

June 6, 2012

# Interim Report

## First quarter 2012

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### **Modest sales growth in first quarter partly impacted by timing of Easter**

- Sales €9.7 billion (up 1.9 percent at constant exchange rates)
  - Operating income €416 million (down 6.3 percent)
  - Net income €282 million (down 3.1 percent)
  - Underlying operating margin 4.3 percent (underlying retail operating margin 4.6 percent)
  - Acquisitions announced of 16 Genuardi's stores on January 5 and 82 C1000/Jumbo stores on April 26
  - bol.com acquisition completed May 9
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*Amsterdam, the Netherlands* – Ahold today published its interim report for the first quarter of 2012.

CEO Dick Boer said: "Sales growth in the first quarter was modest at 1.9 percent at constant exchange rates, reflecting the timing of Easter and challenging market conditions. However, we saw underlying trends improving slightly as the quarter developed and are encouraged by the sales trend in the second quarter, albeit against a background of weak market conditions.

"We continued to invest in competitiveness both in the United States and in Europe with higher levels of promotional activity, resulting in market share gains in the United States and maintaining our market share in the Netherlands.

"As we said before, we expect 2012 to be another challenging year for the food retail industry, with intense competitive activity and consumer spending under pressure due to economic uncertainty, particularly in Europe. We remain confident that our strong brands are well positioned and are well on track to deliver on our strategy.

"We will continue to invest in growth and are very pleased to have completed the acquisition of bol.com, whose capabilities will accelerate Ahold's online growth, and look forward to completing our announced acquisitions of the Genuardi's and C1000/Jumbo stores, which will extend our network in our two key markets."

## Group performance

(€ million)	Q1 2012	Q1 2011	% change
Net sales	9,716	9,251	5.0%*
Operating income	416	444	(6.3)%
Income from continuing operations	284	298	(4.7)%
Net income	282	291	(3.1)%

\* At constant exchange rates, net sales increased by 1.9 percent.

We are making progress on last year's launch of our Reshaping Retail strategy at Ahold, which involved taking advantage of rapid changes in consumer behavior, shopping trends and the retail landscape. We continue to focus on improving our competitive position through cost reductions and overall simplification of our processes. We are on target to deliver our €350 million cost savings program for the next three years. Our online retail operations, both in the United States and the Netherlands, achieved strong sales growth.

We continue to invest in profitable growth and act when opportunities arise.

- In the United States the performance of our three pick-up points for online grocery shopping is promising.
- We announced the acquisition of 16 Genuardi's stores in Greater Philadelphia in the United States on January 5.
- We announced on April 26 that we had reached an agreement with Dutch supermarket chain Jumbo to acquire 78 C1000 and 4 Jumbo supermarkets in the Netherlands.
- We successfully completed the acquisition of bol.com on May 9, the most visited retail website in the Netherlands.
- During April and May, we opened 2 new Albert Heijn supermarkets in Belgium, bringing our total number of Belgian stores to 4. We are pleased with the performance of our Belgian stores.

We continue to take steps to make our capital structure more efficient by investing in growth, reducing debt and returning cash to shareholders while remaining committed to an investment grade credit rating.

- This quarter we completed our accelerated €1 billion share buy-back program that started on March 7, 2011.
- In March 2012, €407 million notes were repaid upon maturity.
- A dividend of €0.40 per common share was paid on May 2, 2012 (Ahold's second quarter), a year-over-year increase of 38 percent. The dividend was in line with our policy to target a payout of 40 – 50 percent of adjusted income from continuing operations.

As we pursue our growth strategy launched in November 2011, management has determined that it is more appropriate to manage Ahold's business according to a broader set of ambitions than net sales growth and underlying retail margin. In that context we will report underlying operating margin for the total Group, which includes Corporate Center costs, as of the first quarter of 2012. Underlying operating margin for the Group is a more relevant measure of profitability for food retail companies.

