operating margin in the fourth quarter was 6.5% and 6.0% in the full year
- Increased promotional activities and higher hourly wage rate, partially offset by cost reductions

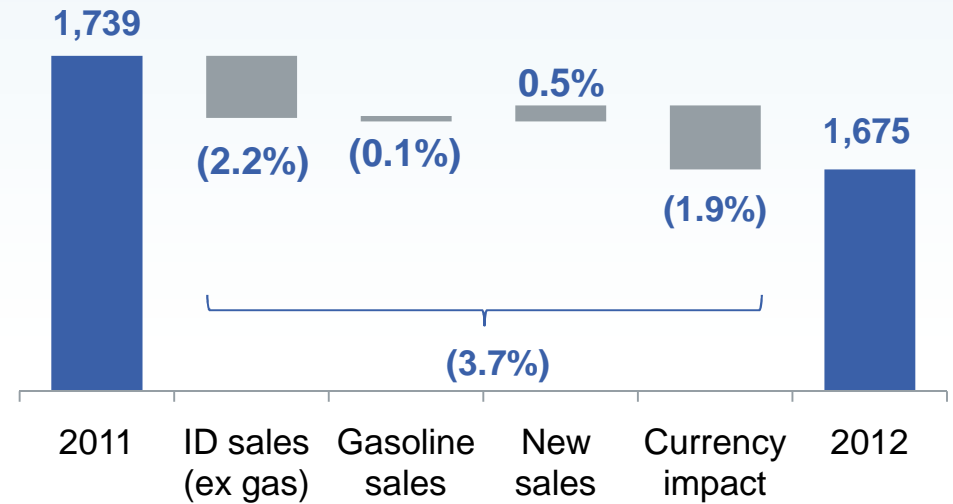
Sales development – Other Europe

(in millions of euros)

Quarter 4



Full year



- Net sales impacted by an increase in the VAT rate in 2012

Operating performance – Other Europe

(in millions of euros)

	Quarter 4			Full year		
	2012	2011	Change	2012	2011	Change
Sales	404	413	(2.2%)	1,675	1,739	(3.7%)
Underlying operating income	9	8	12.5%	21	20	5.0%
Underlying operating margin	2.2%	1.9%	0.3	1.3%	1.2%	0.1

- Czech Republic 2012 operating margin up +40bps versus last year
- Impairment charge of €17 million taken in Slovakia (not in underlying)

Free cash flow and uses of cash

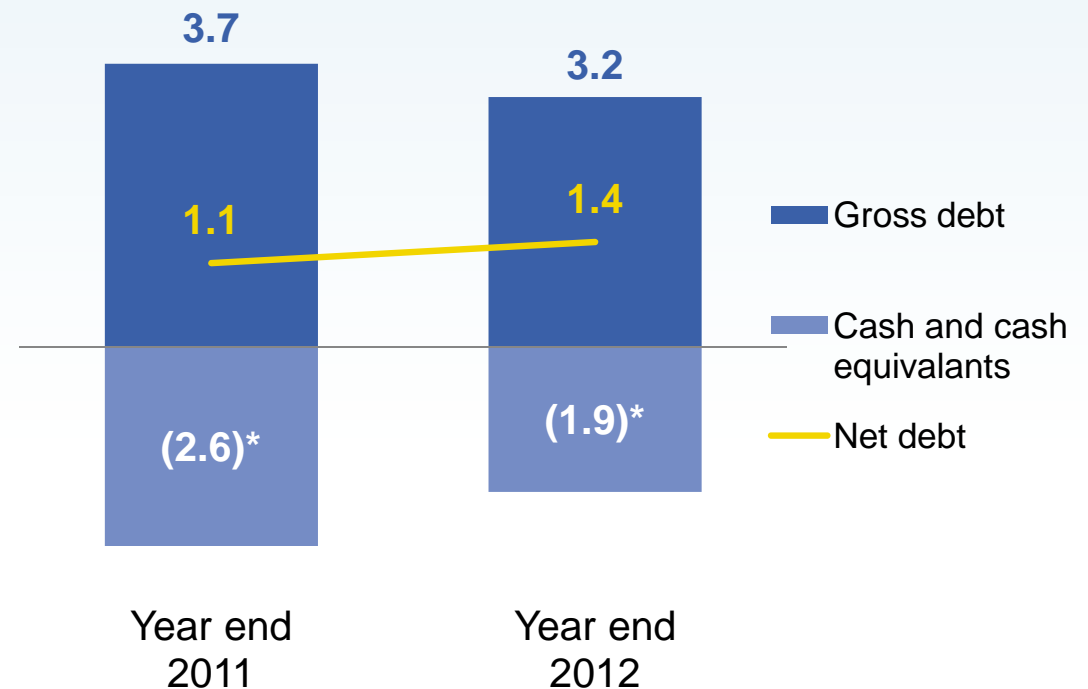
(in millions of euros)

