November 13, 2014

Interim Report

Third quarter 2014

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

- Q3 sales of €7.5 billion, up 1.9% (up 1.5% at constant exchange rates)
- Underlying operating margin excluding SPAR acquisition stable versus prior quarter (3.9%)
- Q3 net income of €178 million, up 7.9% (up 8.5% at constant exchange rates)
- Improved sales trends in the United States and the Netherlands during the quarter
- Addition of 49 SPAR stores to our Czech business; integration well underway

CEO Dick Boer said: "This quarter we reported improved sales trends in the United States and the Netherlands while our margin was stable versus the prior quarter, excluding the impact of the SPAR acquisition.

"In the United States, the rollout of our program to improve quality, service and value for our customers is progressing well. By the end of this quarter, the program was active in over half of our stores.

"In the Netherlands, Albert Heijn's sales performance improved, while the margin in the Netherlands was in line with the previous quarter, adjusted for increased investments in growth at bol.com. In the Czech Republic, we are well underway with the integration of the SPAR business. We are pleased with the performance of the stores that have been converted to the Albert brand and expect to have all stores rebranded by the end of the first quarter next year.

"We expect that ongoing investments in our customer proposition and further development of our formats and assortment will continue to result in improving sales trends."

Group performance

€ million, except per share data	Q3 2014	Q3 2013[1]	% change	% change constant rates	Q3 YTD 2014	Q3 YTD 2013[1]	% change	% change constant rates
Net sales	7,472	7,331	1.9 %	1.5 %	24,713	25,143	(1.7)%	0.2 %
Underlying operating income	285	300	(5.0)%	(5.5)%	965	1,059	(8.9)%	(7.3)%
Underlying operating margin	3.8%	4.1%			3.9%	4.2%		
Operating income	274	251	9.2 %	9.7 %	914	928	(1.5)%	0.3 %
Income from continuing operations	177	165	7.3 %	8.0 %	570	580	(1.7)%	0.3 %
Net income[2]	178	165	7.9 %	8.5 %	375	2,322	(83.9)%	(83.8)%
Basic earnings per share	0.21	0.16	31.3 %	31.3 %	0.42	2.26	(81.4)%	(81.3)%

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

2 *The decline in YTD net income through Q3 2014 compared to 2013 was primarily due to the results from discontinued operations. Q3 YTD 2014 results include a charge representing the net of tax settlement amount and associated legal fees for the Waterbury litigation of €192 million, while Q3 YTD 2013 results included income of €1,751 million following the sale of our former joint venture ICA.*

Performance by segment

Ahold USA

€ million	Q3 2014	Q3 2013	% change	% change constant rates	Q3 YTD 2014	Q3 YTD 2013	% change	% change constant rates
Net sales	4,501	4,430	1.6 %	0.4 %	14,768	15,258	(3.2)%	(0.6)%
Underlying operating income	169	178	(5.1)%	(6.4)%	558	624	(10.6)%	(8.2)%
Underlying operating margin	3.8%	4.0%			3.8 %	4.1%		
Identical sales growth	0.7%	0.1%			(0.3)%	0.9%		
Identical sales growth excluding gasoline	1.2%	0.6%			(0.2)%	1.0%		
Comparable sales growth excluding gasoline	1.3%	0.7%			(0.1)%	1.1%		

Third quarter net sales of €4,501 million were 0.4% higher than last year at constant exchange rates. Identical sales growth excluding gas was 1.2%, and included a sales uplift that our Stop & Shop New England division achieved by taking advantage of a business disruption at one of our main competitors. Even excluding the sales uplift in New England, the sales trend improved for the segment.

Ahold USA's market share was higher than last year, driven by the New England division, while our market share at Giant Landover remained under pressure.

Towards the end of the quarter, we accelerated the rollout of the program to improve our customer proposition, implementing it in all 168 stores in our Giant Landover division. We launched this program to a total of 181 stores across Ahold USA this quarter, bringing the overall total to 501 stores.

An important part of the program is to improve our Fresh offering, as well as improving the value of key items in dry groceries. The continued focus on our own-brand assortment resulted in an increased penetration of 60 basis points to 37.8%.

