February 26, 2015

Summary Report

Fourth quarter and Full year 2014

Zaandam, the Netherlands – Ahold today published its summary report for the fourth quarter and full-year 2014.

- Q4 sales of €8.1 billion, up 7.9% driven by currency and improved sales trends (up 2.6% at constant exchange rates)
- Underlying operating margin of 3.7%; excluding the impact of the SPAR acquisition, stable versus prior two quarters at 3.9%
- Simplicity program 2012-2014 achieved €865 million; new target for 2015 of €350 million
- Strong free cash flow in Q4 resulted in full-year free cash flow of €1,055 million
- Dividend increased by 2.1% to €0.48 per share
- New €500 million share buyback program over the next 12 months

CEO Dick Boer said: "In the fourth quarter, we reported a strong sales performance, reflecting a positive currency impact as well as improvements in underlying sales trends, both in the United States and in the Netherlands. Our underlying operating margin was stable versus the previous two quarters, adjusted for the SPAR acquisition. Free cash flow generation during the quarter was strong, with €613 million compared to €485 million last year.

"The actions we took this year across our businesses to improve our customer proposition and to provide better value to our customers resulted in an improving sales performance over the course of the year. Operating income of €1,250 million was slightly higher than last year. Underlying operating margin of 3.9% was impacted by investments in our customer proposition in the United States, strong sales growth from our online business in the Netherlands and our acquisition of the SPAR stores in the Czech Republic. We completed our 2012-2014 Simplicity program and achieved €865 million in cost and efficiency improvements, exceeding our target of €600 million.

"We continued to generate strong free cash flow, amounting to €1,055 million for the year. In May, we executed our €1 billion capital repayment and reverse stock split and by December we completed our €2 billion share buyback program. Today, we are announcing a new €500 million share buyback program over the next 12 months. Following our strong free cash flow, the Board has proposed a 2.1% increase in our dividend to €0.48, reflecting a payout of 51%."

Group performance

€ million, except per share data	Q4 2014	Q4 2013	% change	% change constant rates	2014	2013[1]	% change	% change constant rates
Net sales	8,061	7,472	7.9 %	2.6 %	32,774	32,615	0.5 %	0.8 %
Underlying operating income	302	320	(5.6)%	(10.1)%	1,267	1,379	(8.1)%	(8.0)%
Underlying operating margin	3.7%	4.3%			3.9%	4.2%		
Operating income	336	311	8.0 %	2.6 %	1,250	1,239	0.9 %	0.9 %
Income from continuing operations	221	225	(1.8)%	(7.3)%	791	805	(1.7)%	(1.9)%
Net income[1]	219	215	1.9 %	(3.9)%	594	2,537	(76.6)%	(76.6)%
Basic earnings per share from continuing operations	0.27	0.23	17.4 %	12.5 %	0.90	0.79	13.9 %	13.9 %

1 *The decline in net income for full year 2014 compared to 2013 was primarily due to the results from discontinued operations. 2014 results include a charge representing the net of tax settlement amount and associated legal fees for the Waterbury litigation of €194 million, while 2013 results included income of €1,751 million following the sale of our former joint venture ICA.*

Performance by segment

Ahold USA

€ million	Q4 2014	Q4 2013	% change	% change constant rates	2014	2013	% change	% change constant rates
Net sales	4,789	4,418	8.4 %	(0.5)%	19,557	19,676	(0.6)%	(0.5)%
Underlying operating income	180	177	1.7 %	(7.0)%	738	801	(7.9)%	(7.9)%
Underlying operating margin	3.8 %	4.0 %			3.8 %	4.1%		
Identical sales growth	(0.7)%	(2.1)%			(0.4)%	0.2%		
Identical sales growth excluding gasoline	0.3 %	(2.0)%			(0.1)%	0.3%		
Comparable sales growth excluding gasoline	0.4 %	(1.9)%			0.1 %	0.4%		

Fourth quarter net sales of €4,789 million were 0.5% lower than last year at constant exchange rates, impacted by lower gas sales. Excluding gas sales, net sales growth at constant exchange rates was 0.5% higher than last year, driven by improved positive identical sales growth of 0.3% excluding gas.

This quarter, the program to improve our customer proposition was rolled out to another 22 stores, bringing the total to 523 stores. Our Fresh offering was improved, with a better assortment at more competitive prices, and we provided better value in dry groceries. During the Christmas holiday period we achieved identical sales growth in all our four divisions.

Through continued focus, our own-brand assortment penetration increased by 50 basis points to 37.6% on a full-year basis.

The Giant Landover and the New England markets remain very competitive. Ahold USA's market share in dollars was down slightly compared to last year, reflecting the price investments we made. Volume trends improved in the course of the year and market share in volume in the fourth quarter was slightly higher than last year.

Our online business Peapod continued to grow its sales, but this quarter growth and operating profit were impacted by our newest distribution facility not being fully operational yet.

Ahold USA's underlying operating margin stood at 3.8%. It was in line with the previous quarter and was lower than the same quarter last year. This is a consequence of the accelerated rollout of our program to improve our customer proposition, including the absorption of several commodity price increases for our customers' benefit.

The Netherlands

€ million	Q4 2014	Q4 2013	% change	2014	2013	% change
Net sales	2,839	2,716	4.5 %	11,696	11,494	1.8 %
Underlying operating income	135	150	(10.0)%	574	619	(7.3)%
Underlying operating margin	4.8%	5.5 %		4.9 %	5.4%	
Identical sales growth (excluding VAT on tobacco sales)	2.2%	(1.0)%		(0.5)%	0.6%	
Comparable sales growth (excluding VAT on tobacco sales)	2.6%	(0.8)%		(0.3)%	0.9%	

Fourth quarter net sales of €2,839 million increased by 4.5% compared to last year. Identical sales grew significantly by 2.2% and we further extended Albert Heijn's network by converting 15 former C1000 stores in the Netherlands and by opening nine new Albert Heijn stores in Belgium during the year.

Albert Heijn strengthened its promotional program, with initiatives that included a successful organic trial event and a large glassware collection campaign, and had a strong Christmas holiday period,

resulting in a higher market share with an increased number of transactions at a slightly higher basket size this quarter. For the year, Albert Heijn grew its market share to 34.1%.