## First quarter 2012 (compared to first quarter 2011)

Net sales were €9.7 billion, up 5.0 percent. At constant exchange rates, net sales increased by 1.9 percent. In a challenging market environment where competition was intense, customers were focused on value. We concluded a slower start of the year with an improved momentum towards the end of the quarter, including a good Easter holiday performance. In the quarter, Ahold USA achieved 2.8 percent sales growth and the Netherlands achieved 1.2 percent growth. Sales in Other Europe

(Czech Republic and Slovakia combined) decreased 3.4 percent at constant exchange rates, negatively impacted by a VAT increase in the Czech Republic.

Overall, sales growth was impacted through a shift in holidays, mainly as a result of the timing of Easter where in 2011 the low-sales, post-Easter week fell in the second quarter.

Operating income was €416 million, down 6.3 percent. Underlying operating margin was 4.3 percent compared to 4.7 percent. Last year's margins in Ahold USA benefited from the timing of Easter.

Income from continuing operations was €284 million, €14 million lower than last year. This was driven by a decrease of €28 million in operating income offset by an increase of €13 million in share in income of joint ventures.

Net income was €282 million, down €9 million. The result from discontinued operations related to past divestments was a €2 million loss compared to a €7 million loss last year. Income per share from continuing operations was €0.27, an increase of €0.01 compared to last year.

Free cash flow was €291 million, €116 million lower than last year. Included in last year's free cash flow was a dividend of €128 million from our joint venture ICA. The equivalent dividend from ICA in 2012 is €135 million and was received in Q2. Operating cash flows from continuing operations were up €29 million, as Q1 2011 included higher cash tax payments of €60 million.

This quarter's free cash flow was mainly used to repay a €407 million note and to complete the share buyback program. Cash and cash equivalents decreased by €235 million to €2,203 million, in line with making Ahold's capital structure more efficient.

Net debt decreased by €118 million from Q4 2011 to €970 million. Net debt does not include our commitments under operating lease contracts, which on an undiscounted basis amount to €5.9 billion. These off-balance sheet commitments impact our capital structure. The present value of these commitments is added to net debt to measure our leverage against EBITDAR. The ratio of net lease-adjusted debt to EBITDAR stood at 1.8 times, unchanged from year-end 2011.

## **Performance by segment (compared to first quarter 2011)**

### **Ahold USA**

Net sales were \$7.8 billion, up 2.8 percent. Identical sales were up 1.4 percent (0.1 percent excluding gasoline). Underlying operating margin was 4.1 percent compared to 4.6 percent. During the first quarter of last year, solid sales growth was achieved reflecting the favorable timing of Easter (where the relatively low-sales post-Easter week shifted into the second quarter) and good operational execution during adverse weather events.

### **The Netherlands**

Net sales increased 1.2 percent to €3.3 billion. Identical sales were up 0.2 percent. Underlying operating margin was 6.0 percent, unchanged from 2011. The margin in Q1 2012 reflected both increased promotional activities and increased expenses, particularly those related to wages. Last year's Q1 margin reflected Albert Heijn's decision to not price in a significant portion of underlying cost price inflation.

### **Other Europe (Czech Republic and Slovakia)**

Net sales decreased 5.6 percent to €508 million. At constant exchange rates, net sales decreased 3.4 percent. Identical sales decreased 3.9 percent (4.6 percent excluding gasoline). An increase in the main VAT rate from 10 to 14 percent in the Czech Republic had a negative impact on consumer confidence and buying power. Underlying operating margin was 0.8 percent compared to 1.1 percent, impacted by lower sales.

### Unconsolidated joint ventures

Ahold's share in income of unconsolidated joint ventures was €32 million, €13 million better than last year. This was mainly due to an increase of €12 million in the results of ICA as results in Norway, Sweden and the Baltic countries improved.

### Corporate Center

Costs for the Corporate Center were €22 million for the quarter, up €7 million; underlying Corporate Center costs were €24 million. Excluding the impact of the Company's insurance activities, Corporate Center costs were €23 million, an increase of €4 million over last year, mainly due to various non-recurring items.