	Full year		
	2012	2011	Change
Operating cash flow	2,103	2,023	79
Change in working capital	147	(26)	173
Net investment	(860)	(732)	(128)
Interest / Tax paid, dividend JVs, other	(202)	(300)	98
Free Cash Flow	1,188	965	223
Acquisitions	(744)	(43)	(701)
Dividend	(415)	(328)	(87)
Share buyback	(277)	(837)	560
Debt reduction	(524)	(75)	(449)
Other	262	93	169
Change in Cash and cash equivalents	(511)	(226)	(286)

Gross and net debt

(in millions of euros)

- Gross debt at €3.2 billion, down €0.5 billion
- Cash balances down €0.7 billion
- Net debt at €1.4 billion, up €0.3 billion
- Net lease-adjusted debt / EBITDAR at 1.8 times
- New €500 million share buyback program announced



* Including short term deposits

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Pension plans status

(in millions of euros)

Summary position	YE 2012	YE 2011
Company plans surplus (defined benefit plans)	(654)	255
Multi-employer plans deficit	(732)	(729)
Funding ratios		
Largest Dutch pension plan	114%	106%
Ongoing U.S. pension plan	118%	92%

- **Actively managing our pension plans**
 - U.S. frozen pension plan settlement
 - Dutch curtailment, reducing future service costs
 - Managing our multi-employer pension plan exposures
- **Total cash contributions for our ongoing plans will not increase in 2013**

Pension plans: adoption of IAS19R and discount rate

- **Following adoption of IAS19R in 2013, key changes include:**
 - Pension charges will be split between service costs as part of operating expenses and net financial expense
 - Corridor approach eliminated
 - Restated 2012 IAS 19R has no significant impact on net income*: €30 million reduction in EBIT and €30 million lower net financial expense
- **Reduction of discount rates**
 - Netherlands from 5.4% to 3.6% and United States from 5.2% to 4.2%
 - Based on the market yields on high-quality corporate bonds (i.e. bonds rated AA)
- **Adoption of IAS19R in combination with decrease of discount rates is expected to have**
 - Around €50 million non-cash impact on our underlying operating expenses in the Netherlands
 - €24 million on net financial expense

*excluding settlement and curtailment in 2012

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Summary

- **Sales growth of 3.5% at constant exchange rates in 2012**
- **Delivering on our cost reduction program of €600 million**
- **Record free cash flow of €1.2 billion**
- **Continued strong capital discipline**
 - Return on capital in top quartile of the sector
 - Proposed dividend of €0.44 per share
 - New €500 million share buyback program announced
- **Guidance 2013**
 - Capital investment excluding acquisitions: €0.9 billion
 - Net interest expenses: €200 to €220 million excluding €24 million notional interest related to pensions
 - Effective tax rate: mid-twenties for 2013