Albert Heijn Belgium achieved ongoing identical sales growth, demonstrating our growing customer appeal in the market. Our online businesses continued to show double-digit sales growth, both at bol.com and Albert Heijn Online, illustrating our strength to win in these markets.

The underlying operating margin of 4.8% was impacted by more promotions, as well as higher labor costs due to the addition of services in our stores and one-off labor related expenses. Bol.com continues to have a dilutive effect on the segment's margin.

Czech Republic

€ million	Q4 2014	Q4 2013	% change	% change constant rates	2014	2013	% change	% change constant rates
Net sales	433	338	28.1 %	32.6 %	1,521	1,445	5.3 %	11.7 %
Underlying operating income	5	12	(58.3)%	(58.6)%	19	30	(36.7)%	(33.0)%
Underlying operating margin	1.2 %	3.6 %			1.2 %	2.1 %		
Identical sales growth	(1.1)%	(2.2)%			(1.8)%	(1.7)%		
Identical sales growth excluding gasoline	(0.8)%	(2.4)%			(1.2)%	(1.5)%		
Comparable sales growth excluding gasoline	(0.7)%	(2.3)%			(1.1)%	(1.5)%		

At constant exchange rates, fourth quarter sales of €433 million were 32.6% higher than last year, driven by the inclusion of 49 acquired SPAR stores as of August 1. Following the acquisition, Ahold had a total of 333 stores across the Czech Republic at year-end, which resulted in a significant increase in market share.

Identical sales excluding gas were down 0.8% compared to a decline of 2.0% in the previous quarter. In a competitive market, pressure on sales continued, with the share of promotional sales increasing.

The SPAR integration is proceeding as planned: the 14 SPAR supermarkets have been converted to the Albert banner in 2014 with a good sales performance, while the SPAR compact hypers are expected to be converted by the end of Q1 2015.

The underlying operating margin of 1.2% for the full year was impacted by €12 million of operating losses from the acquired SPAR stores. Restructuring charges of €6 million were booked in the second half of 2014 related to this acquisition. Excluding SPAR, the underlying operating margin for the year slightly improved compared to last year.

Corporate Center

In the fourth quarter, Corporate Center costs of €10 million included restructuring charges of €1 million and a €9 million gain related to the effects of pension plan amendments. Excluding the effects of both of these items and the Company's insurance activities, underlying Corporate Center costs were €23 million, an increase of €2 million compared to Q4 2013.

Outlook 2015

We continue to invest in our customer proposition, providing better value, quality and service to our customers. These investments will continue to be largely funded by our Simplicity program, which is expected to deliver €350 million of cost and efficiency improvements in 2015.

As mentioned earlier at our Online Strategy event, margins in the Netherlands will be impacted by increased investments, particularly at bol.com, to maintain strong sales growth in our online businesses and to further strengthen our leading market positions. We expect this to have an additional 25 bps dilutive effect on the segment's margin.

Lower interest rates should result in an increase in underlying defined benefit pension plan costs of €26 million, to €140 million, lowering Dutch operating income by €23 million. Total cash contributions to defined benefit plans should decrease by €33 million to €136 million.

In the Czech Republic, we expect that the acquisition of SPAR will remain slightly margin-dilutive in 2015, but margin-enhancing from 2016 onwards. As previously announced, we expect an additional one-off cost of €40 million in 2015, related to this transaction.

At current exchange rates, we expect free cash flow for the year to be broadly in line with last year. Capital expenditures, excluding acquisitions, are expected to be around €0.9 billion and net interest expense to be in the range of €215 million to €235 million, excluding pension interest. We anticipate the effective tax rate to be in the mid-twenties.

Financial review

Fourth quarter 2014 (compared to fourth quarter 2013)

Underlying operating income was €302 million, €18 million lower than last year. Underlying operating margin was 3.7%, or 3.9% excluding the impact of the SPAR acquisition, which was at the same level as the previous two quarters and down from 4.3% last year. Contributing to the decline was the impact of the rollout of the program to improve customer proposition in the U.S. and more promotions, as well as higher labor costs in the Netherlands.

Operating income increased by €25 million to €336 million. This included a gain related to the effects of pension plan amendments in the Netherlands of €59 million, and, when compared to Q4 2013, a net charge of €6 million as a result of increased restructuring and related charges, offset by lower impairments and higher gains on the sale of assets. Q4 2013 included a €10 million provision release related to the settlement of a multi-employer pension withdrawal liability.

Income from continuing operations was €221 million; €4 million lower than last year. The decrease was due to increased income taxes of €54 million, offset by higher operating income of €25 million, lower financial expenses of €16 million and higher share in income from joint ventures of €9 million.

Net income was €219 million, up €4 million, as the loss from discontinued operations declined by €8 million compared to last year.

Free cash flow of €613 million increased €128 million compared to Q4 2013. This increase was driven by higher cash generated from operations of €164 million, partly offset by higher income taxes paid of €37 million. The higher cash generated from operations was predominately due to favorable year-over-year changes in working capital, partly as a result of the timing of year end.

Net debt decreased in Q4 2014 by €164 million to €1,311 million, due to higher cash and cash equivalents, which was generated as a result of our free cash flow of €613 million, partly offset by the share buyback of €205 million and the payment for the Waterbury litigation of €241 million.

Full year 2014 (compared to full year 2013)

Underlying operating income was €1,267 million, down €112 million from €1,379 million in 2013. Underlying operating margin was 3.9%, compared to 4.2% last year, mainly as a result of price investments in the U.S. and negative identical volumes in the Netherlands.

Operating income increased by €11 million to €1,250 million. This included a gain of €59 million related to the effects of pension plan amendments in the Netherlands in 2014 versus net pension related charges in 2013 of €46 million and, when compared to 2013, a lower net charge of €20 million due to lower impairments, partly offset by increased restructuring and related charges and lower gains on the sale of assets.

Income from continuing operations was €791 million, €14 million lower than last year. The decrease was a result of lower operating income and a €95 million increase in income taxes, offset by a decrease in net financial expense of €56 million and an increase in share in income from joint ventures of €14 million. The net financial expense decrease reflected 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 year-over-year increase in income tax in 2014 included the results of one-

time tax benefits in 2013 including one-time transactions and movements in income tax contingency reserves.

