May 28, 2014

Interim Report

First quarter 2014

- Sales* of €9.8 billion broadly flat, impacted by low inflation and volumes under pressure
- Online sales of €362 million, up 20.0% on an identical basis
- Underlying operating margin 4.0%, compared to 4.1% last year
- Program launched 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
- Agreement reached in principle to settle Waterbury class action

* at constant exchange rates

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

CEO Dick Boer said: "First quarter sales trends were similar to the previous quarter with a flat year-on-year performance, impacted by low inflation and volumes that remained under pressure in all our markets.

"In the United States, we decided to roll out a program to improve our customer proposition by investing in the quality and merchandising of our Fresh assortment, associate training and targeted price reductions in all our divisions. In the Netherlands, our market share performance stabilized versus the previous quarter and we continue to focus on improvements and additions to our assortment to further strengthen our commercial position.

"We are expanding our online position in the United States and the Netherlands, and we are pleased with the overall sales growth of over 20% on an identical basis.

"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."

Group performance

€ million, except per share data	Q1 2014	Q1 2013[1]	% change	% change constant rates
Net 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 %
Income from continuing operations	235	211	11.4 %	13.9 %
Net income[2]	50	1,951	(97.4)%	(97.4)%
Basic earnings per share	0.05	1.88	(97.3)%	(97.2)%

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 *Net income was lower, primarily due to the settlement in Q1 2014 of the Waterbury litigation for €177 million (€215 million net of taxes of €38 million), as well as increased income in Q1 2013 of €1,748 million following the sale of our former joint-venture ICA. Excluding the Q1 2013 income from the ICA divestment, comparative net income was €203 million.*

Performance by segment

Ahold USA

€ million	Q1 2014	Q1 2013	% change	% change constant rates
Net sales	5,859	6,129	(4.4)%	(0.3)%
Underlying operating income	227	247	(8.1)%	(4.9)%
Underlying operating margin	3.9%	4.1%		
Identical sales growth excluding gasoline	0.1%	1.9%		
Comparable sales growth excluding gasoline	0.2%	2.1%		

At constant exchange rates, first quarter net sales were 0.3% lower than last year, or after excluding gas sales, equal to last year. Identical sales growth excluding gas was 0.1%, which included the positive impact this year of the post-Easter week falling into our second quarter. Our online operation Peapod achieved double-digit sales growth and opened 47 new pick-up points, bringing the total to 167. The market was characterized by a continued focus on value and volumes remained under pressure. Our market share was down slightly, mainly driven by competitive pressures in New England.

We decided to roll out a program focused on improving our customer proposition across all our divisions. The program was piloted in the second half of 2013, resulting in encouraging volume uplifts. To bring better quality, service and value to our customers, the program focuses on improving our Fresh offering, enhancing customer experience through more engaged store associates and introducing targeted price reductions. By the end of the first quarter, the program was active in 190 stores and we are accelerating our plans for further rollout, increasing the intensity of the program in New England specifically. By the end of 2014, we expect the program to be implemented in over 50% of our store base, largely funded by the expected $250 million Simplicity cost savings in the United States this year.

Our underlying operating margin of 3.9% was 0.2% lower than last year, mainly impacted by cost price inflation outpacing retail pricing. Inflation in our Fresh product range was considerable and we chose to absorb part of this cost, particularly in the meat and produce categories.

We saw continued progress with our own-brand penetration, which was up 50 basis points to 37.0%, approaching our target of 40% by 2016. This was driven by product assortment increases, overall increased focus and execution, and the strong growth of our natural and organic product range Nature's Promise.

The Netherlands

€ million	Q1 2014	Q1 2013	% change
Net sales	3,547	3,506	1.2 %
Underlying operating income	178	186	(4.3)%
Underlying operating margin	5.0 %	5.3%	
Identical sales growth (excluding VAT on tobacco sales)	(1.4)%	1.8%	
Comparable sales growth (excluding VAT on tobacco sales)	(1.3)%	2.2%	

First quarter net sales increased 1.2% to €3.5 billion, which included the negative effect of a change in legislation related to VAT on tobacco that took effect in the middle of last year. We aligned bol.com's reporting calendar with the Group, leading us to benefit from a full 16 weeks of sales from bol.com this year compared to three calendar months last year. Adjusted for both, net sales increased by 1.5% compared to last year, with a limited favorable impact from the timing of Easter. We saw a further slowdown of market growth, reflecting low inflation and pressure on volumes. Albert Heijn's market share performance stabilized and was in line with the performance of the previous quarter.

