August 21, 2014

Interim Report

Second quarter and Half year 2014

Zaandam, the Netherlands – Ahold today published its interim report for the second quarter and first half of 2014.

- Q2 sales* of €7.4 billion down 1.1%, affected by the timing of Easter
- Strong online Q2 sales, up 18.6% to €273 million on an identical basis
- Q2 underlying operating margin 3.9%, reflecting pressure on volumes and price investments
- Program to improve customer proposition in the U.S. rolled out to a total of 320 stores
- European reorganization implemented, resulting in a €29 million restructuring charge
- Acquisition of SPAR stores in the Czech Republic completed

* at constant exchange rates

CEO Dick Boer said: "In a challenging competitive environment, we remain focused on executing our Reshaping Retail strategy and continue to make investments in our customer and value offering, making our stores a better place to shop.

"In the United States, the roll-out of our program to improve our customer proposition is progressing well, bringing better quality, service and value to our customers. By the end of this quarter, the program was active in 320 stores and will be rolled out to more than half of our stores by the end of this year. The accelerated roll out of the program together with our decision to absorb commodity price increases resulted in an investment in margin that was partly offset by cost savings from our Simplicity program.

"In Europe, as part of our Simplicity program, we implemented a reorganization of our head office support roles to improve efficiency. In addition, we streamlined Albert Heijn's commercial organization to enable a greater focus on improving quality and value for our customers and successfully introduced new products, especially in fresh.

"We expect that ongoing investments in our customer proposition and further development of our product range across multiple categories will result in improving sales trends."

Group performance

€ million, except per share data	Q2 2014	Q2 2013[1]	% change	% change constant rates	HY 2014	HY 2013[1]	% change	% change constant rates
Net sales	7,420	7,738	(4.1)%	(1.1)%	17,241	17,812	(3.2)%	(0.3)%
Underlying operating income	288	341	(15.5)%	(12.7)%	680	759	(10.4)%	(8.0)%
Underlying operating margin	3.9%	4.4%			3.9%	4.3%		
Operating income	260	330	(21.2)%	(18.8)%	640	677	(5.5)%	(3.3)%
Income from continuing operations	158	204	(22.5)%	(20.2)%	393	415	(5.3)%	(2.8)%
Net income[2]	147	206	(28.6)%	(26.7)%	197	2,157	(90.9)%	(90.8)%
Basic earnings per share	0.17	0.20	(15.0)%	(13.0)%	0.22	2.08	(89.4)%	(89.6)%

1 *As explained further under* Note 2 *to the enclosed summary financial statements, the prior year's results have been restated to reflect the changes in presentation of the operations in Slovakia as discontinued operations.*

2 *The decline in net income for HY 2014 was primarily due to the results from discontinued operations. HY 2014 results include a charge representing the net of tax settlement amount and associated legal fees for the Waterbury litigation of €192 million, while HY 2013 results included income of €1,751 million following the sale of our former joint venture ICA.*

Performance by segment

Ahold USA

€ million	Q2 2014	Q2 2013	% change	% change constant rates	HY 2014	HY 2013	% change	% change constant rates
Net sales	4,408	4,699	(6.2)%	(1.7)%	10,267	10,828	(5.2)%	(0.9)%
Underlying operating income	162	199	(18.6)%	(14.0)%	389	446	(12.8)%	(8.9)%
Underlying operating margin	3.7 %	4.2%			3.8 %	4.1%		
Identical sales growth	(1.3)%	0.5%			(0.7)%	1.2%		
Identical sales growth excluding gasoline	(1.8)%	0.3%			(0.7)%	1.2%		
Comparable sales growth excluding gasoline	(1.7)%	0.4%			(0.6)%	1.3%		

Second quarter net sales of €4,408 million were 1.7% lower than last year at constant exchange rates. Identical sales growth excluding gas was (1.8)%, which included the negative impact of the post-Easter week falling into our second quarter this year. Our overall market share was slightly down, particularly in New England and at Giant Landover.

Peapod, our online grocery operation, again achieved double-digit sales growth. The recent opening of our warehouse in New Jersey will almost double Peapod's capacity and will consolidate its position as the leading online grocer in the United States.

We remain encouraged by the results of our program to improve our customer proposition. As part of this program, we improved our Fresh offering across our four U.S. divisions, enhanced the customer experience through more engaged store associates and introduced targeted price reductions. We are on track with the accelerated rollout of the program, expanding to an additional 130 stores this quarter, with 320 stores participating by the end of the quarter. We still expect to have the program implemented in over 50% of our stores by the end of 2014, largely funded by Simplicity cost savings in the U.S.

Our underlying operating margin of 3.7% was 0.5% lower than last year as the consequence of the accelerated rollout of the program, together with commodity price increases in meat and dairy that we chose to partly absorb, to the benefit of our customers.

The Netherlands

€ million	Q2 2014	Q2 2013	% change	HY 2014	HY 2013	% change
Net sales	2,706	2,703	0.1 %	6,253	6,209	0.7 %
Underlying operating income	134	148	(9.5)%	312	334	(6.6)%
Underlying operating margin	5.0 %	5.5%		5.0 %	5.4%	
Identical sales growth (excluding VAT on tobacco sales)	(1.7)%	1.7%		(1.5)%	1.8%	
Comparable sales growth (excluding VAT on tobacco sales)	(1.5)%	2.1%		(1.4)%	2.1%	

Second quarter net sales of €2,706 million were 0.1% higher than last year, despite the negative effect of a change in legislation related to VAT on tobacco (that took effect in the middle of last year) and the post-Easter week falling in our second quarter this year. We saw no improvement in the Dutch supermarket channel, despite the benefit from sales related to the World Cup football championship. Albert Heijn's market share was in line with the previous quarter and stable versus last year.

Our identical sales (excluding VAT on tobacco sales) declined by 1.7%, mainly as a result of a lower average basket of our Albert Heijn customers in the Dutch supermarkets. During the quarter we completed the roll out of our improved bakery department with new products and an improved in-store presentation. We continued to develop our 'healthy food' proposition introducing new natural and organic products supported by a successful marketing campaign.

Strong sales growth was achieved by our Albert Heijn supermarkets in Belgium, through both identical sales and new stores. Albert Heijn Online and bol.com continued to report double digit sales growth.

In addition to bol.com's strong net sales growth, it achieved strong growth through its bol.com Plaza, where retail partners can place their offering in the bol.com store. Bol.com was voted Best Web Shop 2014-2015 in the Belgian Web Shop Awards, while in March of this year bol.com was chosen Best Web Shop in the Netherlands.

The underlying operating margin of 5.0% was unchanged from the previous quarter and was 0.5% lower than in Q2 2013. Year-over-year margins were impacted by stable but continued inflation of operating costs and lower identical sales.

After a detailed review, we implemented a reorganization to make the head office support roles more efficient and to streamline the commercial organization at Albert Heijn, to enable a greater focus on improving quality and value for its customers.