Net income was €594 million, down €1,943 million. The decline was primarily due to increased income in 2013 of €1,751 million following the sale of our former joint venture ICA, as well as a 2014 charge of €194 million to settle the Waterbury litigation, associated tax impact and legal fees.

Free cash flow was €1,055 million; €54 million lower than last year. The decrease was due to lower operating cash flows from continuing operations of €158 million, offset by lower capital expenditures of €79 million and higher divestments of assets of €25 million. The lower operating cash flows of €158 million were mainly a result of higher income taxes paid of €153 million (primarily related to payments for prior tax years and the cessation of economic stimulus plans in the Netherlands and the U.S. in 2014).

Debt and liquidity

We continue to take a balanced approach between investing in the business, repaying debt, and returning cash to shareholders. Under normal conditions we expect to operate with liquidity of around €2.0 billion, evenly split between cash and the undrawn portion of our committed credit facilities.

Ahold's net debt was €1,311 million as of December 28, 2014, an increase of €2,253 million from December 29, 2013. Our strong cash generation (free cash flow of €1,055 million), was offset by our share buyback program (€1,232 million), capital repayment (€1,008 million), dividends paid (€414 million), settlement of Waterbury litigation (€241 million) and acquisition of businesses (€190 million).

These movements resulted in a decrease in liquidity to €3.1 billion at year end 2014, down from €5.0 billion in 2013. Liquidity is comprised of cash (including cash equivalents and short-term deposits and similar instruments) of €1.9 billion and the undrawn portion of our committed credit facility of €1.2 billion (expected to be reduced to €1.0 billion during the first quarter of 2015).

We continue to move towards our guidance based on normalized cash balances, as we continue to invest in growth, reduce our debt and return cash to shareholders, resulting in a more efficient capital structure.

Our leverage, measured by net lease adjusted debt to EBITDAR, stood at 1.9 times at year end 2014, up from 0.9 in 2013 (which was distorted by a temporary increase in cash balances). With normalized balances we are comfortable with a ratio of around 2.0.

Dividend per share and share buyback

We propose a common stock dividend of €0.48 for the financial year 2014, up 2.1% from last year. This represents a payout ratio of around 51%, based on the expected dividend payment on adjusted income from continuing operations.

Furthermore, we have today announced a new €500 million share buyback program to be completed over the next 12 months.

Auditor's involvement

The full year 2014 and 2013 information in the summary financial statements, as set out on pages 6 to 19 of this summary report, is based on Ahold's 2014 financial statements, as included in the 2014 Annual Report (the Financial Statements), published on February 26, 2015. In accordance with article 2:395 of the Netherlands Civil Code, we state that our auditor, PricewaterhouseCoopers Accountants N.V., has issued an unqualified opinion on the Financial Statements, dated February 25, 2015. For a better understanding of the Company's financial position and results and of the scope of the audit of PricewaterhouseCoopers Accountants N.V., this report should be read in conjunction with the Financial Statements. The General Meeting of Shareholders has not yet adopted the Financial Statements.

Consolidated income statement

€ million, except per share data	Note	Q4 2014	Q4 2013	2014	2013
Net sales	4	8,061	7,472	32,774	32,615
Cost of sales	5	(5,928)	(5,485)	(24,088)	(23,933)
Gross profit		**2,133**	**1,987**	**8,686**	**8,682**
Selling expenses		(1,585)	(1,440)	(6,424)	(6,293)
General and administrative expenses		(212)	(236)	(1,012)	(1,150)
Total operating expenses	5	(1,797)	(1,676)	(7,436)	(7,443)
Operating income	4	**336**	**311**	**1,250**	**1,239**
Interest income		1	2	6	7
Interest expense		(50)	(51)	(212)	(225)
Net interest expense on defined benefit pension plans		(4)	(5)	(16)	(24)
Other financial expenses		(2)	(17)	(13)	(49)
Net financial expenses		(55)	(71)	(235)	(291)
Income before income taxes		**281**	**240**	**1,015**	**948**
Income taxes	6	(66)	(12)	(248)	(153)
Share in income (loss) of joint ventures		6	(3)	24	10
Income from continuing operations		**221**	**225**	**791**	**805**
Income (loss) from discontinued operations	7	(2)	(10)	(197)	1,732
Net income attributable to common shareholders		**219**	**215**	**594**	**2,537**
Net income per share attributable to common shareholders					
Basic		0.26	0.22	0.68	2.48
Diluted		0.26	0.21	0.67	2.39
Income from continuing operations per share attributable to common shareholders					
Basic		0.27	0.23	0.90	0.79
Diluted		0.26	0.22	0.88	0.77
Weighted average number of common shares outstanding (in millions)					
Basic		829	993	879	1,021
Diluted		875	1,045	924	1,072
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.8001	0.7346	0.7529	0.7533

Consolidated statement of comprehensive income

€ million	Q4 2014	Q4 2013	2014	2013
Net income attributable to common shareholders	**219**	**215**	**594**	**2,537**
Remeasurements of defined benefit pension plans				
Remeasurements before taxes - income (loss)	384	107	(25)	230
Income taxes	(88)	(31)	21	(83)
Other comprehensive income (loss) that will not be reclassified to profit or loss	296	76	(4)	147
Currency translation differences in foreign interests:				
Currency translation differences before taxes from:				
Continuing operations	92	(61)	389	(149)
Discontinued operations	—	—	—	30
Cumulative translation differences from divestments transferred to net income	—	—	—	(82)
Income taxes	—	1	—	1
Cash flow hedges:				
Fair value result in the year	(33)	(12)	(76)	(10)
Transfers to net income	15	23	9	70
Income taxes	4	(3)	16	(15)
Other comprehensive income of joint ventures - net of income taxes:				
Other comprehensive loss transferred to net income	—	—	—	9
Other comprehensive income (loss) reclassifiable to profit or loss	78	(52)	338	(146)
Total other comprehensive income	**374**	**24**	**334**	**1**
Comprehensive income attributable to common shareholders	**593**	**239**	**928**	**2,538**
Attributable to:				
Continuing operations	595	249	1,125	849
Discontinued operations	(2)	(10)	(197)	1,689
Comprehensive income attributable to common shareholders	**593**	**239**	**928**	**2,538**