Ahold USA's underlying operating margin of 3.8% was in line with the previous quarter. Similar to Q2, this was below last year as a consequence of the accelerated rollout of the program to improve our customer proposition, together with commodity price increases in meat that we chose to partly absorb, to the benefit of our customers.

The Netherlands

€ million	Q3 2014	Q3 2013	% change	Q3 YTD 2014	Q3 YTD 2013	% change
Net sales	2,604	2,569	1.4 %	8,857	8,778	0.9 %
Underlying operating income	127	135	(5.9)%	439	469	(6.4)%
Underlying operating margin	4.9 %	5.3 %		5.0 %	5.3%	
Identical sales growth (excluding VAT on tobacco sales)	(1.1)%	(0.2)%		(1.4)%	1.2%	
Comparable sales growth (excluding VAT on tobacco sales)	(0.8)%	0.0 %		(1.2)%	1.5%	

Third quarter net sales of €2,604 million increased by 1.4% compared to last year. Identical sales were down by 1.1%, mainly from lower sales in our Albert Heijn supermarkets in the Netherlands.

Albert Heijn's market share was stable versus last year. During the quarter, Albert Heijn launched a campaign around farm life, which included give-away collectibles and an event where 75,000 people visited participating farms. It also introduced format improvements that can be rolled out to its larger stores. In addition, Albert Heijn was recognized by the Dutch Consumer Association as the supermarket with the widest range of sustainable products.

Our online businesses continued to show double-digit sales growth, both at Albert Heijn Online and bol.com. Strong sales growth was also achieved by Albert Heijn in Belgium. We continue to remodel our *Albert Heijn to go* convenience stores to our successful new format.

The underlying operating margin of 4.9% was stable versus the previous quarter, adjusted for increased investments at bol.com. This quarter, the impact of bol.com resulted in a reduction of the segment's margin by 0.3%. Compared to last year, the margin in the Netherlands was also impacted by lower identical sales at Albert Heijn.

Czech Republic

€ million	Q3 2014	Q3 2013	% change	% change constant rates	Q3 YTD 2014	Q3 YTD 2013	% change	% change constant rates
Net sales	367	332	10.5 %	18.7 %	1,088	1,107	(1.7)%	5.1 %
Underlying operating income	(1)	5	(120.0)%	(103.2)%	14	18	(22.2)%	(16.3)%
Underlying operating margin	(0.3)%	1.5 %			1.3 %	1.6 %		
Identical sales growth	(3.2)%	(0.5)%			(2.0)%	(1.6)%		
Identical sales growth excluding gasoline	(2.0)%	(0.8)%			(1.3)%	(1.2)%		
Comparable sales growth excluding gasoline	(2.0)%	(0.8)%			(1.2)%	(1.2)%		

At constant exchange rates, third quarter sales of €367 million were 18.7% higher than last year, driven by the inclusion of 49 acquired SPAR stores as of August 1. With this acquisition, we now operate 332 stores across the Czech Republic. During the quarter, we converted all 14 SPAR supermarkets to our Albert banner, and these stores achieved strong sales growth.

Identical sales excluding gas were down 2.0%. In a competitive market, pressure on sales continued, with the share of promotional sales increasing. Market share increased significantly versus last year, due to the acquisition of SPAR.

The underlying operating margin of (0.3)% was impacted by €6 million in operating losses from the acquired SPAR stores. Excluding the effect of the SPAR acquisition, the underlying operating profit margin was comparable to last year. Cost savings from the successful Simplicity-related initiatives, particularly in the area of sourcing, were reinvested into our commercial proposition.

Corporate Center

In the third quarter, Corporate Center costs of €11 million included restructuring charges of €1 million. Excluding the effect of both this restructuring and of the Company's insurance activities, underlying Corporate Center costs were €15 million, a decrease of €4 million compared to Q3 2013.

Outlook

We expect that ongoing 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 the Netherlands to remain broadly at current levels, supported by savings from our Simplicity program. For our Czech business, we reiterate our expectation that the SPAR acquisition will have a negative impact of €10 million on underlying operating income in H2 2014. It will be slightly margin-dilutive in 2015 but margin-enhancing from 2016 onwards. We expect our free cash flow for the year to be around €800 million, including higher tax payments, primarily related to prior years. We remain focused on executing our Reshaping Retail strategy, to take advantage of our strong brands, leading market positions, solid balance sheet, and fast-growing online business.