Czech Republic

€ million	Q2 2014	Q2 2013	% change	% change constant rates	HY 2014	HY 2013	% change	% change constant rates
Net sales	306	336	(8.9)%	(3.3)%	721	775	(7.0)%	(0.8)%
Underlying operating income	6	6	0.0 %	14.5 %	15	13	15.4 %	27.0 %
Underlying operating margin	2.0 %	1.8 %			2.1 %	1.7 %		
Identical sales growth	(3.9)%	(2.2)%			(1.4)%	(2.0)%		
Identical sales growth excluding gasoline	(2.9)%	(2.5)%			(1.0)%	(1.4)%		
Comparable sales growth excluding gasoline	(2.8)%	(2.6)%			(0.8)%	(1.4)%		

At constant exchange rates, second quarter sales of €306 million were 3.3% lower than last year. This was mainly due to a 2.9% decline in identical sales excluding gas, and lower gas sales.

Identical sales were impacted by the post-Easter week falling in the second quarter this year, and a competitive retail environment with lower prices and increased promotional activity.

Underlying operating margin at 2.0% was 0.2% better than last year. We continued to improve our profitability on a year-over-year basis, through Simplicity-related initiatives in the areas of cost of goods and operating expenses.

On August 1, we successfully completed the acquisition of SPAR in the Czech Republic. The acquisition is part of our strategy to expand our geographic reach in both current and adjacent markets and focus on leading market positions. With this acquisition, Albert will operate around 330 stores across the Czech Republic. The acquisition will make Albert the leading brand in the Czech food retail market, serving around 640,000 customers every day.

Corporate Center

In the second quarter, Corporate Center costs of €25 million included restructuring charges of €11 million. Excluding the effect of both this restructuring and the effect of the Company's insurance activities, underlying Corporate Center costs were €19 million, a decrease of €2 million compared to Q2 2013.

Outlook

We expect that ongoing investments in our customer proposition and further development of our product range across multiple categories will result in improving sales trends. For the year we still 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, to take advantage of our strong brands, leading market positions, solid balance sheet, and fast-growing online business.

Financial review

Second quarter 2014 (compared to second quarter 2013)

Underlying operating income was €288 million, down €53 million, and included a negative exchange rate impact of €9 million due to the weaker U.S. dollar. Underlying operating margin was 3.9%, compared to 4.4% last year.

Operating income was €260 million, down 21.2% and 18.8% at actual and constant exchange rates respectively. This included €29 million of restructuring and related charges (Q2 2013: €1 million benefit) and €5 million of impairment charges (Q2 2013: €32 million), offset by €6 million of gains on the sale of assets (Q2 2013: €20 million). The restructuring and related charges follow from a reorganization of the support roles at Albert Heijn and the Corporate Center.

Income from continuing operations was €158 million; €46 million lower than last year. This included a decrease in net financial expenses of €16 million and a decrease in income taxes of €7 million.

Net income was €147 million, down €59 million. This included additional discontinued operation costs of €12 million related to the Waterbury litigation.

Our free cash flow was €70 million, a decrease of €185 million compared to Q2 2013. Half of the decline was due to the reversal of the prior quarter's benefit of holiday timing, as mentioned in Q1 2014. Additionally, changes in payables were worse year-over-year, mainly attributable to timing, but also by current negative identical sales growth, and income taxes paid were €28 million higher than last year.

Net debt increased by €775 million during the quarter, to €1,055 million. Free cash flow of €70 million was offset by dividends paid of €414 million and the share buyback of €373 million.

Half year 2014 (compared to half year 2013)

Underlying operating income was €680 million, down 10.4% and 8.0% at actual and constant exchange rates, respectively. Underlying operating margin was 3.9%, compared to 4.3% last year.

Operating income was €640 million, down €37 million or 5.5% and 3.3% at actual and constant exchange rates, respectively. This included €38 million of restructuring and related charges (HY 2013: €1 million benefit) and €9 million of impairment charges (HY 2013: €50 million), offset by €7 million of gains on sale of assets (HY 2013: €21 million). 2013 included the effects of a €63 million charge related to the settlement of a multi-employer pension withdrawal liability and a €9 million gain on the final settlement of a U.S. defined benefit pension plan.

Income from continuing operations decreased €22 million (5.3%) to €393 million. This decrease is a result of a €27 million increase in income taxes, offset by a decrease in net financial expense of €40 million, as well as the items mentioned above. The net financial expense decrease reflects an €11 million one-time adjustment to a financial liability in 2013, lower interest expense in 2014 and changes in the value of notes and derivatives. The increase in income tax in 2014 includes the results of one-time tax benefits in 2013 of €19 million.

Net income was €197 million, down €1,960 million. The decline was primarily due to increased income in 2013 of €1,751 million following the sale of our former joint-venture ICA, as well as a 2014 charge of €192 million to recognize an agreement in principle to settle the Waterbury litigation, associated tax impact and legal fees.

Free cash flow was €372 million; €71 million lower than last year. The decrease was due to lower operating cash flows from continuing operations of €195 million (mainly from higher income taxes paid of €111 million, primarily related to payments for prior tax years), offset by lower capital expenditures of €100 million, higher dividends from joint venture of €11 million and lower interest paid of €9 million.

Net debt increased by €1,997 million during the year, to €1,055 million. Free cash flow of €372 million was offset by the capital repayment of €1,008 million, the share buyback of €812 million and dividends paid of €414 million. Under the €2 billion share buyback program shares have been repurchased for an amount of €812 million in 2014 (full year 2013: €768 million).

The capital repayment and reverse stock split was performed in Q1 2014. Every 13 existing shares with a nominal value of €0.30 each were consolidated into 12 new shares with a nominal value of €0.01 each. For every remaining share €1.14 of capital has been repaid.

Related party transactions

Ahold has entered into arrangements with a number of its subsidiaries and affiliated companies in the course of its business. These arrangements relate to service transactions and financing agreements. There have been no significant changes in the related party transactions from those described in our Annual Report 2013.

Risks and uncertainties

Ahold’s enterprise risk management program provides executive management with a periodic and holistic understanding of Ahold’s key business risks and the management practices in place to mitigate these risks. Ahold recognizes strategic, operational, financial and compliance and regulatory risk categories. The principal risks faced by the Company during the first half of the financial year were the same as those identified at year-end 2013 and management does not presently anticipate any material changes to the nature of the risks affecting Ahold’s business over the second half of the financial year. A description of Ahold’s risk management practices, principal risks and how they impact Ahold’s business is provided in our Annual Report 2013.

Auditor involvement

The content of this interim report has not been audited or reviewed by an external auditor.

Declarations

The members of Ahold’s Management Board hereby declare that, to the best of their knowledge, the half-year financial statements included in this interim report, which have been prepared in accordance with IAS 34 "Interim Financial Reporting," give a true and fair view of Ahold’s assets, liabilities, financial position and profit or loss, and the undertakings included in the consolidation taken as a whole, and the half-year management report included in this interim report includes a fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act (“Wet op het financieel toezicht”).