Consolidated balance sheet

€ million	Note	December 28, 2014	December 29, 2013
Assets			
Property, plant and equipment		6,150	5,712
Investment property		560	543
Intangible assets		1,763	1,563
Investments in joint ventures and associates		206	197
Other non-current financial assets		482	415
Deferred tax assets		494	411
Other non-current assets		35	33
Total non-current assets		**9,690**	**8,874**
Assets held for sale		7	28
Inventories		1,589	1,450
Receivables		728	665
Other current financial assets		323	1,520
Income taxes receivable		59	11
Other current assets		118	98
Cash and cash equivalents	10	1,624	2,496
Total current assets		**4,448**	**6,268**
Total assets		**14,138**	**15,142**
Equity and liabilities			
Equity attributable to common shareholders	8	**4,844**	**6,520**
Loans		1,410	1,307
Other non-current financial liabilities	9	2,039	1,882
Pensions and other post-employment benefits		290	348
Deferred tax liabilities		150	123
Provisions		663	585
Other non-current liabilities		276	235
Total non-current liabilities		**4,828**	**4,480**
Liabilities related to assets held for sale		—	48
Accounts payable		2,655	2,387
Other current financial liabilities		280	262
Income taxes payable		22	97
Provisions	12	240	191
Other current liabilities		1,269	1,157
Total current liabilities		**4,466**	**4,142**
Total equity and liabilities		**14,138**	**15,142**
Year-end U.S. dollar exchange rate (euro per U.S. dollar)		0.8213	0.7277

Consolidated statement of changes in equity

€ million	Note	Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserve	Other reserves including accumulated deficit	Equity attributable to common shareholders
Balance as of December 30, 2012		**318**	**8,713**	**(292)**	**(126)**	**(3,467)**	**5,146**
Net income		—	—	—	—	2,537	**2,537**
Other comprehensive income (loss)		—	—	(200)	45	156	**1**
Total comprehensive income (loss)		—	—	(200)	45	2,693	**2,538**
Dividends		—	—	—	—	(457)	**(457)**
Share buyback	8	—	—	—	—	(768)	**(768)**
Share-based payments		—	—	—	—	61	**61**
Balance as of December 29, 2013		**318**	**8,713**	**(492)**	**(81)**	**(1,938)**	**6,520**
Net income		—	—	—	—	594	**594**
Other comprehensive income (loss)		—	—	389	(51)	(4)	**334**
Total comprehensive income (loss)		—	—	389	(51)	590	**928**
Dividends	8	—	—	—	—	(414)	**(414)**
Capital repayment	8	(308)	(809)	—	—	109	**(1,008)**
Share buyback	8	—	—	—	—	(1,232)	**(1,232)**
Cancellation of treasury shares	8	(1)	(1,060)	—	—	1,061	**—**
Share-based payments		—	—	—	—	50	**50**
Balance as of December 28, 2014		**9**	**6,844**	**(103)**	**(132)**	**(1,774)**	**4,844**

Consolidated statement of cash flows

€ million	Note	Q4 2014	Q4 2013	2014	2013
Operating income		336	311	1,250	1,239
Adjustments for:					
Depreciation, amortization, write-downs and impairments	5	245	219	910	916
Gains on the sale of assets / disposal groups held for sale	5	(7)	(3)	(20)	(28)
Share-based compensation expenses		10	11	43	43
Operating cash flows before changes in operating assets and liabilities		584	538	2,183	2,170
Changes in working capital:					
Changes in inventories		(16)	(21)	1	(13)
Changes in receivables and other current assets		10	34	(33)	73
Changes in payables and other current liabilities		380	213	146	(21)
Changes in other non-current assets, other non-current liabilities and provisions		(62)	(32)	(135)	(42)
Cash generated from operations		896	732	2,162	2,167
Income taxes paid - net		(27)	10	(269)	(116)
Operating cash flows from continuing operations		869	742	1,893	2,051
Operating cash flows from discontinued operations		—	1	(17)	(16)
Net cash from operating activities		**869**	**743**	**1,876**	**2,035**
Purchase of non-current assets		(225)	(237)	(732)	(811)
Divestments of assets / disposal groups held for sale		19	9	77	52
Acquisition of businesses, net of cash acquired	3	(7)	(6)	(190)	(9)
Divestment of businesses, net of cash divested	7	(242)	(7)	(291)	2,352
Changes in short-term deposits and similar instruments		98	(644)	1,222	(1,472)
Dividends received from joint ventures		2	22	18	27
Interest received		1	1	6	6
Other		1	(1)	(1)	(1)
Investing cash flows from continuing operations		(353)	(863)	109	144
Investing cash flows from discontinued operations		—	(1)	—	135
Net cash from investing activities		**(353)**	**(864)**	**109**	**279**
Interest paid		(53)	(52)	(207)	(216)
Repayments of loans		(5)	(3)	(24)	(21)
Repayments of finance lease liabilities		(21)	(18)	(80)	(73)
Dividends paid on common shares	8	—	—	(414)	(457)
Share buyback	8	(205)	(292)	(1,232)	(768)
Capital repayment	8	—	—	(1,008)	—
Other cash flows from derivatives		—	—	(20)	(19)
Other		1	10	(3)	(75)
Financing cash flows from continuing operations		(283)	(355)	(2,988)	(1,629)
Financing cash flows from discontinued operations		—	(1)	(2)	(4)
Net cash from financing activities		**(283)**	**(356)**	**(2,990)**	**(1,633)**
Net cash from operating, investing and financing activities	10	**233**	**(477)**	**(1,005)**	**681**
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.8001	0.7346	0.7529	0.7533

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.

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.

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

New and revised IFRSs effective in 2014

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

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

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

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

Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognized or reversed during the period. The Group early adopted these disclosure requirements in the annual consolidated financial statements for the year ended December 29, 2013.