Overall sales growth was driven by the opening of new Albert Heijn stores in Belgium and new Albert Heijn franchise stores (former C1000 stores) in the Netherlands. Identical sales (excluding VAT on tobacco sales) decreased 1.4%, mainly as a result of a lower average basket size of our Albert Heijn customers. We continued to achieve strong identical growth at our online operations, bol.com and Albert Heijn Online, and at our supermarkets in Belgium.

The underlying operating margin of 5.0% was comparable to last year excluding the impact of an increased number of franchise stores and the greater contribution from bol.com. We were able to largely offset pressure on operating expense in the low sales growth environment through the ongoing success of our Simplicity cost savings program in the Netherlands.

Following our announcements in January on the next phase of our Simplicity program, we are optimizing efficiency in our support functions and are restructuring our organizational capabilities to enable a better focus on Albert Heijn and its commercial performance. We expect to finalize our plans in the second quarter.

During the quarter, we made further steps to improve and broaden our assortment by introducing new product lines in categories such as coffee, wine and in our healthy food assortment. Following the re-launch of our meat and poultry assortment in the previous quarter, we are rolling out significant changes in our bakery department, introducing new varieties, improved presentation and better in-store execution. In addition, we continued to invest in our price position and executed campaigns focused on quality and value.

Czech Republic

€ million	Q1 2014	Q1 2013	% change	% change constant rates
Net sales	415	439	(5.5)%	1.2%
Underlying operating income	9	7	28.6 %	37.6%
Underlying operating margin	2.2%	1.6 %		
Identical sales growth excluding gasoline	0.5%	(0.5)%		
Comparable sales growth excluding gasoline	0.6%	(0.5)%		

At constant exchange rates, the increase in net sales of 1.2% to €415 million included 0.5% identical growth and the opening of two new stores during the past year.

Excluding the favorable impact of the post-Easter week falling in our second quarter, identical sales growth was slightly negative. Our new compact hyper format achieved higher identical sales growth than our other existing formats. So far we have converted 16 of our 43 compact hypers to the new format.

Underlying operating margin at 2.2% was 0.6% better than last year, mainly as a result of an increased focus on our procurement activities.

We rolled out a new bakery assortment and continued to invest in further improving our produce offer. Our share of promotional sales was substantially above last year, in line with the continued focus on promotions in the Czech market.

This quarter we announced the acquisition of SPAR in the Czech Republic, which will make Albert the number one food retailing brand in the country (pending anti-trust approval). We also completed the divestment of our operations in Slovakia.

Corporate Center

In the first quarter, Corporate Center costs were €28 million, which was €8 million higher than last year. Underlying Corporate Center costs were €22 million, including €3 million favorable impact from the Company's insurance activities, and were flat versus last year.

Financial review

Underlying operating income was €392 million, down €26 million, and included a negative exchange rate impact of €10 million due to the weaker U.S. dollar. Underlying operating margin was 4.0%, compared to 4.1% last year.

Operating income was €380 million, up 9.5% and 11.2% at actual and constant exchange rates respectively. This included €9 million of restructuring and related charges (Q1 2013: nil), €4 million of impairment charges (Q1 2013: €18 million), offset by €1 million of gains on the sale of assets (Q1 2013: €1 million). Q1 2013 included the effects of a €63 million charge related to the settlement of a multi-employer pension withdrawal liability and a €7 million gain on the final settlement of a U.S. defined benefit pension plan.

Income from continuing operations was €235 million, which was €24 million higher than last year. A decrease in net financial expenses of €24 million was offset by an increase in income taxes of €34 million. 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 is mainly the result of higher taxable income and a one-time tax benefit in 2013 of €12 million.

Net income was €50 million, down €1,901 million. The decline was primarily due to a provision of €177 million (€215 million net of taxes of €38 million), to recognize an agreement in principle to settle the Waterbury litigation, as well as increased income in Q1 2013 of €1,748 million following the sale of our former joint-venture ICA.