Zaandam, the Netherlands

August 21, 2014

Management Board
Dick Boer (CEO)
Jeff Carr (CFO)
Lodewijk Hijmans van den Bergh
James McCann

Consolidated income statement

€ million, except per share data	Note	Q2 2014	Q2 2013 (restated)[1]	HY 2014	HY 2013 (restated)[1]
Net sales	4	7,420	7,738	17,241	17,812
Cost of sales	5	(5,453)	(5,674)	(12,651)	(13,059)
Gross profit		**1,967**	**2,064**	**4,590**	**4,753**
Selling expenses		(1,448)	(1,483)	(3,366)	(3,431)
General and administrative expenses		(259)	(251)	(584)	(645)
Total operating expenses	5	(1,707)	(1,734)	(3,950)	(4,076)
Operating income	4	**260**	**330**	**640**	**677**
Interest income		2	1	4	3
Interest expense		(48)	(53)	(112)	(122)
Interest expense on defined benefit pension plans		(3)	(5)	(8)	(13)
Other financial expenses		(4)	(12)	(7)	(31)
Net financial expenses		(53)	(69)	(123)	(163)
Income before income taxes		**207**	**261**	**517**	**514**
Income taxes	6	(52)	(59)	(130)	(103)
Share in income of joint ventures		3	2	6	4
Income from continuing operations		**158**	**204**	**393**	**415**
Income (loss) from discontinued operations	7	(11)	2	(196)	1,742
Net income attributable to common shareholders		**147**	**206**	**197**	**2,157**
Net income per share attributable to common shareholders					
Basic		0.17	0.20	0.22	2.08
Diluted		0.17	0.19	0.21	1.99
Income from continuing operations per share attributable to common shareholders					
Basic		0.18	0.20	0.43	0.40
Diluted		0.18	0.19	0.42	0.39
Weighted average number of common shares outstanding (in millions)					
Basic		868	1,031	914	1,036
Diluted		915	1,083	926	1,088
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.7309	0.7659	0.7297	0.7624

1 *See* Note 2 *for a further explanation of the restatements.*

Consolidated statement of comprehensive income

€ million	Q2 2014	Q2 2013 (restated)[1]	HY 2014	HY 2013 (restated)[1]
Net income attributable to common shareholders	**147**	**206**	**197**	**2,157**
Remeasurements of defined benefit pension plans				
Remeasurements before taxes	(80)	(125)	(98)	195
Income taxes	21	20	28	(68)
Other comprehensive income (loss) that will not be reclassified to profit or loss	(59)	(105)	(70)	127
Currency translation differences in foreign interests:				
Currency translation differences before taxes from:				
Continuing operations	44	(6)	26	29
Discontinued operations	—	3	—	30
Cumulative translation differences from divestments transferred to net income	—	(2)	—	(82)
Cash flow hedges:				
Fair value result in the year	(13)	16	(28)	(29)
Transfers to net income	(4)	—	(6)	41
Income taxes	4	(4)	8	(3)
Other comprehensive income of joint ventures - net of income taxes:				
Share of other comprehensive income from:				
Continuing operations	—	1	—	—
Other comprehensive loss transferred to net income	—	—	—	9
Other comprehensive income (loss) reclassifiable to profit or loss	31	8	—	(5)
Total other comprehensive income (loss)	**(28)**	**(97)**	**(70)**	**122**
Total comprehensive income attributable to common shareholders	**119**	**109**	**127**	**2,279**
Attributable to:				
Continuing operations	130	106	323	580
Discontinued operations	(11)	3	(196)	1,699
Total comprehensive income attributable to common shareholders	**119**	**109**	**127**	**2,279**

1 *See* Note 2 *for a further explanation of the restatements.*

Consolidated balance sheet

€ million	Note	July 13, 2014	December 29, 2013
Assets			
Property, plant and equipment		5,644	5,712
Investment property		525	543
Intangible assets		1,606	1,563
Investments in joint ventures and associates		190	197
Other non-current financial assets		436	415
Deferred tax assets		408	411
Other non-current assets		32	33
Total non-current assets		**8,841**	**8,874**
Assets held for sale		5	28
Inventories		1,392	1,450
Receivables		587	665
Other current financial assets		506	1,520
Income taxes receivable		81	11
Other current assets		179	98
Cash and cash equivalents	10	1,519	2,496
Total current assets		**4,269**	**6,268**
Total assets		**13,110**	**15,142**
Equity and liabilities			
Equity attributable to common shareholders	8	**4,440**	**6,520**
Loans		1,327	1,307
Other non-current financial liabilities	9	1,898	1,882
Pensions and other post-employment benefits		441	348
Deferred tax liabilities		114	123
Provisions		570	585
Other non-current liabilities		242	235
Total non-current liabilities		**4,592**	**4,480**
Liabilities related to assets held for sale		—	48
Accounts payable		2,264	2,387
Other current financial liabilities		232	262
Income taxes payable		8	97
Provisions	12	420	191
Other current liabilities		1,154	1,157
Total current liabilities		**4,078**	**4,142**
Total equity and liabilities		**13,110**	**15,142**
Quarter-end U.S. dollar exchange rate (euro per U.S. dollar)		0.7348	0.7277

Consolidated statement of changes in equity

€ million	Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserve	Other reserves including accumulated deficit	Equity attributable to common shareholders
Balance as of December 30, 2012	**318**	**8,713**	**(292)**	**(126)**	**(3,467)**	**5,146**
Net income	—	—	—	—	2,157	**2,157**
Other comprehensive income (loss)	—	—	(23)	9	136	**122**
Total comprehensive income (loss)	—	—	(23)	9	2,293	**2,279**
Dividends	—	—	—	—	(457)	**(457)**
Share buyback	—	—	—	—	(247)	**(247)**
Share-based payments	—	—	—	—	32	**32**
Balance as of July 14, 2013	**318**	**8,713**	**(315)**	**(117)**	**(1,846)**	**6,753**
Balance as of December 29, 2013	**318**	**8,713**	**(492)**	**(81)**	**(1,938)**	**6,520**
Net income	—	—	—	—	197	**197**
Other comprehensive income (loss)	—	—	26	(26)	(70)	**(70)**
Total comprehensive income (loss)	—	—	26	(26)	127	**127**
Dividends	—	—	—	—	(414)	**(414)**
Capital repayment	(308)	(809)	—	—	109	**(1,008)**
Share buyback	—	—	—	—	(812)	**(812)**
Cancellation of treasury shares	(1)	(1,060)	—	—	1,061	**—**
Share-based payments	—	—	—	—	27	**27**
Balance as of July 13, 2014	**9**	**6,844**	**(466)**	**(107)**	**(1,840)**	**4,440**