3. Business combinations

On August 14, 2012, Ahold announced that its Albert Heijn division had completed the acquisition of 78 C1000 and four Jumbo stores from Jumbo for €290 million in cash, with €266 million paid by December 28, 2014 (2014: €2 million, 2013: credit €1 million and 2012: €265 million), and the remaining amount to be settled as agreements are reached with the franchisees. As of December 28, 2014, Ahold had reached agreement with 58 franchisees, related to which 54 stores have been converted and opened under the Albert Heijn banner by the end of 2014. Agreements with the franchisees for the remaining 24 stores are yet to be reached and these stores are to be converted to the Albert Heijn banner over a period of time. In 2014, Ahold recognized an €8 million impairment loss of prepaid consideration. Goodwill recognized in the amount of €174 million by December 28, 2014 (2014: €45 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 54 stores that were converted to the Albert Heijn banner have contributed €64 million to Q4 2014 net sales and €278 million to full year 2014 net sales (Q4 2013: €50 million, full year 2013: €149 million, 39 stores) as well as €2 million to net income in Q4 2014 and €7 million to net income in full year 2014 (insignificant amounts in Q4 2013 and full year 2013). It is not practicable to provide the 2014 and 2013 pro-forma effect on Ahold's net sales and net income.

Acquisition of SPAR
On August 1, 2014, Ahold announced that it had successfully completed the acquisition of SPAR's business in the Czech Republic. The purchase consideration was CZK 5,170 million (€187 million) payable in cash for 100% of the voting equity interest, subject to finalization of the purchase price. With this transaction, Ahold acquired 49 stores, of which 35 are compact hypers and 14 are supermarkets, as well as a location which is still under development. Goodwill recognized in the amount of CZK 2,783 million (€100 million), which will not be deductible for tax purposes, represents expected synergies from the combination of operations.

As of the acquisition date, SPAR contributed €110 million to Q4 2014 net sales (full year 2014: €177 million) and lowered net income by €7 million in Q4 2014 (full year 2014: €13 million). The impact excludes €4 million in transaction costs related to the acquisition, that is included in general and administrative expenses. Had the acquisition occurred on December 30, 2013, Ahold's pro-forma net sales through December 28, 2014, would have been approximately €33,016 million. The pro-forma net income would have been approximately €572 million, due to the SPAR acquisition.

Other acquisitions
During 2014, Ahold completed several minor store acquisitions in the Netherlands, Belgium, and the U.S. for a combined purchase consideration of €21 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	SPAR	Jumbo	Other	Total
Property, plant and equipment and investment property	123	—	6	129
Goodwill	100	45	19	164
Other intangible assets	2	—	1	3
Reversal of other intangible assets	—	(43)	—	(43)
Deferred tax asset	32	—	—	32
Current assets	63	—	1	64
Non-current liabilities	(64)	—	(6)	(70)
Current liabilities	(69)	—	—	(69)
Total purchase consideration	**187**	**2**	**21**	**210**
Cash acquired	(18)	—	—	(18)
Consideration payable	(2)	—	—	(2)
Acquisition of business, net of cash acquired	**167**	**2**	**21**	**190**

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	164
Impairment losses	(4)
Exchange rate differences	34
Closing carrying amount	**1,031**
As of December 28, 2014	
At cost	1,039
Accumulated impairment losses	(8)
Carrying amount	**1,031**

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:

	Q4 2014	Q4 2013	2014	2013
$ million				
Ahold USA	5,984	6,013	25,976	26,118
Average U.S. dollar exchange rate (euro per U.S. dollar)	*0.8001*	*0.7346*	*0.7529*	*0.7533*
CZK million				
Czech Republic	11,977	9,035	41,908	37,522
Average Czech Crown exchange rate (euro per Czech Crown)	*0.0362*	*0.0374*	*0.0363*	*0.0385*
€ million				
Ahold USA	4,789	4,418	19,557	19,676
The Netherlands	2,839	2,716	11,696	11,494
Czech Republic	433	338	1,521	1,445
Ahold Group	**8,061**	**7,472**	**32,774**	**32,615**

Operating income

Operating income (loss) per segment is as follows:

	Q4 2014	Q4 2013	2014	2013
$ million				
Ahold USA	222	233	965	883
CZK million				
Czech Republic	39	319	341	814
€ million				
Ahold USA	178	170	727	663
The Netherlands	166	148	584	612
Czech Republic	2	12	13	31
Corporate Center	(10)	(19)	(74)	(67)
Ahold Group	**336**	**311**	**1,250**	**1,239**

5. Expenses by nature

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

€ million	Q4 2014	Q4 2013	2014	2013
Cost of product	5,665	5,247	23,009	22,912
Labor costs	1,083	1,043	4,637	4,705
Other operational expenses	613	550	2,473	2,334
Depreciation and amortization	233	186	879	825
Write-down of intangible assets under development	—	8	—	8
Rent expenses and income - net	126	105	515	537
Impairment losses and reversals - net	12	25	31	83
Gains on the sale of assets - net	(7)	(3)	(20)	(28)
Total	**7,725**	**7,161**	**31,524**	**31,376**

6. Income taxes

The following table reconciles the statutory income tax rate of the Netherlands with Ahold's effective income tax rate in the consolidated income statement.

€ million	2014	%	2013	%
Income before income taxes	1,015		948	
Income tax expense at statutory tax rate	(254)	25.0 %	(237)	25.0 %
Adjustments to arrive at effective income tax rate:				
Rate differential (local rates versus the statutory rate of the Netherlands)	(23)	2.3 %	(38)	4.0 %
Deferred tax income (expense) related to recognition of deferred tax assets-net	(6)	0.6 %	40	(4.2)%
Reserves, (non-) deductibles and discrete items	35	(3.5)%	82	(8.7)%
Total income taxes	**(248)**	**24.4 %**	**(153)**	**16.1 %**

"Rate differential" indicates the effect of Ahold's taxable income being generated and taxed in jurisdictions where tax rates differ from the statutory tax rate in the Netherlands. "Reserves, (non-)

deductibles and discrete items" include one-time transactions. During 2013, a tax benefit of €37 million was recognized from movements in income tax contingency reserves.