## Other financial and operating information

### Identical/comparable sales growth (% year over year)<sup>1</sup>

	Q1 2012 Identical	Q1 2012 Identical excluding gasoline	Q1 2012 Comparable
Ahold USA	1.4%	0.1%	1.8%
The Netherlands	0.2%	0.2%	
Other Europe	(3.9)%	(4.6)%	

1. For the definition of identical and comparable sales see section "Other information" – "Use of non-GAAP financial measures".

### Underlying operating income<sup>1</sup>

	Q1 2012	Q1 2011	% change
\$ million			
Ahold USA	320	351	(8.8)%
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.7621	0.7235	5.3%
€ million			
Ahold USA	244	254	(3.9)%
The Netherlands	195	194	0.5%
Other Europe	4	6	(33.3)%
Total retail	443	454	(2.4)%
Corporate Center	(24)	(15)	(60.0)%
<b>Ahold Group</b>	<b>419</b>	<b>439</b>	<b>(4.6)%</b>

1. For the definition of underlying operating income see section "Other information" – "Use of non-GAAP financial measures".

### Underlying operating margin

Underlying operating margin is defined as underlying operating income as a percentage of net sales.

	Q1 2012	Q1 2011
Ahold USA	4.1%	4.6%
The Netherlands	6.0%	6.0%
Other Europe	0.8%	1.1%
<b>Total retail</b>	<b>4.6%</b>	<b>4.9%</b>
<b>Ahold Group</b>	<b>4.3%</b>	<b>4.7%</b>

### Store portfolio (including franchise stores)

	End of 2011	Opened/ acquired	Closed/ sold	End of Q1 2012	End of Q1 2011
Ahold USA	756	5	(2)	759	752
The Netherlands <sup>1</sup>	1,946	5	(6)	1,945	1,927
Other Europe	306	1	-	307	306
<b>Ahold Group</b>	<b>3,008</b>	<b>11</b>	<b>(8)</b>	<b>3,011</b>	<b>2,985</b>

1. The number of stores at the end of Q1 2012 includes 1,087 specialty stores (Etos and Gall & Gall) (Q1 2011: 1,077).

### EBITDA<sup>1</sup>

(€ million)	Q1 2012	Q1 2011	% change
Ahold USA	402	409	(1.7)%
The Netherlands	262	265	(1.1)%
Other Europe	19	20	(5.0)%
Corporate Center	(22)	(15)	(46.7)%
<b>EBITDA by segment</b>	<b>661</b>	<b>679</b>	<b>(2.7)%</b>
Share in income of joint ventures	32	19	68.4%
Loss from discontinued operations	(2)	(7)	71.4%
<b>Total EBITDA</b>	<b>691</b>	<b>691</b>	<b>-</b>

1. For the definition of EBITDA see section "Other information" – "Use of non-GAAP financial measures".

### Free cash flow<sup>1</sup>

(€ million)	Q1 2012	Q1 2011
Operating cash flows from continuing operations	560	531
Purchase of non-current assets	(227)	(214)
Divestments of assets/disposal groups held for sale	10	11
Dividends from joint ventures	4	130
Interest received	4	4
Interest paid	(60)	(55)
<b>Free cash flow</b>	<b>291</b>	<b>407</b>

1. For the definition of free cash flow see section "Other information" – "Use of non-GAAP financial measures".

**Net debt**

(€ million)	April 22, 2012	January 1, 2012
Loans	1,440	1,489
Finance lease liabilities	1,147	1,158
Cumulative preferred financing shares	497	497
Non-current portion of long-term debt	3,084	3,144
Short-term borrowings and current portion of long-term debt	165	536
Gross debt	3,249	3,680
Less: Cash, cash equivalents and short-term deposits <sup>1</sup>	2,279	2,592
<b>Net debt</b>	<b>970</b>	<b>1,088</b>

1. 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 €136 million and €181 million as of April 22, 2012 and January 1, 2012, respectively.