Financial review

Third quarter 2014 (compared to third quarter 2013)

Underlying operating income was €285 million, down €15 million, and included a positive exchange rate impact of €2 million due to the stronger U.S. dollar. Underlying operating margin was 3.8%, or 3.9% excluding the impact of the SPAR acquisition, compared to 4.1% last year.

Operating income was €274 million, up 9.2% and 9.7% at actual and constant exchange rates, respectively. This included €7 million of restructuring and related charges (Q3 2013: €45 million) and €10 million of impairment charges (Q3 2013: €8 million), offset by €6 million of gains on the sale of assets (Q3 2013: €4 million). The restructuring and related charges follow primarily from the SPAR acquisition in the Czech Republic.

Income from continuing operations was €177 million; €12 million higher than last year. This is a result of higher operating income, offset by an increase in income taxes of €14 million.

Net income was €178 million, up €13 million.

Our free cash flow was €70 million, a decrease of €111 million compared to Q3 2013. The decline was predominantly due to lower operating cash flows from continuing operations of €90 million and €33 million higher purchase of non-current assets. The reduction in operating cash flows in the quarter were driven by a $35 million (€27 million) pension payment in the U.S. and unfavorable year-over-year changes in working capital of €41 million.

Net debt increased by €420 million during the quarter to €1,475 million. The acquisition of businesses of €170 million (including SPAR), share buyback of €215 million and unfavorable exchange differences of €70 million were partly offset by free cash flow of €70 million.

First three quarters 2014 (compared to first three quarters 2013)

Underlying operating income was €965 million, down 8.9% and 7.3% at actual and constant exchange rates, respectively. Underlying operating margin was 3.9%, compared to 4.2% last year.

Operating income was €914 million, down €14 million or down 1.5% and up 0.3% at actual and constant exchange rates, respectively. It included €45 million of restructuring and related charges (2013: €44 million) and €19 million of impairment charges (2013: €58 million), offset by €13 million of gains on sale of assets (2013: €25 million). 2013 included the effects of a €63 million charge related to the settlement of a multi-employer pension withdrawal liability and a €9 million gain on the final settlement of a U.S. defined benefit pension plan.

Income from continuing operations decreased by €10 million (1.7%) to €570 million. This decrease is the result of a €41 million increase in income taxes, offset by a decrease in net financial expense of €40 million, as well as the items mentioned above. The net financial expense decrease reflects an €11 million one-time adjustment to a financial liability in 2013, lower interest expense in 2014 and changes in the value of notes and derivatives. The year-over-year increase in income tax in 2014 includes the results of one-time tax benefits in 2013 of €22 million.

Net income was €375 million, down €1,947 million. The decline was primarily due to increased income in 2013 of €1,751 million following the sale of our former joint venture ICA, as well as a 2014 charge of €192 million to recognize an agreement in principle to settle the Waterbury litigation, associated tax impact and legal fees.

Free cash flow was €442 million; €182 million lower than last year. The decrease was due to lower operating cash flows from continuing operations of €285 million, offset by lower capital expenditures of €67 million, higher divestments of assets of €15 million, higher dividends from joint venture of €11 million and lower interest paid of €10 million. The lower operating cash flows of €285 million are mainly a result of lower underlying operating income of €94 million, unfavorable year-over-year changes in working capital of €73 million and higher income taxes paid of €116 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).

Net debt increased by €2,417 million during the year to €1,475 million. Free cash flow of €442 million was offset by the capital repayment of €1,008 million, the share buyback of €1,027 million, dividends paid of €414 million, acquisition of businesses of €183 million and unfavorable exchange differences of €105 million. Under the €2 billion share buyback program, shares have been repurchased for an amount of €1,795 million (2014: €1,027 million, 2013: €768 million).