7. Assets and liabilities held for sale and discontinued operations

Income from discontinued operations is specified as follows:

€ million	Q4 2014	Q4 2013	2014	2013
Slovakia	—	9	(2)	(3)
ICA	—	—	—	137
Other[1]	—	2	(1)	2
Operating results from discontinued operations[2]	—	11	(3)	136
U.S. Foodservice[4]	(2)	(5)	(194)	(10)
Slovakia	—	(20)	(1)	(20)
ICA	—	—	—	1,614
Other[1]	—	4	1	12
Results on divestments of discontinued operations[3]	(2)	(21)	(194)	1,596
Income (loss) from discontinued operations, net of income taxes	**(2)**	**(10)**	**(197)**	**1,732**

1 *Includes adjustments to the result on various discontinued operations and past divestments.*
2 *Operating results from discontinued operations are after net income tax benefits of nil for the fourth quarter of 2014 and 2013 (YTD 2014: €2 million, YTD 2013: €8 million).*
3 *Results on divestments are after net income tax expense of €3 million for the fourth quarter of 2014 (Q4 2013: €9 million benefit) (YTD 2014: €28 million benefit, YTD 2013: €9 million benefit).*
4 *Q4 2014 includes legal costs of nil (YTD 2014: €7 million). See* Note 12 *for a further explanation.*

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

€ million	
Proceeds net of cost of disposal	(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	Q4 2014	Q4 2013	2014	2013
U.S. Foodservice[1]	(241)	(5)	(248)	(10)
Proceeds from divestment of Slovakia	—	(1)	(34)	(1)
Proceeds from divestment of ICA	—	—	—	2,368
Net cash flows related to other past divestments	(1)	(1)	(4)	(5)
Divestment of business	(242)	(7)	(286)	2,352
Cash divested	—	—	(5)	—
Divestment of businesses, net of cash divested	**(242)**	**(7)**	**(291)**	**2,352**

1. *The cash flows from U.S. Foodservice includes settlement of Waterbury litigation of €241 million and legal fees of €7 million. See* Note 12 *for a further explanation.*

8. Equity attributable to common shareholders

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

The Management Board, with the approval of the Supervisory Board, proposes that a dividend of €0.48 per common share be paid in 2015 with respect to 2014. This dividend is subject to approval by the General Meeting of Shareholders and has not been included as a liability on the consolidated balance sheet as of December 28, 2014. The payment of this dividend will not have income tax consequences for the Company.

Share buyback
On December 12, 2014, Ahold completed its share buyback program initially announced as €500 million on February 28, 2013, and subsequently increased to €2 billion on June 4, 2013. Under this program, 153,494,149 of the Company's own shares were repurchased and delivered in 2013 and 2014 (2013: 61,008,851 and 2014: 92,485,298) for a total consideration of €2 billion (2013: €768 million and 2014: €1,232 million), at an average price of €13.03 (2013: €12.58 and 2014: €13.32).

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

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

The number of outstanding common shares as of December 28, 2014, was 822,597,462 (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	2014	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	(1,005)	681
Effect of exchange rate differences on cash and cash equivalents	123	(48)
Restricted cash	9	4
Cash and cash equivalents related to discontinued operations	—	(5)
Cash and cash equivalents of continuing operations at the end of the year	**1,624**	**2,496**

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:

	December 28, 2014		December 29, 2013	
€ million	Carrying amount	Fair value	Carrying amount	Fair value
Loans receivable	42	50	37	44
Trade and other (non) current receivables	731	731	666	666
Reinsurance assets	177	177	136	136
Total loans and receivables	950	958	839	846
Cash and cash equivalents	1,624	1,624	2,496	2,496
Short-term deposits and similar instruments	262	262	1,467	1,467
Derivatives	311	311	284	284
Available for sale	5	5	4	4
Total financial assets	**3,152**	**3,160**	**5,090**	**5,097**

€ million	December 28, 2014		December 29, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Notes	(1,040)	(1,282)	(970)	(1,169)
Other loans	(3)	(3)	(3)	(4)
Financing obligations	(387)	(391)	(346)	(356)
Mortgages payable	(10)	(11)	(10)	(12)
Finance lease liabilities	(1,213)	(1,574)	(1,143)	(1,468)
Cumulative preferred financing shares	(497)	(564)	(497)	(539)
Dividend cumulative preferred financing shares	(21)	(21)	(24)	(24)
Accounts payable	(2,655)	(2,655)	(2,387)	(2,387)
Short-term borrowings	(47)	(47)	(52)	(52)
Interest payable	(26)	(26)	(24)	(24)
Reinsurance liabilities	(191)	(191)	(152)	(152)
Other	(43)	(51)	(48)	(54)
Total non-derivative financial liabilities	(6,133)	(6,816)	(5,656)	(6,241)
Derivatives	(251)	(251)	(182)	(182)
Total financial liabilities	**(6,384)**	**(7,067)**	**(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 derivative instruments is adjusted for the credit risk of the counterparty, called Credit Valuation Adjustment ("CVA"), and for the reporting entity's own credit risk, called Debit Valuation Adjustment ("DVA"). The CVA / DVA calculations have been added to the risk-free fair value of Ahold's interest and cross-currency swaps. The valuation technique for the CVA / DVA calculation is based on relevant observable market inputs.

The carrying amount of receivables, cash and cash equivalents, accounts payable, short-term deposits and similar instruments, and other current financial assets and liabilities approximate their fair values because of the short-term nature of these instruments and, for receivables, because of the fact that any recoverability loss is reflected in an impairment loss. The fair values of quoted borrowings are based on year-end ask-market quoted prices. The fair value of other non-derivative financial assets and liabilities that are not traded in an active market are estimated using discounted cash flow analyses based on prevailing market rates. The fair value calculation method and the conditions for redemption and conversion of the cumulative preferred financing shares are disclosed in *Note 22* of Ahold's Annual Report 2014. The accrued interest is included in other current financial liabilities and not in the carrying amounts of non-derivative financial assets and liabilities.

12. Commitments and contingencies

A comprehensive overview of commitments and contingencies as of December 29, 2013, was included in *Note 34* of Ahold's 2013 consolidated financial statements, which were published as part of Ahold's Annual Report 2013 on March 4, 2014. Except as disclosed below, there have been no significant changes to this overview through Q4 2014.

U.S. Foodservice - Waterbury litigation

On May 21, 2014, Ahold announced that it had signed a term sheet agreeing in principle to settle the Waterbury Litigation. Subsequently, the parties entered into a long-form settlement agreement (the "Settlement Agreement") setting forth the entirety of the parties' agreement.