Consolidated statement of cash flows

€ million	Note	Q2 2014	Q2 2013 (restated)[1]	HY 2014	HY 2013 (restated)[1]
Operating income		260	330	640	677
Adjustments for:					
Depreciation, amortization, write-downs and impairments	5	197	227	451	500
Gains on the sale of assets / disposal groups held for sale	5	(6)	(20)	(7)	(21)
Share-based compensation expenses		9	10	22	21
Operating cash flows before changes in operating assets and liabilities		460	547	1,106	1,177
Changes in working capital:					
Changes in inventories		51	11	67	33
Changes in receivables and other current assets		38	2	6	58
Changes in payables and other current liabilities		(231)	21	(175)	(161)
Changes in other non-current assets, other non-current liabilities and provisions		8	(60)	(34)	(53)
Cash generated from operations		326	521	970	1,054
Income taxes paid - net		(93)	(65)	(216)	(105)
Operating cash flows from continuing operations		233	456	754	949
Operating cash flows from discontinued operations		(4)	(3)	(13)	(11)
Net cash from operating activities		**229**	**453**	**741**	**938**
Purchase of non-current assets		(131)	(156)	(319)	(419)
Divestments of assets / disposal groups held for sale		33	34	41	38
Acquisition of businesses, net of cash acquired	3	(1)	(6)	(13)	(3)
Divestment of businesses, net of cash divested	7	(4)	(11)	(48)	2,361
Changes in short-term deposits and similar instruments		223	92	1,014	(145)
Dividends received from joint ventures		13	2	14	3
Interest received		1	1	4	3
Other		(2)	(1)	(2)	(1)
Investing cash flows from continuing operations		132	(45)	691	1,837
Investing cash flows from discontinued operations		—	(6)	—	136
Net cash from investing activities		**132**	**(51)**	**691**	**1,973**
Interest paid		(79)	(82)	(122)	(131)
Repayments of loans		(4)	(3)	(15)	(14)
Repayments of finance lease liabilities		(16)	(16)	(38)	(38)
Dividends paid on common shares	8	(414)	(457)	(414)	(457)
Share buyback	8	(373)	(186)	(812)	(247)
Other cash flows from derivatives		—	(1)	(10)	(9)
Capital repayment	8	—	—	(1,008)	—
Other		2	(1)	(2)	(84)
Financing cash flows from continuing operations		(884)	(746)	(2,421)	(980)
Financing cash flows from discontinued operations		—	(2)	(2)	(4)
Net cash from financing activities		**(884)**	**(748)**	**(2,423)**	**(984)**
Net cash from operating, investing and financing activities	10	**(523)**	**(346)**	**(991)**	**1,927**
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.7309	0.7659	0.7297	0.7624

1 *See* Note 2 *for a further explanation of the restatements.*

For the reconciliation between net cash from operating, investing and financing activities and cash and cash equivalents as presented in the balance sheet, see *Note 10.*

Notes to the consolidated summary financial statements

1. The Company and its operations

The principal activity of Koninklijke Ahold N.V. (“Ahold” or the “Company” or "Group" or "Ahold Group"), a public limited liability company with its registered seat and head office in Zaandam, the Netherlands, is the operation of retail food stores in the United States and Europe through subsidiaries and joint ventures.

The information in these condensed consolidated interim financial statements (“financial statements”) is unaudited.

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting.” The accounting policies applied in these financial statements are consistent with those applied in Ahold’s 2013 consolidated financial statements, except for the new standards and amendments to existing standards effective for 2014, as described further below.

Ahold’s reporting calendar is based on 13 periods of four weeks, with 2014 and 2013 each comprising 52 weeks. The second quarters of 2014 and 2013 are each comprised of 12 weeks.

Changes in presentation

In Q4 2013, Ahold’s investment in Slovakia met the criteria to be classified as a discontinued operation and, accordingly, €5 million that was previously reported in Q2 2013 (HY 2013: €8 million) as loss from continuing operations has been reclassified to loss from discontinued operations.

The restatements to Ahold’s 2013 comparative amounts for the changes in presentation are as follows:

€ million	Q2 2013 as reported	Changes in presentation	Q2 2013 as restated	HY 2013 as reported	Changes in presentation	HY 2013 as restated
Net sales	7,769	(31)	7,738	17,886	(74)	17,812
Cost of sales	(5,697)	23	(5,674)	(13,115)	56	(13,059)
Gross profit	2,072	**(8)**	**2,064**	**4,771**	**(18)**	**4,753**
Selling expenses	(1,490)	7	(1,483)	(3,449)	18	(3,431)
General and administrative expenses	(257)	6	(251)	(652)	7	(645)
Total operating expenses	(1,747)	13	(1,734)	(4,101)	25	(4,076)
Operating income	**325**	**5**	**330**	**670**	**7**	**677**
Interest income	2	(1)	1	4	(1)	3
Interest expense	(54)	1	(53)	(124)	2	(122)
Interest expense on defined benefit pension plans	(5)	—	(5)	(13)	—	(13)
Other financial expenses	(12)	—	(12)	(31)	—	(31)
Net financial expenses	(69)	—	(69)	(164)	1	(163)
Income before income taxes	**256**	**5**	**261**	**506**	**8**	**514**
Income taxes	(59)	—	(59)	(103)	—	(103)
Share in income of joint ventures	2	—	2	4	—	4
Income from continuing operations	**199**	**5**	**204**	**407**	**8**	**415**
Income (loss) from discontinued operations	7	(5)	2	1,750	(8)	1,742
Net income attributable to common shareholders	**206**	**—**	**206**	**2,157**	**—**	**2,157**

€ million	Q2 2013 as reported	Changes in presentation	Q2 2013 as restated
Consolidated statement of cash flow line items			
Operating income	325	5	330
Depreciation, amortization, write-downs and impairments	229	(2)	227
Operating cash flows before changes in operating assets and liabilities	544	3	547
Changes in receivables and other current assets	3	(1)	2
Changes in payables and other current liabilities	22	(1)	21
Cash generated from operations	520	1	521
Operating cash flows from continuing operations	455	1	456
Operating cash flows from discontinued operations	(2)	(1)	(3)
Repayments of finance lease liabilities	(17)	1	(16)
Financing cash flows from continuing operations	(747)	1	(746)
Financing cash flows from discontinued operations	(1)	(1)	(2)

€ million	HY 2013 as reported	Changes in presentation	HY 2013 as restated
Consolidated statement of cash flow line items			
Operating income	670	7	677
Depreciation, amortization, write-downs and impairments	503	(3)	500
Operating cash flows before changes in operating assets and liabilities	1,173	4	1,177
Changes in receivables and other current assets	59	(1)	58
Changes in payables and other current liabilities	(164)	3	(161)
Cash generated from operations	1,048	6	1,054
Operating cash flows from continuing operations	943	6	949
Operating cash flows from discontinued operations	(5)	(6)	(11)
Interest paid	(132)	1	(131)
Repayments of finance lease liabilities	(39)	1	(38)
Financing cash flows from continuing operations	(982)	2	(980)
Financing cash flows from discontinued operations	(2)	(2)	(4)

New and revised IFRSs effective in 2014

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualify to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36
These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an

impairment loss has been recognized or reversed during the period. The Group early adopted these disclosure requirements in the annual consolidated financial statements for the year ended December 29, 2013.