Our free cash flow was €302 million, an increase of €114 million compared to Q1 2013, impacted by an €80 million favorable impact on working capital due to the timing of Easter and lower capital expenditure of €75 million, offset by €83 million higher income taxes paid, mainly related to payments regarding previous years. Q1 2013 contained a payment of €31 million to settle a U.S. pension plan.

Net debt increased by €1,222 million during the quarter, to €280 million. Free cash flow of €302 million was offset by the capital repayment of €1,008 million and the share buyback of €439 million.

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 took place on April 3, 2014.

We reiterate our commitment to move towards a more efficient capital structure, as evidenced by our ongoing €2 billion share buyback program and our €1 billion capital repayment this quarter.

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.

Consolidated income statement

€ million, except per share data	Note	Q1 2014	Q1 2013 (restated)[1]
Net sales	4	9,821	10,074
Cost of sales	5	(7,198)	(7,385)
Gross profit		**2,623**	**2,689**
Selling expenses		(1,918)	(1,948)
General and administrative expenses		(325)	(394)
Total operating expenses	5	(2,243)	(2,342)
Operating income	4	**380**	**347**
Interest income		2	2
Interest expense		(64)	(69)
Interest expense on defined benefit pension plans		(5)	(8)
Other financial expenses		(3)	(19)
Net financial expenses		(70)	(94)
Income before income taxes		**310**	**253**
Income taxes	6	(78)	(44)
Share in income of joint ventures		3	2
Income from continuing operations		**235**	**211**
Income (loss) from discontinued operations	7	(185)	1,740
Net income attributable to common shareholders		**50**	**1,951**
Net income per share attributable to common shareholders			
Basic		0.05	1.88
Diluted[2]		0.05	1.79
Income from continuing operations per share attributable to common shareholders			
Basic		0.25	0.20
Diluted		0.24	0.20
Weighted average number of common shares outstanding (in millions)			
Basic		949	1,040
Diluted		997	1,093
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.7288	0.7598

1 See Note 2 for a further explanation of the restatements.
2 Diluted net income per share in Q1 2014 attributable to common shareholders excludes antidilutive potential ordinary shares.

Consolidated statement of comprehensive income

€ million	Note	Q1 2014	Q1 2013 (restated)[1]
Net income attributable to common shareholders		**50**	**1,951**
Remeasurements of defined benefit pension plans			
Remeasurements before taxes		(18)	320
Income taxes		7	(88)
Other comprehensive income (loss) that will not be reclassified to profit or loss		(11)	232
Currency translation differences in foreign interests:			
Currency translation differences before taxes from:			
Continuing operations		(18)	35
Discontinued operations		—	27
Cumulative translation differences from divestments transferred to net income	7	—	(80)
Cash flow hedges:			
Fair value result in the year		(15)	(45)
Transfers to net income		(2)	41
Income taxes		4	1
Other comprehensive income (loss) of joint ventures - net of income taxes:			
Share of other comprehensive loss from:			
Continuing operations		—	(1)
Other comprehensive loss transferred to net income	7	—	9
Other comprehensive loss reclassifiable to profit or loss		(31)	(13)
Total other comprehensive income (loss)		**(42)**	**219**
Total comprehensive income attributable to common shareholders		**8**	**2,170**
Attributable to:			
Continuing operations		193	474
Discontinued operations		(185)	1,696
Total comprehensive income attributable to common shareholders		**8**	**2,170**