## Consolidated income statement

(€ million, except per share data)	Note	Q1 2012	Q1 2011
Net sales	3	9,716	9,251
Cost of sales	4	(7,185)	(6,826)
<b>Gross profit</b>		<b>2,531</b>	<b>2,425</b>
Selling expenses		(1,839)	(1,726)
General and administrative expenses		(276)	(255)
Total operating expenses	4	(2,115)	(1,981)
<b>Operating income</b>	<b>3</b>	<b>416</b>	<b>444</b>
Interest income		3	6
Interest expense		(74)	(77)
Other financial income		-	1
Net financial expense		(71)	(70)
<b>Income before income taxes</b>		<b>345</b>	<b>374</b>
Income taxes		(93)	(95)
Share in income of joint ventures	5	32	19
<b>Income from continuing operations</b>		<b>284</b>	<b>298</b>
Loss from discontinued operations	6	(2)	(7)
<b>Net income attributable to common shareholders</b>		<b>282</b>	<b>291</b>
Net income per share attributable to common shareholders			
Basic		0.27	0.26
Diluted		0.26	0.25
Income from continuing operations per share attributable to common shareholders			
Basic		0.27	0.26
Diluted		0.26	0.25
Weighted average number of common shares outstanding (in millions)			
Basic		1,045	1,137
Diluted		1,107	1,199
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.7621	0.7235

## Consolidated statement of comprehensive income

(€ million)	Q1 2012	Q1 2011
<b>Net income</b>	<b>282</b>	<b>291</b>
Currency translation differences in foreign interests:		
Currency translation differences before taxes	(57)	(230)
Income taxes	-	(1)
Cash flow hedges:		
Fair value gains in the year	(37)	7
Transfers to net income	26	(6)
Income taxes	3	-
Share of other comprehensive income (loss) of joint ventures - net of income taxes	1	(3)
Other comprehensive income	(64)	(233)
<b>Total comprehensive income attributable to common shareholders</b>	<b>218</b>	<b>58</b>



## Consolidated balance sheet

(€ million)	Note	April 22, 2012	January 1, 2012
<b>Assets</b>			
Property, plant and equipment		5,878	5,984
Investment property		575	593
Intangible assets		869	836
Investments in joint ventures		1,119	1,087
Other non-current financial assets		884	859
Deferred tax assets		349	394
Other non-current assets		34	34
<b>Total non-current assets</b>		<b>9,708</b>	<b>9,787</b>
Assets held for sale		12	-
Inventories		1,443	1,466
Receivables		696	751
Other current financial assets		119	336
Income taxes receivable		31	27
Other current assets		176	175
Cash and cash equivalents	8	2,203	2,438
<b>Total current assets</b>		<b>4,680</b>	<b>5,193</b>
<b>Total assets</b>		<b>14,388</b>	<b>14,980</b>
<b>Equity and liabilities</b>			
Equity attributable to common shareholders	7	5,417	5,877
Loans		1,440	1,489
Other non-current financial liabilities		1,848	1,813
Pensions and other post-employment benefits		90	94
Deferred tax liabilities		209	199
Provisions		666	664
Other non-current liabilities		228	230
<b>Total non-current liabilities</b>		<b>4,481</b>	<b>4,489</b>
Liabilities related to assets held for sale		4	-
Accounts payable		2,300	2,436
Other current financial liabilities		676	648
Income taxes payable		138	136
Provisions		252	253
Other current liabilities		1,120	1,141
<b>Total current liabilities</b>		<b>4,490</b>	<b>4,614</b>
<b>Total equity and liabilities</b>		<b>14,388</b>	<b>14,980</b>
Quarter-end U.S. dollar exchange rate (euro per U.S. dollar)		0.7562	0.7724