Under the Settlement Agreement, Ahold agreed to make a payment of $297 million (equivalent to €215 million at the end of Q1 2014) into a settlement fund in return for a release from all claims from all participating class members in relation to the challenged pricing practices. The amount paid in December 2014 to satisfy the claim was equivalent to €241 million.

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 was subject to approval by the U.S. District Court, which preliminarily approved the Settlement Agreement on July 16, 2014, and issued an Order granting final approval on December 9, 2014. Ahold made the $297 million payment to the settlement fund on December 19, 2014. The appeal period relating to the U.S. District Court's final approval Order expired on January 8, 2015, with no appeal having been filed. Accordingly, the settlement is now final and the potential liability for Ahold in this class action litigation has been resolved.

Ahold had recorded a net provision in the amount of €187 million in Q1 2014 (€215 million net of an estimated tax recovery of €28 million).

Albert Heijn Franchising

The Vereniging Albert Heijn Franchisenemers (an association of Albert Heijn franchisees or VAHFR) has asserted claims against an Ahold subsidiary, Albert Heijn Franchising BV (AHF), for the years 2008 through 2012, the alleged value of which in aggregate exceeds €200 million. AHF and the VAHFR have for a number of years had ongoing discussions about the resolution of certain cost items under individual franchise agreements. On December 24, 2014, AHF and other legal entities within the Ahold Group of companies received a writ in which VAHFR and 239 individual claimants initiate proceedings as of April 15, 2015, before the District Court of Haarlem with respect to these discussions. While repeating the previous quantification of the total value of their claims for the period 2008-2012, VAHFR and the individual claimants do not specify or seek payment for any specific amount by the defendants in the litigation.

AHF believes that the position of the VAHFR and individual claimants as expressed in the writ of summons lacks substance and is without merit.

AHF and its affiliates will vigorously defend their interests in the legal proceedings. The claims period covers the years 2008 and 2009, even though these years have already been settled. While it cannot be ruled out that individual franchisees have claims for the years 2010-2012, such claims have not been specifically and individually asserted let alone confirmed as valid based on an analysis on merit and amounts involved. Notwithstanding the foregoing, the years from 2010 onwards are still to be settled. Ahold has an existing provision of €17 million with regard to the settlement of costs with individual franchisees for the entire period up to and including the end of Q4 2014.

13. Subsequent events

New share buyback program

On February 26, 2015, Ahold announced its decision to return €500 million to its shareholders by way of a share buyback program, to be completed over the next 12 months.

Other financial and operating information

Net sales per channel

€ million	Q4 2014	Q4 2013	% change	% change constant rates
Online sales[1]	351	306	14.7%	11.3%
Store sales[2]	7,710	7,166	7.6%	2.2%
Total net sales	**8,061**	**7,472**	**7.9%**	**2.6%**

€ million	2014	2013	% change	% change constant rates
Online sales[1]	1,267	1,086	16.7 %	16.6%
Store sales[2]	31,507	31,529	(0.1)%	0.2%
Total net sales	**32,774**	**32,615**	**0.5 %**	**0.8%**

1. *Total net consumer online sales increased 19.3% in the fourth quarter to €377 million and increased 19.4% to €1,356 million for the full year 2014.*
2. *Stores sales also includes sales under franchise agreements and sales to third parties.*

Underlying operating income[1]

Underlying operating income per segment is as follows:

€ million	Underlying operating income Q4 2014	Impairments	Gains (losses) on the sale of assets	Restructuring and related charges	Other	Operating income Q4 2014
Ahold USA	180	—	5	(7)	—	178
The Netherlands	135	(11)	2	(10)	50	166
Czech Republic	5	(1)	—	(2)	—	2
Corporate Center	(18)	—	—	(1)	9	(10)
Ahold Group	**302**	**(12)**	**7**	**(20)**	**59**	**336**

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 Q4 2014 is $226 million for Ahold USA and negative CZK 127 million for Czech Republic.

The Other balance for the Netherlands and Corporate Center is related to the effects of pension plan amendments in the Netherlands.

€ million	Underlying operating income Q4 2013	Impairments	Gains (losses) on the sale of assets	Restructuring and related charges	Other	Operating income Q4 2013
Ahold USA	177	(22)	2	3	10	170
The Netherlands	150	(4)	2	—	—	148
Czech Republic	12	1	(1)	—	—	12
Corporate Center	(19)	—	—	—	—	(19)
Ahold Group	**320**	**(25)**	**3**	**3**	**10**	**311**

Underlying operating income in local currency for Q4 2013 is $243 million for Ahold USA and CZK 307 million for Czech Republic.

The Other balance for Ahold USA of €10 million is related to the reversal of a multi-employer withdrawal liability.

(€ million)	Underlying operating income 2014	Impairments	Gains on the sale of assets	Restructuring and related charges	Other	Operating income 2014
Ahold USA	738	(10)	6	(7)	—	727
The Netherlands	574	(21)	14	(33)	50	584
Czech Republic	19	—	—	(6)	—	13
Corporate Center	(64)	—	—	(19)	9	(74)
Ahold Group	**1,267**	**(31)**	**20**	**(65)**	**59**	**1,250**

Underlying operating income in local currency for full year 2014 is $980 million for Ahold USA and CZK 522 million for Czech Republic.

(€ million)	Underlying operating income 2013	Impairments	Gains on the sale of assets	Restructuring and related charges	Other	Operating income 2013
Ahold USA	801	(75)	25	(42)	(46)	663
The Netherlands	619	(9)	2	—	—	612
Czech Republic	30	1	—	—	—	31
Corporate Center	(71)	—	1	1	2	(67)
Ahold Group	**1,379**	**(83)**	**28**	**(41)**	**(44)**	**1,239**

Underlying operating income in local currency for full year 2013 is $1,064 million for Ahold USA and CZK 779 million for Czech Republic.

The Other balance for Ahold USA of €46 million is the total of a multi-employer plan settlement charge in the amount of €53 million offset by gains on the settlement of annuity charges for a defined benefit pension plan of €7 million.