Business highlights

Fourth quarter and full year 2012

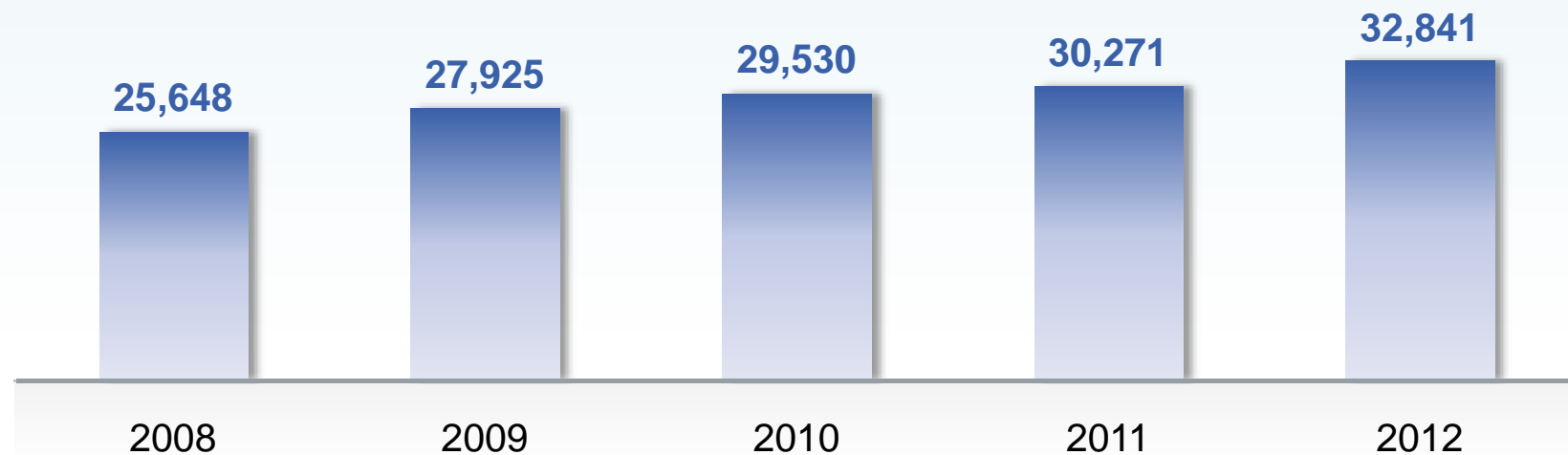
Dick Boer, CEO



We have taken great strides in the past five years

Net sales

(in millions of euros)

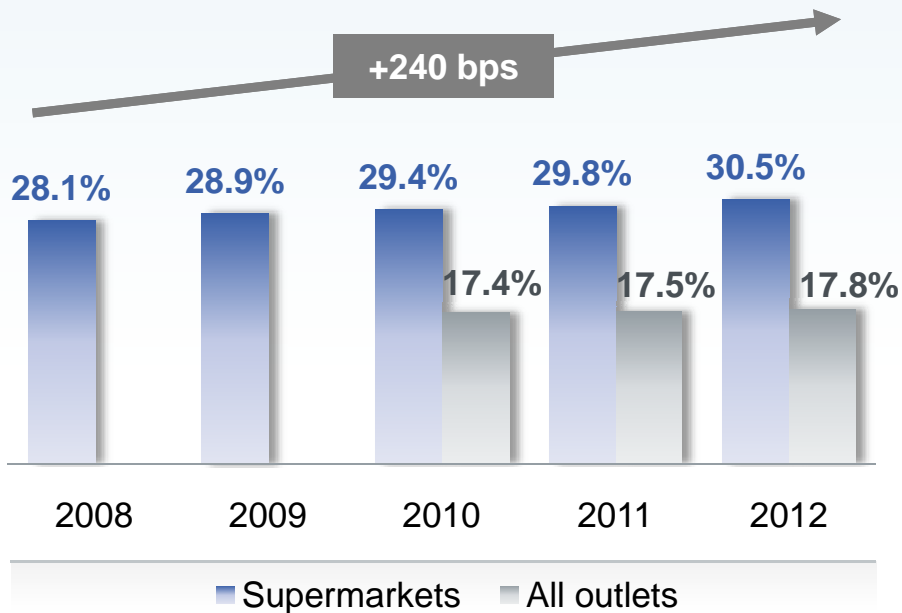


- Net sales increased by €7.2 billion to €32.8 billion, driven by twenty consecutive quarters of identical sales growth

We have realized steady market share growth...

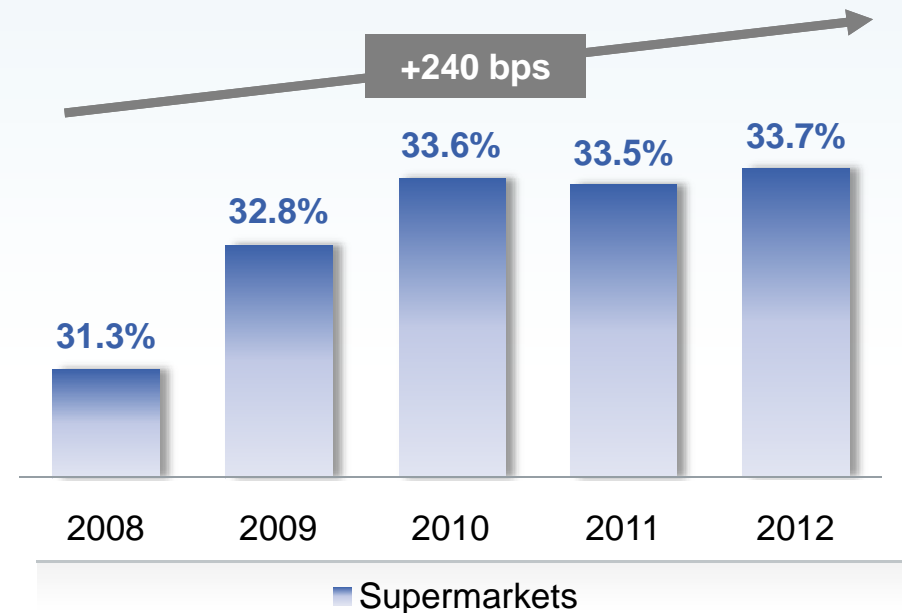
United States

- Gained in both all-outlets and supermarket channel



Albert Heijn

- Share increased in a consolidating market



Source: Nielsen ScanTrack / Nielsen Scanning data
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And consistently strong cash generation