Consolidated income statement

€ million, except per share data	Note	Q3 2014	Q3 2013 (restated)[1]	Q3 YTD 2014	Q3 YTD 2013 (restated)[1]
Net sales	4	7,472	7,331	24,713	25,143
Cost of sales	5	(5,509)	(5,389)	(18,160)	(18,448)
Gross profit		**1,963**	**1,942**	**6,553**	**6,695**
Selling expenses		(1,473)	(1,422)	(4,839)	(4,853)
General and administrative expenses		(216)	(269)	(800)	(914)
Total operating expenses	5	(1,689)	(1,691)	(5,639)	(5,767)
Operating income	4	**274**	**251**	**914**	**928**
Interest income		1	2	5	5
Interest expense		(50)	(52)	(162)	(174)
Interest expense on defined benefit pension plans		(4)	(6)	(12)	(19)
Other financial expenses		(4)	(1)	(11)	(32)
Net financial expenses		(57)	(57)	(180)	(220)
Income before income taxes		**217**	**194**	**734**	**708**
Income taxes	6	(52)	(38)	(182)	(141)
Share in income of joint ventures		12	9	18	13
Income from continuing operations		**177**	**165**	**570**	**580**
Income (loss) from discontinued operations	7	1	—	(195)	1,742
Net income attributable to common shareholders		**178**	**165**	**375**	**2,322**
Net income per share attributable to common shareholders					
Basic		0.21	0.16	0.42	2.26
Diluted		0.20	0.16	0.41	2.17
Income from continuing operations per share attributable to common shareholders					
Basic		0.21	0.16	0.64	0.56
Diluted		0.20	0.16	0.62	0.55
Weighted average number of common shares outstanding (in millions)					
Basic		846	1,014	894	1,029
Diluted[2]		896	1,065	945	1,080
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.7600	0.7505	0.7388	0.7588

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

2 *For the calculation of Q3 2014 YTD diluted net income per share, the weighted average number of common shares outstanding is 905 million. This excludes anti-dilutive preferred financing shares.*

Consolidated statement of comprehensive income

€ million	Q3 2014	Q3 2013 (restated)[1]	Q3 YTD 2014	Q3 YTD 2013 (restated)[1]
Net income attributable to common shareholders	**178**	**165**	**375**	**2,322**
Remeasurements of defined benefit pension plans				
Remeasurements before taxes	(311)	(72)	(409)	123
Income taxes	81	16	109	(52)
Other comprehensive income (loss) that will not be reclassified to profit or loss	(230)	(56)	(300)	71
Currency translation differences in foreign interests:				
Currency translation differences before taxes from:				
Continuing operations	271	(117)	297	(88)
Discontinued operations	—	—	—	30
Cumulative translation differences from divestments transferred to net income	—	—	—	(82)
Cash flow hedges:				
Fair value result in the year	(15)	31	(43)	2
Transfers to net income	—	6	(6)	47
Income taxes	4	(9)	12	(12)
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	260	(89)	260	(94)
Total other comprehensive income (loss)	**30**	**(145)**	**(40)**	**(23)**
Comprehensive income attributable to common shareholders	**208**	**20**	**335**	**2,299**
Attributable to:				
Continuing operations	207	20	530	600
Discontinued operations	1	—	(195)	1,699
Comprehensive income attributable to common shareholders	**208**	**20**	**335**	**2,299**

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

Consolidated balance sheet

€ million	Note	October 5, 2014	December 29, 2013
Assets			
Property, plant and equipment		6,091	5,712
Investment property		554	543
Intangible assets		1,759	1,563
Investments in joint ventures and associates		201	197
Other non-current financial assets		468	415
Deferred tax assets		475	411
Other non-current assets		34	33
Total non-current assets		**9,582**	**8,874**
Assets held for sale		5	28
Inventories		1,548	1,450
Receivables		651	665
Other current financial assets		414	1,520
Income taxes receivable		74	11
Other current assets		201	98
Cash and cash equivalents	10	1,358	2,496
Total current assets		**4,251**	**6,268**
Total assets		**13,833**	**15,142**
Equity and liabilities			
Equity attributable to common shareholders	8	**4,440**	**6,520**
Loans		1,412	1,307
Other non-current financial liabilities	9	1,999	1,882
Pensions and other post-employment benefits		729	348
Deferred tax liabilities		36	123
Provisions		661	585
Other non-current liabilities		264	235
Total non-current liabilities		**5,101**	**4,480**
Liabilities related to assets held for sale		—	48
Accounts payable		2,365	2,387
Other current financial liabilities		269	262
Income taxes payable		22	97
Provisions	12	467	191
Other current liabilities		1,169	1,157
Total current liabilities		**4,292**	**4,142**
Total equity and liabilities		**13,833**	**15,142**
Quarter-end U.S. dollar exchange rate (euro per U.S. dollar)		0.7989	0.7277