IFRIC 21 Levies
IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, was endorsed by the EU on June 13, 2014, and is applied retrospectively. The adoption of IFRIC 21 does not have any financial effect on the consolidated financial statements of the Group.

3. Business combinations
On August 14, 2012, Ahold announced that its Albert Heijn division had completed the acquisition of 78 C1000 and four Jumbo stores from Jumbo for €290 million in cash, with €266 million paid by July 13, 2014 (HY 2014: €2 million, 2013: credit €1 million and 2012: €265 million), and the remaining amount to be settled as agreements are reached with the franchisees. During the first half of this year, Ahold reached agreement with nine franchisees and nine stores were converted and opened under the Albert Heijn banner (48 stores converted in total). The remaining 34 franchisee-owned stores are to be converted to the Albert Heijn banner over a period of time, in close cooperation with the entrepreneurs. Goodwill recognized in the amount of €159 million on July 13, 2014 (2014: €30 million, 2013: €76 million and 2012: €53 million), which will not be deductible for tax purposes, represents expected synergies from the combination of operations, as well as the ability to expand Ahold’s geographic reach. The amounts recognized in the financial statements for the stores converted less than 12 months ago were determined on a provisional basis.

The 48 stores that were converted to the Albert Heijn banner have contributed €68 million to Q2 2014 net sales and €146 million to HY 2014 net sales (Q2 2013: €31 million, HY 2013: €62 million, 22 stores) as well as €2 million to net income in Q2 2014 and €3 million to net income in HY 2014 (insignificant amounts in Q2 2013 and HY 2013).

Other acquisitions
In Q1 2014, Ahold completed several other minor store acquisitions in the Netherlands for a total purchase consideration of €11 million.

The allocation of the fair value of the net assets acquired and the goodwill arising from the acquisitions during 2014 is as follows:

€ million	Jumbo	Other	Total
Goodwill	30	11	41
Reversal of other intangible assets	(28)	—	(28)
Acquisition of business, net of cash	**2**	**11**	**13**

A reconciliation of Ahold's goodwill balance, which is presented within intangible assets, is as follows:

€ million	Goodwill
As of December 29, 2013	
At cost	841
Accumulated impairment losses	(4)
Opening carrying amount	**837**
Acquisitions through business combinations	41
Impairment losses	(2)
Exchange rate differences	2
Closing carrying amount	**878**
As of July 13, 2014	
At cost	884
Accumulated impairment losses	(6)
Carrying amount	**878**

4. Segment reporting

Ahold's retail operations are presented in three reportable segments. In addition, Other retail, consisting of Ahold's unconsolidated joint venture JMR, and Ahold's Corporate Center are presented separately.

Reportable segment	Included in the Reportable segment
Ahold USA	Stop & Shop New England, Stop & Shop New York Metro, Giant Landover, Giant Carlisle and Peapod
The Netherlands	Albert Heijn, Albert Heijn Belgium, Albert Heijn Germany, Etos, Gall & Gall, bol.com and Albert Heijn Online
Czech Republic	Albert

Other	Included in Other
Other retail	Unconsolidated joint venture JMR (49%)
Corporate Center	Corporate Center staff (the Netherlands, Switzerland and the United States)

Net sales

Net sales per segment are as follows:

	Q2 2014	Q2 2013 (restated)[1]	HY 2014	HY 2013 (restated)[1]
$ million				
Ahold USA	6,029	6,135	14,069	14,203
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.7309	0.7659	0.7297	0.7624
CZK million				
Czech Republic	8,395	8,682	19,781	19,934
Average Czech Crown exchange rate (euro per Czech Crown)	0.0364	0.0387	0.0364	0.0389
€ million				
Ahold USA	4,408	4,699	10,267	10,828
The Netherlands	2,706	2,703	6,253	6,209
Czech Republic	306	336	721	775
Ahold Group	**7,420**	**7,738**	**17,241**	**17,812**

1 *See* Note 2 *for a further explanation of the restatements.*

Operating income

Operating income (loss) per segment is as follows:

	Q2 2014	Q2 2013 (restated)[1]	HY 2014	HY 2013 (restated)[1]
$ million				
Ahold USA	218	246	525	477
CZK million				
Czech Republic	170	153	408	328
€ million				
Ahold USA	160	190	384	363
The Netherlands	119	144	294	331
Czech Republic	6	6	15	13
Corporate Center	(25)	(10)	(53)	(30)
Ahold Group	**260**	**330**	**640**	**677**

1 *See* Note 2 *for a further explanation of the restatements.*

5. Expenses by nature

The aggregate of cost of sales and operating expenses is specified by nature as follows:

€ million	Q2 2014	Q2 2013 (restated)[1]	HY 2014	HY 2013 (restated)[1]
Cost of product	5,206	5,436	12,083	12,507
Labor costs	1,092	1,109	2,505	2,616
Other operational expenses	562	538	1,305	1,255
Depreciation and amortization	192	195	442	450
Rent expenses and income - net	109	118	264	278
Impairment losses and reversals - net	5	32	9	50
Gains on the sale of assets - net	(6)	(20)	(7)	(21)
Total	**7,160**	**7,408**	**16,601**	**17,135**

1 *See* Note 2 *for a further explanation of the restatements.*

6. Income taxes

Income taxes for Q2 2013 included €7 million (HY 2013: €19 million) of one-time tax benefits.

7. Assets and liabilities held for sale and discontinued operations

Income from discontinued operations is specified as follows:

€ million	Q2 2014	Q2 2013 (restated)[1]	HY 2014	HY 2013 (restated)[1]
Slovakia	—	(5)	(2)	(8)
ICA	—	—	—	137
Other[2]	1	—	(1)	—
Operating results from discontinued operations[3]	1	(5)	(3)	129
U.S. Foodservice[5]	(12)	(1)	(192)	(4)
Slovakia	—	—	(1)	—
ICA	—	3	—	1,614
Other[2]	—	5	—	3
Results on divestments of discontinued operations[4]	(12)	7	(193)	1,613
Income (loss) from discontinued operations, net of income taxes	**(11)**	**2**	**(196)**	**1,742**

1 *See* Note 2 *for a further explanation of the restatements.*
2 *Includes adjustments to the result on various discontinued operations and past divestments.*
3 *Operating results from discontinued operations are after net income tax benefits of nil for the second quarter of 2014 and 2013 (YTD 2014: €2 million, YTD 2013: nil).*
4 *Results on divestments are after net income tax expense of €8 million and €2 million for the second quarter of 2014 and 2013, respectively (YTD 2014: €31 million benefit, YTD 2013: nil).*
5 *Q2 2014 includes legal costs of €4 million (YTD 2014: €7 million) and an income tax adjustment on the net settlement provision of €8 million (YTD 2014: €185 million). See Note 12 for a further explanation.*

On November 14, 2013, Ahold announced that it had reached an agreement with Condorum regarding the sale of Ahold's Slovakian business. On April 15, 2014, Ahold announced that the transaction was completed. Upon the divestment in the first quarter of 2014, Ahold recorded a loss of €2 million, offset by a net tax benefit of €1 million as presented below:

€ million	
Proceeds net of cost to sell	(34)
Net liabilities divested	21
Use of provision on loss on divestment	12
Recognition of financial guarantee	(1)
Result on divestment before income taxes	(2)
Income taxes	1
Result on divestment of Slovakia	**(1)**

The cash flows from divestment of businesses as presented in the cash flow statement are as follows:

€ million	Q2 2014	Q2 2013	HY 2014	HY 2013
Proceeds from divestment of Slovakia	—	—	(34)	—
Proceeds from divestment of ICA	—	(9)	—	2,368
Net cash flows related to other past divestments	(4)	(2)	(9)	(7)
Divestment of business	(4)	(11)	(43)	2,361
Cash divested	—	—	(5)	—
Divestment of businesses, net of cash divested	**(4)**	**(11)**	**(48)**	**2,361**

8. Equity attributable to common shareholders

Dividend on common shares

On April 16, 2014, the General Meeting of Shareholders approved the dividend over 2013 of €0.47 per common share (€414 million in the aggregate). This dividend was paid on May 2, 2014.

Share buyback

On February 28, 2013, Ahold announced its decision to return €500 million to its shareholders by way of a share buyback program, to be completed over a 12-month period. Subsequently, on June 4, 2013, Ahold announced an extension to this program of an additional €1.5 billion, for a total share buyback of €2 billion, expected to be completed by the end of 2014. Under this program, 60,527,944 of the Company's own shares were repurchased and delivered in the first half of 2014. Shares were repurchased at an average price of €13.41 per share for a total amount of €812 million. For the full year 2013, 61,008,851 shares were repurchased at an average price of €12.58 for a total amount of €768 million. Through the end of Q2 2014, shares have been repurchased for a total amount of €1,580 million under the €2 billion program.

Of the total shares repurchased, 85,000,000 shares were canceled on June 20, 2014.

Capital repayment and reverse stock split

On January 21, 2014, a capital repayment and reverse stock split was approved at an Extraordinary General Meeting of Shareholders. On March 28, 2014, the reverse stock split became effective. Every 13 existing shares with a nominal value of €0.30 each were consolidated into 12 new shares with a nominal value of €0.01 each. The capital repayment of €1.14 per remaining share, €1,007 million in the aggregate (excluding transaction costs), took place on April 3, 2014. The capital reduction attributable to treasury shares, €109 million in the aggregate, is reported in Other reserves.

The number of outstanding common shares as of July 13, 2014, was 854,367,194 (December 29, 2013: 982,493,067).

9. Cumulative preferred financing shares

On January 21, 2014, a reduction in the nominal value of the cumulative preferred financing shares (from €0.30 to €0.01) was approved at an Extraordinary General Meeting of Shareholders. The amount related to this reduction has not been paid back in cash to the holders of these shares, but has been added to the additional paid-in capital.

The reduction in nominal value per share resulted in a decrease in the total nominal value of the issued cumulative preferred financing shares of €78 million to €3 million and a decrease of the total nominal value of the authorized cumulative preferred financing shares of €138 million to €5 million.

The paid-in capital for the issued cumulative preferred financing shares decreased by €78 million from €81 million to €3 million and the additional paid-in capital related to the cumulative preferred financing shares increased by €78 million from €416 million to €494 million. The aggregate of the paid-in capital for issued cumulative preferred financing shares and the related additional paid-in capital remained unchanged at €497 million. This amount is presented under "other non-current financial liabilities" in the consolidated balance sheet as these cumulative preferred financing shares are considered debt under IFRS.

10. Cash flow

The following table presents the reconciliation between the statement of cash flows and the cash and cash equivalents as presented on the balance sheet:

€ million	HY 2014	HY 2013
Cash and cash equivalents at the beginning of the year	2,496	1,886
Restricted cash	(4)	(22)
Cash and cash equivalents related to discontinued operations	5	—
Cash and cash equivalents at the beginning of the year, excluding restricted cash and including cash and cash equivalents related to discontinued operations	2,497	1,864
Net cash from operating, investing and financing activities	(991)	1,927
Effect of exchange rate differences on cash and cash equivalents	9	10
Restricted cash	4	22
Cash and cash equivalents of continuing operations at the end of quarter	**1,519**	**3,823**

11. Financial instruments

Fair values of financial instruments

The following table presents the fair values of financial instruments, based on Ahold's categories of financial instruments, including current portions, compared to the carrying amounts at which these instruments are included on the balance sheet:

	July 13, 2014		December 29, 2013	
€ million	Carrying amount	Fair value	Carrying amount	Fair value
Loans receivable	39	47	37	44
Accounts receivable	588	588	666	666
Reinsurance assets	146	146	136	136
Total loans and receivables	773	781	839	846
Cash and cash equivalents	1,519	1,519	2,496	2,496
Short-term deposits and similar instruments	453	453	1,467	1,467
Derivatives	293	293	284	284
Available for sale	4	4	4	4
Total financial assets	**3,042**	**3,050**	**5,090**	**5,097**

€ million	July 13, 2014		December 29, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Notes	(995)	(1,223)	(970)	(1,169)
Other loans	(4)	(4)	(3)	(4)
Financing obligations	(341)	(349)	(346)	(356)
Mortgages payable	(10)	(11)	(10)	(12)
Finance lease liabilities	(1,133)	(1,470)	(1,143)	(1,468)
Cumulative preferred financing shares	(497)	(554)	(497)	(539)
Dividend cumulative preferred financing shares	(12)	(12)	(24)	(24)
Accounts payable	(2,264)	(2,264)	(2,387)	(2,387)
Short-term borrowings	(48)	(48)	(52)	(52)
Interest payable	(13)	(13)	(24)	(24)
Reinsurance liabilities	(163)	(163)	(152)	(152)
Other	(42)	(49)	(48)	(54)
Total financial liabilities at amortized cost	(5,522)	(6,160)	(5,656)	(6,241)
Derivatives	(203)	(203)	(182)	(182)
Total financial liabilities	**(5,725)**	**(6,363)**	**(5,838)**	**(6,423)**

Financial assets and liabilities measured at fair value on the balance sheet

Of Ahold’s categories of financial instruments, only derivatives, assets available for sale and reinsurance assets (liabilities) are measured and recognized on the balance sheet at fair value. These fair value measurements are categorized within Level 2 of the fair value hierarchy. The Company uses inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The fair value of derivative instruments is measured by using either a market or income approach (mainly present value techniques). Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates that match the maturity of the contracts. Interest rate swaps are measured at the present value of expected future cash flows. Expected future cash flows are discounted by using the applicable yield curves derived from quoted interest rates.