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

Consolidated balance sheet

€ million	Note	April 20, 2014	December 29, 2013
Assets			
Property, plant and equipment		5,612	5,712
Investment property		535	543
Intangible assets		1,580	1,563
Investments in joint ventures and associates		199	197
Other non-current financial assets		423	415
Deferred tax assets		417	411
Other non-current assets		32	33
Total non-current assets		**8,798**	**8,874**
Assets held for sale		3	28
Inventories		1,430	1,450
Receivables		619	665
Other current financial assets		728	1,520
Income taxes receivable		56	11
Other current assets		177	98
Cash and cash equivalents	10	2,028	2,496
Total current assets		**5,041**	**6,268**
Total assets		**13,839**	**15,142**
Equity and liabilities			
Equity attributable to common shareholders	8	**4,685**	**6,520**
Loans		1,302	1,307
Other non-current financial liabilities	9	1,875	1,882
Pensions and other post-employment benefits		361	348
Deferred tax liabilities		137	123
Provisions		565	585
Other non-current liabilities		237	235
Total non-current liabilities		**4,477**	**4,480**
Liabilities related to assets held for sales		—	48
Accounts payable		2,341	2,387
Other current financial liabilities		665	262
Income taxes payable		33	97
Provisions		399	191
Other current liabilities		1,239	1,157
Total current liabilities		**4,677**	**4,142**
Total equity and liabilities		**13,839**	**15,142**
Quarter-end U.S. dollar exchange rate (euro per U.S. dollar)		0.7239	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	—	—	—	—	1,951	**1,951**
Other comprehensive income (loss)	—	—	(18)	(3)	240	**219**
Total comprehensive income (loss)	—	—	(18)	(3)	2,191	**2,170**
Dividends	—	—	—	—	(457)	**(457)**
Share buyback	—	—	—	—	(61)	**(61)**
Share-based payments	—	—	—	—	19	**19**
Balance as of April 21, 2013	**318**	**8,713**	**(310)**	**(129)**	**(1,775)**	**6,817**
Balance as of December 29, 2013	**318**	**8,713**	**(492)**	**(81)**	**(1,938)**	**6,520**
Net income	—	—	—	—	50	**50**
Other comprehensive loss	—	—	(18)	(13)	(11)	**(42)**
Total comprehensive income (loss)	—	—	(18)	(13)	39	**8**
Dividends	—	—	—	—	(414)	**(414)**
Capital repayment	(308)	(809)	—	—	109	**(1,008)**
Share buyback	—	—	—	—	(439)	**(439)**
Share-based payments	—	—	—	—	18	**18**
Balance as of April 20, 2014	**10**	**7,904**	**(510)**	**(94)**	**(2,625)**	**4,685**

Consolidated statement of cash flows

€ million	Note	Q1 2014	Q1 2013 (restated)[1]
Operating income		380	347
Adjustments for:			
Depreciation, amortization, write-downs and impairments	5	254	273
Gains on the sale of assets / disposal groups held for sale	5	(1)	(1)
Share-based compensation expenses		13	11
Operating cash flows before changes in operating assets and liabilities		646	630
Changes in working capital:			
Changes in inventories		16	22
Changes in receivables and other current assets		(32)	56
Changes in payables and other current liabilities		56	(182)
Changes in other non-current assets, other non-current liabilities and provisions		(42)	7
Cash generated from operations		644	533
Income taxes paid - net		(123)	(40)
Operating cash flows from continuing operations		521	493
Operating cash flows from discontinued operations		(9)	(8)
Net cash from operating activities		**512**	**485**
Purchase of non-current assets		(188)	(263)
Divestments of assets / disposal groups held for sale		8	4
Acquisition of businesses, net of cash acquired	3	(12)	3
Divestment of businesses, net of cash divested	7	(44)	2,372
Changes in short-term deposits and similar instruments		791	(237)
Dividends received from joint ventures		1	1
Interest received		3	2
Investing cash flows from continuing operations		559	1,882
Investing cash flows from discontinued operations		—	142
Net cash from investing activities		**559**	**2,024**
Interest paid		(43)	(49)
Repayments of loans		(11)	(11)
Repayments of finance lease liabilities		(22)	(22)
Share buyback	8	(439)	(61)
Other cash flows from derivatives		(10)	(8)
Capital repayment	8	(1,008)	—
Other		(4)	(83)
Financing cash flows from continuing operations		(1,537)	(234)
Financing cash flows from discontinued operations		(2)	(2)
Net cash from financing activities		**(1,539)**	**(236)**
Net cash from operating, investing and financing activities	10	**(468)**	**2,273**
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.7288	0.7598

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 first quarters of 2014 and 2013 are each comprised of 16 weeks.