## 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
<b>Balance as of January 2, 2011</b>	<b>358</b>	<b>9,916</b>	<b>(385)</b>	<b>(63)</b>	<b>(3,916)</b>	<b>5,910</b>
Dividends	-	-	-	-	(328)	(328)
Total comprehensive income	-	-	(231)	1	288	58
Share buyback	-	-	-	-	(191)	(191)
Share-based payments	-	-	-	-	7	7
<b>Balance as of April 24, 2011</b>	<b>358</b>	<b>9,916</b>	<b>(616)</b>	<b>(62)</b>	<b>(4,140)</b>	<b>5,456</b>
<b>Balance as of January 1, 2012</b>	<b>330</b>	<b>9,094</b>	<b>(265)</b>	<b>(93)</b>	<b>(3,189)</b>	<b>5,877</b>
Dividends	-	-	-	-	(415)	(415)
Total comprehensive income	-	-	(57)	(8)	283	218
Share buyback	-	-	-	-	(277)	(277)
Share-based payments	-	-	-	-	14	14
<b>Balance as of April 22, 2012</b>	<b>330</b>	<b>9,094</b>	<b>(322)</b>	<b>(101)</b>	<b>(3,584)</b>	<b>5,417</b>

\* The comparative information was changed to conform to the current year presentation, as disclosed in Note 2.

## Consolidated statement of cash flows

(€ million)	Note	Q1 2012	Q1 2011*
Operating income		416	444
Adjustments for:			
Depreciation, amortization and impairments		252	237
Gains on the sale of assets/disposal groups held for sale		(4)	(7)
Share-based compensation expenses		12	8
Operating cash flows before changes in operating assets and liabilities		676	682
Changes in working capital:			
Changes in inventories		7	(31)
Changes in receivables and other current assets		44	24
Changes in payables and other current liabilities		(121)	(1)
Changes in non-current assets and liabilities		(1)	(38)
Cash generated from operations		605	636
Income taxes paid - net		(45)	(105)
Operating cash flows from continuing operations		560	531
Operating cash flows from discontinued operations		(2)	(4)
<b>Net cash from operating activities</b>		<b>558</b>	<b>527</b>
Purchase of non-current assets		(227)	(214)
Divestments of assets/disposal groups held for sale		10	11
Acquisition of businesses, net of cash acquired		(15)	(2)
Divestment of businesses, net of cash divested		(3)	(7)
Changes in short-term deposits		78	-
Dividends from joint ventures		4	130
Interest received		4	4
Other		2	(2)
Investing cash flows from continuing operations		(147)	(80)
<b>Net cash from investing activities</b>		<b>(147)</b>	<b>(80)</b>
Interest paid		(60)	(55)
Repayments of loans		(416)	(8)
Repayments of finance lease liabilities		(20)	(18)
Change in short term loans		34	2
Share buyback	7	(277)	(191)
Change in derivatives		122	(10)
Other		3	5
Financing cash flows from continuing operations		(614)	(275)
Financing cash flows from discontinued operations		(1)	(1)
<b>Net cash from financing activities</b>		<b>(615)</b>	<b>(276)</b>
<b>Net cash from operating, investing and financing activities</b>	<b>8</b>	<b>(204)</b>	<b>171</b>
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.7621	0.7235

\* The comparative information was changed to conform to the current year presentation.

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 8.

## Notes to the summary financial statements

### 1. The Company and its operations

The principal activity of Koninklijke Ahold N.V. ("Ahold" or the "Company"), a public limited liability company with its registered seat in Zaandam, the Netherlands and its head office in Amsterdam, 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 2011 consolidated financial statements.

Ahold's reporting calendar is based on 13 periods of four weeks, with 2012 and 2011 each comprising 52 weeks. The first quarters of 2012 and 2011 are each comprised of 16 weeks. The financial year of Ahold's unconsolidated joint ventures, ICA AB ("ICA") and JMR - Gestão de Empresas de Retalho, SGPS. S.A. ("JMR"), corresponds to the calendar year. Any significant transactions and/or events between ICA's and JMR's quarter-end and Ahold's quarter-end are taken into account in the preparation of Ahold's financial statements.

#### *Change in presentation*

In Q4 2011, Ahold adjusted the presentation of the components of equity in the consolidated statement of changes in equity, which resulted in a retrospective impact on the first 3 quarters of 2011. The Q1 2011 comparative figures have been changed to conform to the current year presentation resulting in a net reclassification of €3 million between currency translation reserve, cash flow hedging reserve and other reserves including accumulated deficit. The total equity attributable to common shareholders has not been impacted.