EBITDA[1]

€ million	EBITDA Q4 2014	Depreciation and amortization	Operating income Q4 2014	EBITDA Q4 2013	Depreciation and amortization	Operating income Q4 2013
Ahold USA	325	(147)	178	291	(121)	170
The Netherlands	238	(72)	166	205	(57)	148
Czech Republic	15	(13)	2	20	(8)	12
Corporate Center	(9)	(1)	(10)	(19)	—	(19)
Total by segment	**569**	**(233)**	**336**	**497**	**(186)**	**311**
Share in income (loss) of joint ventures	6			(3)		
Income (loss) from discontinued operations	(2)			(10)		
Total EBITDA	**573**			**484**		

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.*

(€ million)	EBITDA 2014	Depreciation and amortization	Operating income 2014	EBITDA 2013	Depreciation and amortization	Operating income 2013
Ahold USA	1,293	(566)	727	1,207	(544)	663
The Netherlands	853	(269)	584	857	(245)	612
Czech Republic	55	(42)	13	66	(35)	31
Corporate Center	(72)	(2)	(74)	(66)	(1)	(67)
Total by segment	**2,129**	**(879)**	**1,250**	**2,064**	**(825)**	**1,239**
Share in income (loss) of joint ventures	24			10		
Income (loss) from discontinued operations	(197)			1,732		
Total EBITDA	**1,956**			**3,806**		

Free cash flow[1]

€ million	Q4 2014	Q4 2013	2014	2013
Operating cash flows from continuing operations before changes in working capital and income taxes paid	522	506	2,048	2,128
Changes in working capital	374	226	114	39
Income taxes paid - net	(27)	10	(269)	(116)
Purchase of non-current assets	(225)	(237)	(732)	(811)
Divestments of assets / disposal groups held for sale	19	9	77	52
Dividends received from joint ventures	2	22	18	27
Interest received	1	1	6	6
Interest paid	(53)	(52)	(207)	(216)
Free cash flow	**613**	**485**	**1,055**	**1,109**

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.*

Net debt[1]

€ million	December 28, 2014	October 5, 2014	December 29, 2013
Loans	1,410	1,412	1,307
Finance lease liabilities	1,125	1,121	1,069
Cumulative preferred financing shares	497	497	497
Non-current portion of long-term debt	3,032	3,030	2,873
Short-term borrowings and current portion of long-term debt	165	159	148
Gross debt	3,197	3,189	3,021
Less: Cash, cash equivalents, and short-term deposits and similar instruments[2, 3]	1,886	1,714	3,963
Net debt	**1,311**	**1,475**	**(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 December 28, 2014, was €262 million (October 5, 2014: €356 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 €184 million, 129 million and €166 million as of December 28, 2014, October 5, 2014, and December 29, 2013, respectively.*

Adjusted income from continuing operations[1]

(€ million)	2014	2013
Income from continuing operations	791	805
Income from continuing operations per share	0.90	0.79
Add-back (after tax):		
European reorganization	30	—
Dutch pension plan amendments	(44)	—
Multi-employer pension plan settlement with the New England Teamsters and Trucking Industry Pension Fund	—	39
Movements in income tax contingency reserves	—	(37)
Adjusted income from continuing operations	**777**	**807**
Adjusted income from continuing operations per share	**0.88**	**0.79**

1 *Adjusted income from continuing operations is a non-GAAP measure. See section* Use of non-GAAP financial measures *for more information on the use of non-GAAP measures.*

Store portfolio (including franchise stores)

	End of 2013	Opened / acquired	Closed / sold	End of 2014
Ahold USA	767	3	(2)	768
The Netherlands[1]	2,056	74	(25)	2,105
Czech Republic[2]	284	50	(1)	333
Continuing operations of Ahold Group	**3,107**	**127**	**(28)**	**3,206**
Slovakia	24	—	(24)	—
Total	**3,131**	**127**	**(52)**	**3,206**

1 *The number of stores at the end of Q4 2014 includes 1,139 specialty stores (Etos and Gall & Gall) (Q4 2013: 1,124). During 2014, fifteen C1000 stores were converted to the Albert Heijn banner.*
2 *The number of stores added during 2014 includes 49 SPAR stores.*

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 37 of Ahold's Annual Report 2014.

Vesting of shares under the GRO plan

On April 16, 2015, a maximum of 0.2 million conditional shares granted in 2012 to members of the Management Board under the mid-term component of the Global Reward Opportunity (GRO) equity-based long-term incentive plan and 0.1 million performance shares granted in 2010 to members of the Management Board under the long-term component of the GRO plan are expected to vest with continuing and retired Board members who received the grants. Except to finance tax due on the vesting date, members of the Management Board cannot sell shares for a period of at least five years following the grant date, or until the end of their employment, if this period is shorter.

On February 27, 2015, a maximum of 2.6 million conditional shares granted in 2012 to Ahold associates under the mid-term component of the GRO plan, 1.2 million performance shares granted in 2010 to Ahold associates under the long-term component of the GRO plan, and 40,000 matching shares granted in 2010 to Ahold associates under the mid-term component of the GRO plan are expected to vest. Vesting is subject to the participant being employed by the Company on the applicable vesting date. On the vesting date, participants are allowed to sell all or part of the shares vested.

The Company will use treasury shares for delivery of the vested shares.

Financial calendar

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

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

Ahold's 2015 financial year consists of 53 weeks and ends on January 3, 2016. The quarters in 2015 are:

First quarter (16 weeks)	December 29, 2014, through April 19, 2015
Second quarter (12 weeks)	April 20 through July 12, 2015
Third quarter (12 weeks)	July 13 through October 4, 2015
Fourth quarter (13 weeks)	October 5, 2015, through January 3, 2016

Ahold Finance U.S.A., LLC

The annual report for 2014 of Ahold's wholly owned subsidiary Ahold Finance U.S.A. LLC is available at www.ahold.com.

2015/05

Cautionary notice

This press release 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 dividend and payout ratio, share buyback, competition in the markets in which Ahold operates, the integration of SPAR, customer proposition, costs savings and efficiency improvements, investments, pension costs and cash contributions, free cash flow, capital expenditures, interest expense, effective tax rate, debt repayment, returning cash to shareholders, liquidity, capital structure, leverage ratio, agreements with Albert Heijn franchisees, conversion of stores to the Albert Heijn banner, synergies from the combination of operations, Ahold's ability to expand its geographic area , Albert Heijn franchise litigation and GRO shares. 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 press release. Ahold does not assume any obligation to update any public information or forward-looking statements in this press release 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."