The valuation of Ahold’s derivatives instruments is adjusted for the credit risk of the counterparty (counterparty credit risk) and of the reporting entity (own credit risk) in accordance with IFRS13. The valuation adjustment for counterparty credit risk requires a Credit Valuation Adjustment (“CVA”) and a Debit Valuation Adjustment (“DVA”) for an adjustment to own credit risk. The CVA / DVA calculations have been added to the risk-free fair value of Ahold’s interest and cross-currency swaps. The valuation technique for the CVA / DVA calculation is based on relevant observable market inputs.

The carrying amount of receivables, cash and cash equivalents, accounts payable, short-term deposits and similar instruments, and other current financial assets and liabilities approximate their fair values because of the short-term nature of these instruments and, for receivables, because of the fact that any recoverability loss is reflected in an impairment loss. The fair values of quoted borrowings are based on year-end ask-market quoted prices. The fair value of other non-derivative financial assets and liabilities that are not traded in an active market are estimated using discounted cash flow analyses based on prevailing market rates. The fair value calculation method and the conditions for redemption and conversion of the cumulative preferred financing shares are disclosed in *Note 22* of Ahold’s Annual Report 2013. The accrued interest is included in other current financial liabilities and not in the carrying amounts of non-derivative financial assets and liabilities.

12. Commitments and contingencies
A comprehensive overview of commitments and contingencies as of December 29, 2013, was included in *Note 34* of Ahold's 2013 consolidated financial statements, which were published as part of Ahold's Annual Report 2013 on March 4, 2014. Except as disclosed below, there have been no significant changes to this overview through Q2 2014.

U.S Foodservice - Waterbury litigation

On May 21, 2014, Ahold announced that it had signed a term sheet agreeing in principle to settle a class action pending in the United States District Court for the District of Connecticut in respect of pricing practices of Ahold's former subsidiary U.S. Foodservice in the period 1998-2005. Subsequently, the parties entered into a long-form settlement agreement (the "Settlement Agreement") setting forth the entirety of the parties' agreement

Pursuant to the Settlement Agreement, Ahold has agreed to make a payment of $297 million (equivalent to €215 million at the end of Q1 2014) into a settlement fund in return for a release from all claims from all participating class members in relation to the challenged pricing practices.

Ahold indemnified U.S. Foodservice against damages arising out of this class action, referred to in Ahold's annual reports as the "Waterbury litigation," as part of the terms of Ahold's sale of U.S. Foodservice in July 2007 to a consortium of Clayton, Dubilier & Rice and Kohlberg, Kravis Roberts & Co. for a purchase price of $7.1 billion.

The settlement is subject to approval by the United States District Court for the District of Connecticut, which preliminarily approved the Settlement Agreement on July 16, 2014 and has scheduled a hearing for final approval of the Settlement Agreement on December 9, 2014. The settlement is subject to potential reduction and / or termination based on the compensable sales volume attributable to class members that elect to opt out of the settlement (i.e., do not wish to be bound by the settlement). Upon becoming unconditional the settlement will definitively resolve this potential liability for Ahold.

Ahold recorded a net provision in the amount of €185 million in 2014 (€215 million net of an estimated tax recovery of €30 million). Ahold will be funding its payment to the settlement fund out of its available cash balances and expects this payment to take place in late 2014 or the beginning of 2015.

13. Subsequent events
On August 1, 2014, Ahold announced that it successfully completed its acquisition of SPAR's business in the Czech Republic. On March 11, 2014, Ahold announced that it had entered into an agreement to acquire SPAR's business in the Czech Republic for an enterprise value of CZK 5,245 million (€191 million based on the quarter-end CZK exchange rate). With this transaction, Ahold acquired 50 stores, of which 36 are compact hypers and 14 are supermarkets. The acquisition was funded from existing cash resources.

Other financial and operating information

Net sales per channel

€ million	Q2 2014	Q2 2013 (restated)[1]	% change	% change constant rates
Online sales	273	235	16.2 %	18.2 %
Store sales and other sales	7,147	7,503	(4.7)%	(1.7)%
Total net sales	**7,420**	**7,738**	**(4.1)%**	**(1.1)%**

1 See Note 2 *for a further explanation of the restatements.*

€ million	HY 2014	HY 2013 (restated)[1]	% change	% change constant rates
Online sales	635	520	22.1 %	24.3 %
Store sales and other sales	16,606	17,292	(4.0)%	(1.1)%
Total net sales	**17,241**	**17,812**	**(3.2)%**	**(0.3)%**

1 See Note 2 *for a further explanation of the restatements.*

Underlying operating income[1]

Underlying operating income per segment is as follows:

€ million	Underlying operating income Q2 2014	Impairments	Gains (losses) on the sale of assets	Restructuring and related charges	Other	Operating income Q2 2014
Ahold USA	162	(2)	—	—	—	160
The Netherlands	134	(3)	6	(18)	—	119
Czech Republic	6	—	—	—	—	6
Corporate Center	(14)	—	—	(11)	—	(25)
Ahold Group	**288**	**(5)**	**6**	**(29)**	**—**	**260**

1 *Underlying operating income is a non-GAAP measure. See section "Use of non-GAAP financial measures" for more information on the use of non-GAAP measures.*

Underlying operating income in local currency for Q2 2014 is $221 million for Ahold USA and CZK 166 million for Czech Republic.

€ million	Underlying operating income Q2 2013 (restated)[2]	Impairments (restated)[2]	Gains (losses) on the sale of assets	Restructuring and related charges	Other	Operating income Q2 2013 (restated)[2]
Ahold USA	199	(29)	20	—	—	190
The Netherlands	148	(3)	(1)	—	—	144
Czech Republic	6	—	—	—	—	6
Corporate Center	(12)	—	1	1	—	(10)
Ahold Group	**341**	**(32)**	**20**	**1**	**—**	**330**

2 See Note 2 *for a further explanation of the restatements.*

Underlying operating income in local currency for Q2 2013 is $257 million for Ahold USA and CZK 145 million for Czech Republic.

(€ million)	Underlying operating income HY 2014	Impairments	Gains on the sale of assets	Restructuring and related charges	Other	Operating income HY 2014
Ahold USA	389	(4)	1	(2)	—	384
The Netherlands	312	(5)	6	(19)	—	294
Czech Republic	15	—	—	—	—	15
Corporate Center	(36)	—	—	(17)	—	(53)
Ahold Group	**680**	**(9)**	**7**	**(38)**	**—**	**640**

Underlying operating income in local currency for HY 2014 is $533 million for Ahold USA and CZK 400 million for Czech Republic.

(€ million)	Underlying operating income HY 2013 (restated)[2]	Impairments (restated)[2]	Gains on the sale of assets	Restructuring and related charges	Other	Operating income HY 2013 (restated)[2]
Ahold USA	446	(47)	20	—	(56)	363
The Netherlands	334	(3)	—	—	—	331
Czech Republic	13	—	—	—	—	13
Corporate Center	(34)	—	1	1	2	(30)
Ahold Group	**759**	**(50)**	**21**	**1**	**(54)**	**677**

2 *See* Note 2 *for a further explanation of the restatements.*

Underlying operating income in local currency for HY 2013 is $585 million for Ahold USA and CZK 315 million for Czech Republic.