### 3. Segment reporting

Ahold's retail operations are presented in three reportable segments. In addition, Other retail, consisting of Ahold's unconsolidated joint ventures ICA and 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, Etos, Gall & Gall, and albert.nl
Other Europe	Albert (Czech Republic and Slovakia) and Hypernova (Slovakia)
Other	Included in Other
Other retail	Unconsolidated joint ventures ICA (60 percent) and JMR (49 percent)
Corporate Center	Corporate Center staff (the Netherlands, Switzerland, and the United States)

**Net sales**

Net sales per segment are as follows:

	Q1 2012	Q1 2011	% change
\$ million			
Ahold USA	7,803	7,592	2.8%
<i>Average U.S. dollar exchange rate (euro per U.S. dollar)</i>	<i>0.7621</i>	<i>0.7235</i>	<i>5.3%</i>
€ million			
Ahold USA	5,946	5,490	8.3%
The Netherlands	3,262	3,223	1.2%
Other Europe	508	538	(5.6)%
<b>Ahold Group</b>	<b>9,716</b>	<b>9,251</b>	<b>5.0%</b>

The combined net sales of Ahold's unconsolidated joint ventures ICA and JMR amounted to €3,373 million and €3,188 million for Q1 2012 and Q1 2011, respectively.

**Operating income**

Operating income (loss) per segment is as follows:

	Q1 2012	Q1 2011	% change
\$ million			
Ahold USA	311	350	(11.1)%
<i>Average U.S. dollar exchange rate (euro per U.S. dollar)</i>	<i>0.7621</i>	<i>0.7235</i>	<i>5.3%</i>
€ million			
Ahold USA	237	254	(6.7)%
The Netherlands	197	200	(1.5)%
Other Europe	4	5	(20.0)%
Corporate Center	(22)	(15)	(46.7)%
<b>Ahold Group</b>	<b>416</b>	<b>444</b>	<b>(6.3)%</b>

**Ahold USA**

Q1 2012 operating income included \$10 million (€7 million) of impairment charges and \$1 million (€nil) of gains on the sale of assets.

Included in the Q1 2011 operating income was \$8 million (€6 million) of reorganization and IT integration costs.

**The Netherlands**

Q1 2012 operating income included €2 million of gains on the sale of assets.

Q1 2011 operating income included €6 million of gains on the sale of assets.

**Other Europe**

Q1 2011 operating income included impairments of €1 million.

### Corporate Center

Corporate Center costs for Q1 2012 were up €7 million compared to same period last year.

Excluding the impact of the Company's insurance activities, Corporate Center costs were €23 million, €4 million higher.

### 4. Expenses by nature

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

€ million	Q1 2012	Q1 2011
Cost of product	6,858	6,497
Employee benefit expenses	1,305	1,227
Other operational expenses	731	705
Depreciation and amortization	245	235
Rent expenses and income - net	158	148
Impairment losses and reversals - net	7	2
Gains on the sale of assets - net	(4)	(7)
<b>Total</b>	<b>9,300</b>	<b>8,807</b>

### 5. Share in income of joint ventures

The Company's share in income of joint ventures is net of income taxes and is specified as follows:

€ million	Q1 2012	Q1 2011
ICA	29	17
JMR	2	1
Other	1	1
<b>Total</b>	<b>32</b>	<b>19</b>

### 6. Discontinued operations

Income (loss) from discontinued operations, consisting of results on divestments, is specified as follows:

€ million	Q1 2012	Q1 2011
BI-LO and Bruno's	-	(1)
Other*	(2)	(6)
Results on divestments	(2)	(7)
<b>Loss from discontinued operations, net of income taxes</b>	<b>(2)</b>	<b>(7)</b>

\* Includes adjustments to the result on various past divestments.

