Third quarter 2014 results

Group highlights Q3 2014

Business and strategic highlights

- Improved sales trends in the United States and the Netherlands
- Underlying operating margin excluding SPAR acquisition stable versus prior quarter
- Program to improve customer proposition in the U.S. rolled out to over half of our stores
- Format improvements at Albert Heijn
- Integration of Czech SPAR business well underway
- Update on Ahold Online Strategy November 17/18

Group performance

(in millions of euros)

	Quarter 3			
	2014	2013	Change	Change at constant rates
Sales	7,472	7,331	1.9%	1.5%
Underlying operating income	285	300	(5.0)%	(5.5)%
Underlying operating margin	3.8%	4.1%		
Operating income	274	251	9.2%	9.7%
Income from continuing operations	177	165	7.3%	8.0%
Net income	178	165	7.9%	8.5%

- Sales of €7.5 billion up 1.5% (at constant exchange rates)
- Underlying operating margin, excluding SPAR acquisition, stable versus prior quarter at 3.9%
- Operating income Q3 2013 includes Restructuring charge New Hampshire

Performance by segment

(in millions of euros)

	Ahold USA		The Netherlands		Czech Republic	
	Q3 2014	Change*	Q3 2014	Change	Q3 2014	Change*
Sales	4,501	0.4%	2,604	1.4%	367	18.7%
Underlying operating income	169	(6.4)%	127	(5.9)%	(1)	(103.2)%
Underlying operating margin	3.8 %	(0.2)	4.9%	(0.4)	(0.3)%	(1.8)
Identical sales growth ex gas	1.2%		(1.1)%		(2.0)%	

- U.S. sales impact by business interruption main competitor in New England (140 bps benefit in sales)
- Dutch margin impacted by bol.com (-30 bps versus -20bps in Q2)
- Excluding SPAR, Czech margin in line with last year

* at constant exchange rates

Operating cash flow generation

(in millions of euros)

	Year to date		
	2014	2013	Change
Operating cash flow*	1,526	1,622	(95)
Change in working capital	(260)	(187)	(73)
Income tax paid	(242)	(126)	(116)
Net investment	(450)	(530)	80
Interest and dividend joint ventures	(132)	(155)	23
Free cash flow	**442**	**624**	**(182)**

- Higher income tax paid , primarily related to prior years

* From continuing operations before changes in working capital and income tax paid

Business highlights: Ahold USA

Program to improve customer proposition rolled out to 501 stores

- Improving sales trends
- Targeted price reductions
- Encouraging volume uplifts
- Investment largely funded by Simplicity cost savings
- Roll-out completed by H1 2015

Giant Landover: rollout program accelerated to all 168 stores

- Highly competitive market
- Increased marketing and advertising campaigns
- Improving range and quality
- Focus on Key Value Items in Fresh and Dry Groceries

Own-brand assortment penetration increased by 60 bps to 37.6%

- Limited Time Originals:
- Seasonal themes
- Exclusive products

- Buy Theirs, Get Ours Free:
- Massive trial
- New Households
- Significant incremental sales

Business highlights: the Netherlands

Format improvements for larger Albert Heijn stores

Albert Heijn to go convenience stores remodeled to new format

- 10+ % sales uplift after remodeling
- 20 stores remodeled ytd

Albert Heijn widest range of sustainable products

- Recognized by Dutch Consumers Association

Business highlights: Czech Republic

All 14 SPAR supermarkets rebranded

- Significant sales uplift with improved gross margin
- New replenishment system in DC and stores

Successful conversion of first compact hyper

- All large stores to be converted before Easter 2015

Support office and supply chain integration on track

Outlook

- Investments in our customer proposition and further development of our formats and assortment will continue to result in improving sales trends
- For the remainder of the year, we expect margins in the United States and in the Netherlands to remain broadly at current levels, supported by savings from our Simplicity Program
- For our Czech business, the SPAR acquisition will have a negative impact on underlying operating income of €10 million in H2 2014
- Free cash flow for the year at around €800m, including higher tax payments, primarily related to prior years

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