The Other balance for Ahold USA of €56 million is the total of a multi-employer plan settlement charge in the amount of €63 million offset by gains on the settlement of annuity charges for a defined benefit pension plan of €7 million.

EBITDA[1]

€ million	EBITDA Q2 2014	Depreciation and amortization	Operating income Q2 2014	EBITDA Q2 2013 (restated)[2]	Depreciation and amortization	Operating income Q2 2013 (restated)[2]
Ahold USA	284	(124)	160	319	(129)	190
The Netherlands	179	(60)	119	202	(58)	144
Czech Republic	13	(7)	6	14	(8)	6
Corporate Center	(24)	(1)	(25)	(10)	—	(10)
Total by segment	**452**	**(192)**	**260**	**525**	**(195)**	**330**
Share in income of joint ventures	3			2		
Income (loss) from discontinued operations	(11)			2		
Total EBITDA	**444**			**529**		

1 *EBITDA is a non-GAAP measure. See section "Use of non-GAAP financial measures" for more information on the use of non-GAAP measures.*
2 *See* Note 2 *for a further explanation of the restatements.*

(€ million)	EBITDA HY 2014	Depreciation and amortization	Operating income HY 2014	EBITDA HY 2013 (restated)²	Depreciation and amortization	Operating Income HY 2013 (restated)²
Ahold USA	671	(287)	384	662	(299)	363
The Netherlands	430	(136)	294	462	(131)	331
Czech Republic	33	(18)	15	32	(19)	13
Corporate Center	(52)	(1)	(53)	(29)	(1)	(30)
Total by segment	**1,082**	**(442)**	**640**	**1,127**	**(450)**	**677**
Share in income of joint ventures	6			4		
Income (loss) from discontinued operations	(196)			1,742		
Total EBITDA	**892**			**2,873**		

2. *See* Note 2 *for a further explanation of the restatements.*

Free cash flow[1]

€ million	Q2 2014	Q2 2013 (restated)²	HY 2014	HY 2013 (restated)²
Operating cash flows from continuing operations before changes in working capital and income taxes paid	468	487	1,072	1,124
Changes in working capital	(142)	34	(102)	(70)
Income taxes paid - net	(93)	(65)	(216)	(105)
Purchase of non-current assets	(131)	(156)	(319)	(419)
Divestments of assets / disposal groups held for sale	33	34	41	38
Dividends received from joint ventures	13	2	14	3
Interest received	1	1	4	3
Interest paid	(79)	(82)	(122)	(131)
Free cash flow	**70**	**255**	**372**	**443**

1 *Free cash flow is a non-GAAP measure. See section "Use of non-GAAP financial measures" for more information on the use of non-GAAP measures.*

2 *See* Note 2 *for a further explanation of the restatements.*

Net debt[1]

€ million	July 13, 2014	April 20, 2014	December 29, 2013
Loans	1,327	1,302	1,307
Finance lease liabilities	1,054	1,038	1,069
Cumulative preferred financing shares	497	497	497
Non-current portion of long-term debt	2,878	2,837	2,873
Short-term borrowings and current portion of long-term debt	149	145	148
Gross debt	3,027	2,982	3,021
Less: Cash, cash equivalents, and short-term deposits and similar instruments[2, 3]	1,972	2,702	3,963
Net debt	**1,055**	**280**	**(942)**

1 *Net debt is a non-GAAP measure. See section "Use of non-GAAP financial measures" for more information on the use of non-GAAP measures.*
2 *Short-term deposits and similar instruments include investments with a maturity of between three and 12 months. The balance of these instruments at July 13, 2014, was €453 million (April 20, 2014: €674 million, December 29, 2013: €1,467 million) and is presented within Other current financial assets in the consolidated balance sheet.*
3 *Book overdrafts, representing the excess of total issued checks over available cash balances within the Group cash concentration structure, are classified in accounts payable and do not form part of net debt. These balances amounted to €117 million, €117 million and €166 million as of July 13, 2014, April 20, 2014, and December 29, 2013, respectively.*

Store portfolio (including franchise stores)

	End of 2013	Opened / acquired	Closed / sold	End of Q2 2014	End of Q2 2013
Ahold USA	767	1	(2)	766	775
The Netherlands[1]	2,056	27	(11)	2,072	2,022
Czech Republic	284	—	(1)	283	282
Continuing operations of Ahold Group	**3,107**	**28**	**(14)**	**3,121**	**3,079**
Slovakia	24	—	(24)	—	24
Total	**3,131**	**28**	**(38)**	**3,121**	**3,103**

1 *The number of stores at the end of Q2 2014 includes 1,125 specialty stores (Etos and Gall & Gall) (Q2 2013: 1,115). During HY 2014, nine C1000 stores were converted to the Albert Heijn banner.*

Use of non-GAAP financial measures

This interim report includes non-GAAP financial measures. The descriptions of these non-GAAP financial measures are included on page 46 of Ahold's Annual Report 2013. The description of a new non-GAAP measure is included below.

Comparable sales, excluding gasoline net sales
Identical sales plus net sales from replacement stores in local currency, excluding gasoline net sales. Because gasoline prices have experienced greater volatility than food prices, Ahold's management believes that by excluding gasoline net sales, this measure provides a better insight into the growth of its comparable store sales.

Financial calendar

Ahold's 2014 financial year consists of 52 weeks and ends on December 28, 2014. The quarters in 2014 are:

First quarter (16 weeks)	December 30, 2013, through April 20, 2014
Second quarter (12 weeks)	April 21 through July 13, 2014
Third quarter (12 weeks)	July 14 through October 5, 2014
Fourth quarter (12 weeks)	October 6 through December 28, 2014

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Cautionary notice
This interim report includes forward-looking statements, which 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. These forward-looking statements include, but are not limited to statements as to the progress of Ahold's Reshaping Retail strategy, customer proposition program, Simplicity program, share buyback program, Ahold's response to commodity price increases, Ahold's investments in customer proposition and value offering, the reorganization of Ahold's head office in the Netherlands and the streamlining of Albert Heijn's commercial organization, Ahold's growth strategies, sales performances, margins, Ahold's enterprise risk management program, the conversion of franchise stores to the Albert Heijn banner and the court approval, size, funding and timing of the Waterbury settlement. These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Ahold's ability to control or estimate precisely, such as the effect of general economic or political conditions, fluctuations in exchange rates or interest rates, increases or changes in competition, Ahold's ability to implement and successfully complete its plans and strategies, the benefits from and resources generated by Ahold's plans and strategies being less than or different from those anticipated, changes in Ahold's liquidity needs, the actions of competitors and third parties and other factors discussed in Ahold's public filings and other disclosures. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this interim report. Ahold does not assume any obligation to update any public information or forward-looking statements in this interim report to reflect subsequent events or circumstances, except as may be required by applicable laws. Outside the Netherlands, Koninklijke Ahold N.V., being its registered name, presents itself under the name of "Royal Ahold" or simply "Ahold."