### 7. Equity attributable to common shareholders

#### Dividend on common shares

On April 17, 2012, the General Meeting of Shareholders approved the dividend over 2011 of €0.40 per common share (€415 million in the aggregate). This dividend was included as a liability on the balance sheet as of April 22, 2012. The dividend was paid on May 2, 2012.

#### Share buyback

On March 19, 2012, Ahold completed its €1 billion share buyback program. Under this program, 106,814,343 of the Company's own shares were repurchased and delivered in 2011 and 2012 (2011: 79,982,258 and 2012: 26,832,085) for a total consideration of €1 billion (2011: €723 million and 2012: €277 million), at an average price of €9.36 (2011: €9.04 and 2012: €10.33).

The number of outstanding common shares as of April 22, 2012 was 1,037,800,593 (January 1, 2012: 1,059,805,233).

## 8. Cash flow

The changes in cash and cash equivalent balances are as follows:

€ million	Q1 2012	Q1 2011
Cash and cash equivalents at the beginning of the year	2,438	2,600
Restricted cash	(31)	(21)
Cash and cash equivalents beginning of the year, excluding restricted cash	2,407	2,579
Net cash from operating, investing and financing activities	(204)	171
Effect of exchange rate differences on cash and cash equivalents	(28)	(71)
Restricted cash	28	19
<b>Cash and cash equivalents at the end of the quarter</b>	<b>2,203</b>	<b>2,698</b>

## 9. Commitments and contingencies

A comprehensive overview of commitments and contingencies as of January 1, 2012 is included in Note 34 of Ahold's 2011 consolidated financial statements, which were published as part of Ahold's Annual Report on March 6, 2012.

## 10. Subsequent events

### *Acquisition of stores from Jumbo*

On April 26, 2012, Ahold announced that it had reached an agreement with Jumbo regarding the transfer of 78 C1000 and 4 Jumbo stores for €290 million. Four of the stores are company-owned and will be converted to the Albert Heijn banner as soon as possible. The remaining 78 franchisee-owned stores will be converted to the Albert Heijn banner over a period of time, in close cooperation with the franchisees. The acquisition is subject to customary conditions, including approval by competition authorities.

### *Acquisition of bol.com*

On May 9, 2012, Ahold announced that it had successfully completed the acquisition of 100 percent of bol.com from Cyrte Investments and NPM Capital in exchange for a transaction value of €350 million, paid in cash.

## Use of non-GAAP financial measures

This summary report includes the following non-GAAP financial measures:

- **Net sales at constant exchange rates.** Net sales at constant exchange rates exclude the impact of using different currency exchange rates to translate the financial information of Ahold subsidiaries or joint ventures to euros. Ahold's management believes this measure provides a better insight into the operating performance of Ahold's foreign subsidiaries or joint ventures.
- **Net sales in local currency.** In certain instances, net sales are presented in local currency. Ahold's management believes this measure provides a better insight into the operating performance of Ahold's foreign subsidiaries.
- **Identical sales.** Net sales from exactly the same stores in local currency for the comparable period.
- **Identical sales, 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 identical store sales.
- **Comparable sales.** Identical sales plus net sales from replacement stores in local currency. Comparable sales are only reported for Ahold USA.
- **Underlying operating income.** Total operating income, adjusted for impairments of non-current assets, gains and losses on the sale of assets and restructuring and related charges. Ahold's management believes this measure provides better insight into underlying operating performance of Ahold's operations.

The reconciliation from the underlying operating income per segment to the operating income per segment is as follows for Q1 2012 and Q1 2011, respectively:

(€ million)	Underlying operating income Q1 2012	Impairments	Gains on the sale of assets	Restructuring and related charges	Operating income Q1 2012
Ahold USA	244	(7)	-	-	237
The Netherlands	195	-	2	-	197
Other Europe	4	-	-	-	4
Total retail	443	(7)	2	-	438
Corporate Center	(24)	-	2	-	(22)
<b>Ahold Group</b>	<b>419</b>	<b>(7)</b>	<b>4</b>	<b>-</b>	<b>416</b>