Changes in presentation

In Q4 2013, Ahold's investment in Slovakia met the criteria to be classified as a discontinued operation and, accordingly, €3 million that was previously reported in Q1 2013 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	Q1 2013 as reported	Changes in presentation	Q1 2013 as restated
Net sales	10,117	(43)	10,074
Cost of sales	(7,418)	33	(7,385)
Gross profit	2,699	**(10)**	**2,689**
Selling expenses	(1,959)	11	(1,948)
General and administrative expenses	(395)	1	(394)
Total operating expenses	(2,354)	12	(2,342)
Operating income	**345**	**2**	**347**
Interest income	2	—	2
Interest expense	(70)	1	(69)
Interest expense on defined benefit pension plans	(8)	—	(8)
Other financial expenses	(19)	—	(19)
Net financial expenses	(95)	1	(94)
Income before income taxes	**250**	**3**	**253**
Income taxes	(44)	—	(44)
Share in income of joint ventures	2	—	2
Income from continuing operations	**208**	**3**	**211**
Income (loss) from discontinued operations	1,743	(3)	1,740
Net income attributable to common shareholders	**1,951**	**—**	**1,951**

€ million	Q1 2013 as reported	Changes in presentation	Q1 2013 as restated
Consolidated statement of cash flow line items			
Operating income	345	2	347
Depreciation, amortization, write-downs and impairments	274	(1)	273
Operating cash flows before changes in operating assets and liabilities	629	1	630
Changes in payables and other current liabilities	(186)	4	(182)
Cash generated from operations	528	5	533
Operating cash flows from continuing operations	488	5	493
Operating cash flows from discontinued operations	(3)	(5)	(8)
Interest paid	(50)	1	(49)
Financing cash flows from continuing operations	(235)	1	(234)
Financing cash flows from discontinued operations	(1)	(1)	(2)

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 qualifies 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, subject to EU endorsement, and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. The Company has yet to assess the full impact of IFRIC 21 but does not expect a significant impact on the future 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 €265 million paid by April 20, 2014 (2014: €1 million, 2013: credit €1 million and 2012: €265 million) and the remaining to be settled as agreements are reached with the franchisees. During the first quarter of this year, Ahold reached agreement with seven franchisees and 6 stores were converted and opened under the Albert Heijn banner (45 stores converted in total). The remaining 37 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 €155 million on April 20, 2014 (2014: €26 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 45 individual stores that were converted to the Albert Heijn banner have contributed €78 million to Q1 2014 net sales (Q1 2013: €31 million and 18 individual stores) and an insignificant amount to net income.

Other acquisitions

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	26	11	37
Reversal of other intangible assets	(25)	—	(25)
Acquisition of business, net of cash	**1**	**11**	**12**

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	37
Impairment losses	(1)
Exchange rate differences	(2)
Closing carrying amount	**871**
As of April 20, 2014	
At cost	876
Accumulated impairment losses	(5)
Carrying amount	**871**

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:

	Q1 2014	Q1 2013 (restated)[1]
$ million		
Ahold USA	8,040	8,068
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.7288	0.7598
CZK million		
Czech Republic	11,386	11,252
Average Czech Crown exchange rate (euro per Czech Crown)	0.03645	0.03908
€ million		
Ahold USA	5,859	6,129
The Netherlands	3,547	3,506
Czech Republic	415	439
Ahold Group	**9,821**	**10,074**

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

Operating income

Operating income (loss) per segment is as follows:

	Q1 2014	Q1 2013 (restated)[1]
$ million		
Ahold USA	307	231
CZK million		
Czech Republic	238	175
€ million		
Ahold USA	224	173
The Netherlands	175	187
Czech Republic	9	7
Corporate Center	(28)	(20)
Ahold Group	**380**	**347**

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	Q1 2014	Q1 2013 (restated)[1]
Cost of product	6,877	7,071
Labor costs	1,413	1,507
Other operational expenses	743	717
Depreciation and amortization	250	255
Rent expenses and income - net	155	160
Impairment losses and reversals - net	4	18
Gains on the sale of assets - net	(1)	(1)
Total	**9,441**	**9,727**

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

6. Income taxes

The increase in income tax is mainly the result of higher taxable income for Q1 2014. In Q1 2013, income taxes included €12 million of one-time tax benefits, mainly arising from a ruling on an uncertain tax position.