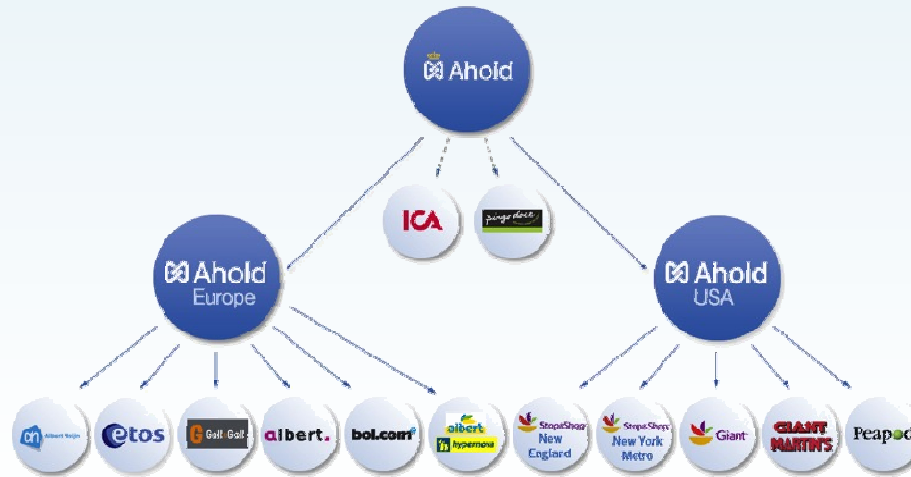
Free cash flow

(in millions of euros)



- Free cash flow almost doubled, to a record €1.2 billion in 2012

We have a robust and successful business today



strong leadership across the company

225,000 people employed worldwide

#1 online food grocer in our markets in the U.S. and the Netherlands

right formats supermarkets, small stores, online

75% of our sales via loyalty cards

125 years of heritage

The world is changing fast and the only constant is change



We are increasingly urban and global; demographics are shifting



We value our people and our planet



We are getting older and our lifestyles are changing



Digital convenience is something we have come to expect

The retail environment we operate in is incredibly dynamic



Huge growth of online, both in food and non-food



Great locations are an important differentiator



Customers are focused on price without compromising on quality



Customers look for inspiration, convenience and flexibility



Strong own brands are a driver of loyalty

Our strategy is helping us leverage the consumer trends



Highlights of the year: The Netherlands



Integrating new stores into our Albert Heijn banner



Aquired internet retailer **bol.com**



Albert Heijn opened its first three pick-up points



Albert Heijn celebrated its 125th anniversary



New Albert Heijn to go format launched



Highlights of the year: The Netherlands



Nine new stores opened in Belgium and three in Germany



Online shopping available through **Appie app**



Albert.nl service extended to **500,000** new households



Gall & Gall increased market share, adding **nine Mitra stores**



Health and beauty segment under pressure, challenging period for **Etos**



Customers are looking for convenience and flexibility



Opening pick-up points to make shopping more convenient

Eight more pick-up points open in the United States and first three open in the Netherlands



Retailing is fundamentally about people



Studying how leadership impacts business results

750 store managers involved in a study on leadership

Highlights of the year: Other Europe



Albert **maintained market share** in a highly competitive market



Albert rolled out **improved deli departments** in all its 226 Czech supermarkets



Albert continued its roll out of a **new compact hyper format** to six more stores



The **Albert Charity Foundation** ran a number of initiatives that contributed to community well-being.



Highlights of the year: United States



Giant Carlisle acquired and converted 15 Genuardi's stores



Divisions reduced inventory levels of back room



Ahold USA served customers during Hurricane Sandy and the recovery period following



Increased participation in points-based loyalty programs, with nearly eight of every 10 primary shoppers now participating



Highlights of the year: United States



Peapod opened its first **Eight pick-up points**



The divisions **reformulating one in five own-brand products** to meet higher quality standards



Stop & Shop **rolled out ScanIt! Mobile** to all stores.



Giant Landover **acquired and converted two** Fresh & Green's stores



Customer loyalty is more important than ever



Transferring best practices in customer insight across continents

Analyzing customer data and turning it into insights about pricing, promotions and assortment

We are operating at the heart of our communities



2013 – the year ahead

Creating growth

- 1. Increasing customer loyalty
- 2. Broadening our offering
- 3. Expanding geographic reach

Enabling growth

- 4. Simplicity
- 5. Responsible retailing
- 6. People performance



Belgium



Roll out pick up points



Simplicity



ICA

Questions and answers