	Underlying operating income Q1 2011	Impairments	Gains on the sale of assets	Restructuring and related charges	Operating income Q1 2011
(€ million)					
Ahold USA	254	(1)	1	-	254
The Netherlands	194	-	6	-	200
Other Europe	6	(1)	-	-	5
Total retail	454	(2)	7	-	459
Corporate Center	(15)	-	-	-	(15)
<b>Ahold Group</b>	<b>439</b>	<b>(2)</b>	<b>7</b>	<b>-</b>	<b>444</b>

- **Operating income in local currency.** In certain instances operating income is presented in local currency. Ahold's management believes this measure provides better insight into the operating performance of Ahold's foreign subsidiaries.
- **Earnings before interest, taxes, depreciation and amortization.** EBITDA is net income before net financial expense, income taxes, depreciation and amortization. However, EBITDA does not exclude impairments. EBITDA allows investors to analyze the profitability between companies and industries by eliminating the effects of financing (i.e., net financial expense) and capital investments (i.e., depreciation and amortization).

The reconciliation from EBITDA per segment to operating income per segment is as follows for Q1 2012 and Q1 2011, respectively:

	EBITDA Q1 2012	Depreciation and amortization	Operating income Q1 2012	EBITDA Q1 2011	Depreciation and amortization	Operating income Q1 2011
(€ million)						
Ahold USA	402	(165)	237	409	(155)	254
The Netherlands	262	(65)	197	265	(65)	200
Other Europe	19	(15)	4	20	(15)	5
Corporate Center	(22)	-	(22)	(15)	-	(15)
<b>Total</b>	<b>661</b>	<b>(245)</b>	<b>416</b>	<b>679</b>	<b>(235)</b>	<b>444</b>

- **Free cash flow.** Operating cash flows from continuing operations minus net capital expenditures minus net interest paid plus dividends received. Ahold's management believes this measure is useful because it provides insight into the cash flow available to, among other things, reduce debt and pay dividends.
- **Net debt.** Net debt is the difference between (i) the sum of loans, finance lease liabilities, cumulative preferred financing shares and short-term debt (i.e., gross debt) and (ii) cash, cash equivalents, and short-term deposits. In management's view, because cash, cash equivalents and short-term deposits can be used, among other things, to repay indebtedness, netting this against gross debt is a useful measure for investors to judge Ahold's leverage. Net debt may include certain cash items that are not readily available for repaying debt.
- **Net lease-adjusted debt / EBITDAR.** Net debt increased by the present value of future operating lease commitments over net income before net financial expense, income taxes, depreciation, amortization and gross rent expense, measured on a rolling annual basis. Ahold's management believes this measure is useful because it provides insight into Ahold's leverage, adjusted for the impact of operating leases that count for a significant part of Ahold's capital structure.

Management believes that these non-GAAP financial measures allow for a better understanding of Ahold's operating and financial performance. These non-GAAP financial measures should be considered in addition to, but not as substitutes for, the most directly comparable IFRS measures.

## Financial calendar

Ahold's financial year consists of 52 or 53 weeks and ends on the Sunday nearest to December 31.

Ahold's 2012 financial year consists of 52 weeks and ends on December 30, 2012. The quarters in 2012 are:

First Quarter (16 weeks)	January 2, 2012 through April 22, 2012
Second Quarter (12 weeks)	April 23 through July 15, 2012
Third Quarter (12 weeks)	July 16 through October 7, 2012
Fourth Quarter (12 weeks)	October 8, 2012 through December 30, 2012

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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 sales trend in the second quarter of 2012, 2012 being another challenging year for the food retail industry, continuing focus on improving Ahold's competitive position through cost reductions and the overall simplification of Ahold's processes, continuing investment in growth, Ahold's online growth, steps to make Ahold's capital structure more efficient by investing in growth, reducing debt and returning cash to shareholders and continuing commitment to an investment grade credit rating, the progress of Ahold's strategy and cost savings program, the completion of the acquisition of the Genuardi's and C1000/Jumbo stores and the conversion of the acquired C1000/Jumbo stores to the Albert Heijn banner. 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 complete successfully 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".