7. Assets and liabilities held for sale and discontinued operations

Income from discontinued operations is specified as follows:

€ million	Q1 2014	Q1 2013 (restated)[1]
Slovakia	(2)	(3)
ICA	—	137
Other[2]	(2)	—
Operating results from discontinued operations[3]	(4)	134
US Foodservice[5]	(180)	(3)
Slovakia	(1)	—
ICA	—	1,611
Other[2]	—	(2)
Results on divestments of discontinued operations[4]	(181)	1,606
Income (loss) from discontinued operations, net of income taxes	**(185)**	**1,740**

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 €2 million and nil for the first quarter of 2014 and 2013, respectively.*
4 *Results on divestments are after net income tax benefits of €39 million and €2 million for the first quarter of 2014 and 2013, respectively.*
5 *Q1 2014 comprises legal costs of €3 million and a settlement provision of €177 million. See Note 13 for a further explanation.*

On November 14, 2013, it was announced that Ahold had reached an agreement with Condorum regarding the sale of Ahold's Slovakian business. On April 15, 2014, it was 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	Q1 2014	Q1 2013
Proceeds from divestment of Slovakia	(34)	—
Proceeds from divestment of ICA	—	2,377
Net cash flows related to other past divestments	(5)	(5)
Divestment of business	(39)	2,372
Cash divested	(5)	—
Divestment of businesses, net of cash divested	**(44)**	**2,372**

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 included as a liability on the balance sheet as of April 20, 2014, and 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, 33,351,457 of the Company's own shares were repurchased and delivered in the first quarter of 2014 (2013: 61,008,851). Shares were repurchased at an average price of €13.18 per share for a total amount of €439 million (2013: average price €12.58 for a total amount of €768 million).

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 April 20, 2014, was 881,439,904 (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	Q1 2014	Q1 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	(468)	2,273
Effect of exchange rate differences on cash and cash equivalents	(5)	11
Restricted cash	4	22
Cash and cash equivalents of continuing operations at the end of quarter	**2,028**	**4,170**

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:

€ million	April 20, 2014		December 29, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans receivable	37	44	37	44
Accounts receivable	622	622	666	666
Reinsurance assets	145	145	136	136
Total loans and receivables	804	811	839	846
Cash and cash equivalents	2,028	2,028	2,496	2,496
Short-term deposits and similar instruments	674	674	1,467	1,467
Derivatives	283	283	284	284
Available for sale	4	4	4	4
Total financial assets	**3,793**	**3,800**	**5,090**	**5,097**

€ million	April 20, 2014		December 29, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Notes	(971)	(1,196)	(970)	(1,169)
Other loans	(4)	(4)	(3)	(4)
Financing obligations	(340)	(348)	(346)	(356)
Mortgages payable	(10)	(11)	(10)	(12)
Finance lease liabilities	(1,114)	(1,438)	(1,143)	(1,468)
Cumulative pref financing shares	(497)	(543)	(497)	(539)
Dividend cumulative preferred financing shares	(30)	(30)	(24)	(24)
Accounts payable	(2,341)	(2,341)	(2,387)	(2,387)
Short-term borrowings	(47)	(47)	(52)	(52)
Dividend common stock	(414)	(414)	—	—
Interest payable	(18)	(18)	(24)	(24)
Reinsurance liabilities	(162)	(162)	(152)	(152)
Other	(43)	(49)	(48)	(54)
Total financial liabilities at amortized cost	(5,991)	(6,601)	(5,656)	(6,241)
Derivatives	(197)	(197)	(182)	(182)
Total financial liabilities	**(6,188)**	**(6,798)**	**(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 market rates prevailing at year end. 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 2013 Annual Report. 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 and in *Note 13 Subsequent events*, there have been no significant changes to this overview through Q1 of 2014.

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 (indicatively €191 million based on the quarter-end CZK exchange rate). With this envisaged transaction, Ahold will acquire 50 stores, of which 36 are compact hypers and 14 are supermarkets. The acquisition will be funded from existing cash resources and is subject to merger clearance.

13. Subsequent events

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.

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 these 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 is anticipated to address the issue in late 2014 or early 2015 and 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 €177 million in Q1, 2014 (€215 million net of an estimated tax recovery of €38 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.

Other financial and operating information

Net sales per channel

€ million	Q1 2014	Q1 2013 (restated)[1]	% change	% change constant rates
Online sales	362	285	27.0 %	29.3 %
Store sales and other sales	9,459	9,789	(3.4)%	(0.6)%
Total net sales	**9,821**	**10,074**	**(2.5)%**	**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 Q1 2014	Impairments	Gains (losses) on the sale of assets	Restructuring and related charges	Other	Operating income Q1 2014
Ahold USA	227	(2)	1	(2)	—	224
The Netherlands	178	(2)	—	(1)	—	175
Czech Republic	9	—	—	—	—	9
Corporate Center	(22)	—	—	(6)	—	(28)
Ahold Group	**392**	**(4)**	**1**	**(9)**	**—**	**380**

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 Q1 2014 is $312 million for Ahold USA and CZK 234 million for Czech Republic.

€ million	Underlying operating income Q1 2013 (restated)[1]	Impairments	Gains (losses) on the sale of assets	Restructuring and related charges	Other	Operating income Q1 2013 (restated)[1]
Ahold USA	247	(18)	—	—	(56)	173
The Netherlands	186	—	1	—	—	187
Czech Republic	7	—	—	—	—	7
Corporate Center	(22)	—	—	—	2	(20)
Ahold Group	**418**	**(18)**	**1**	**—**	**(54)**	**347**

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

Underlying operating income in local currency for Q1 2013 is $328 million for Ahold USA and CZK 170 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 Q1 2014	Depreciation and amortization	Operating income Q1 2014	EBITDA Q1 2013 (restated)[2]	Depreciation and amortization	Operating income Q1 2013 (restated)[2]
Ahold USA	387	(163)	224	343	(170)	173
The Netherlands	251	(76)	175	260	(73)	187
Czech Republic	20	(11)	9	18	(11)	7
Corporate Center	(28)	—	(28)	(19)	(1)	(20)
Total by segment	**630**	**(250)**	**380**	**602**	**(255)**	**347**
Share in income of joint ventures	3			2		
Income (loss) from discontinued operations	(185)			1,740		
Total EBITDA	**448**			**2,344**		

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.*

Free cash flow[1]

€ million	Q1 2014	Q1 2013 (restated)[2]
Operating cash flows from continuing operations before changes in working capital and income tax paid	604	637
Changes in working capital	40	(104)
Income taxes paid - net	(123)	(40)
Purchase of non-current assets	(188)	(263)
Divestments of assets / disposal groups held for sale	8	4
Dividends from joint ventures	1	1
Interest received	3	2
Interest paid	(43)	(49)
Free cash flow	**302**	**188**

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	April 20, 2014	December 29, 2013
Loans	1,302	1,307
Finance lease liabilities	1,038	1,069
Cumulative preferred financing shares	497	497
Non-current portion of long-term debt	2,837	2,873
Short-term borrowings and current portion of long-term debt	145	148
Gross debt	2,982	3,021
Less: Cash, cash equivalents, and short-term deposits and similar instruments[2, 3]	2,702	3,963
Net debt	**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 April 20, 2014, was €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 and €166 million as of April 20, 2014, and December 29, 2013, respectively.*

Store portfolio (including franchise stores)

	End of 2013	Opened / acquired	Closed / sold	End of Q1 2014	End of Q1 2013
Ahold USA	767	—	(2)	765	774
The Netherlands[1]	2,056	15	(9)	2,062	2,010
Czech Republic	284	—	—	284	282
Continuing operations of Ahold Group	**3,107**	**15**	**(11)**	**3,111**	**3,066**
Slovakia	24	—	(24)	—	24
Total	**3,131**	**15**	**(35)**	**3,111**	**3,090**

1 *The number of stores at the end of Q1 2014 includes 1,122 specialty stores (Etos and Gall & Gall) (Q1 2013: 1,114). During Q1 2014, 6 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 the 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

2014/15

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 market trends in the Netherlands, Ahold's improvements to customer proposition, improvements and additions to the assortment in the Netherlands, future growth, better focus on Albert Heijn and its commercial performance, efficient capital structure, share buyback, underlying operating margin in the Netherlands, cost savings, Reshaping Retail strategy, future cash flows, its acquisition of SPAR in the Czech Republic and the court approval of and size, funding and timing of the payment under 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."