Consolidated statement of changes in equity

€ million	Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserve	Other reserves including accumulated deficit	Equity attributable to common shareholders
Balance as of December 30, 2012	**318**	**8,713**	**(292)**	**(126)**	**(3,467)**	**5,146**
Net income	—	—	—	—	2,322	**2,322**
Other comprehensive income (loss)	—	—	(140)	37	80	**(23)**
Total comprehensive income (loss)	—	—	(140)	37	2,402	**2,299**
Dividends	—	—	—	—	(457)	**(457)**
Share buyback	—	—	—	—	(476)	**(476)**
Share-based payments	—	—	—	—	46	**46**
Balance as of October 6, 2013	**318**	**8,713**	**(432)**	**(89)**	**(1,952)**	**6,558**
Balance as of December 29, 2013	**318**	**8,713**	**(492)**	**(81)**	**(1,938)**	**6,520**
Net income	—	—	—	—	375	**375**
Other comprehensive income (loss)	—	—	297	(37)	(300)	**(40)**
Total comprehensive income (loss)	—	—	297	(37)	75	**335**
Dividends	—	—	—	—	(414)	**(414)**
Capital repayment	(308)	(809)	—	—	109	**(1,008)**
Share buyback	—	—	—	—	(1,027)	**(1,027)**
Cancellation of treasury shares	(1)	(1,060)	—	—	1,061	**—**
Share-based payments	—	—	—	—	34	**34**
Balance as of October 5, 2014	**9**	**6,844**	**(195)**	**(118)**	**(2,100)**	**4,440**

Consolidated statement of cash flows

€ million	Note	Q3 2014	Q3 2013 (restated)[1]	Q3 YTD 2014	Q3 YTD 2013 (restated)[1]
Operating income		274	251	914	928
Adjustments for:					
Depreciation, amortization, write-downs and impairments	5	214	197	665	697
Gains on the sale of assets / disposal groups held for sale	5	(6)	(4)	(13)	(25)
Share-based compensation expenses		11	11	33	32
Operating cash flows before changes in operating assets and liabilities		493	455	1,599	1,632
Changes in working capital:					
Changes in inventories		(50)	(25)	17	8
Changes in receivables and other current assets		(49)	(19)	(43)	39
Changes in payables and other current liabilities		(59)	(73)	(234)	(234)
Changes in other non-current assets, other non-current liabilities and provisions		(39)	43	(73)	(10)
Cash generated from operations		296	381	1,266	1,435
Income taxes paid - net		(26)	(21)	(242)	(126)
Operating cash flows from continuing operations		270	360	1,024	1,309
Operating cash flows from discontinued operations		(4)	(6)	(17)	(17)
Net cash from operating activities		**266**	**354**	**1,007**	**1,292**
Purchase of non-current assets		(188)	(155)	(507)	(574)
Divestments of assets / disposal groups held for sale		17	5	58	43
Acquisition of businesses, net of cash acquired	3	(170)	—	(183)	(3)
Divestment of businesses, net of cash divested	7	(1)	(2)	(49)	2,359
Changes in short-term deposits and similar instruments		110	(683)	1,124	(828)
Dividends received from joint ventures		2	2	16	5
Interest received		1	2	5	5
Other		—	1	(2)	—
Investing cash flows from continuing operations		(229)	(830)	462	1,007
Investing cash flows from discontinued operations		—	—	—	136
Net cash from investing activities		**(229)**	**(830)**	**462**	**1,143**
Interest paid		(32)	(33)	(154)	(164)
Repayments of loans		(4)	(4)	(19)	(18)
Repayments of finance lease liabilities		(21)	(17)	(59)	(55)
Dividends paid on common shares	8	—	—	(414)	(457)
Share buyback	8	(215)	(229)	(1,027)	(476)
Capital repayment	8	—	—	(1,008)	—
Other cash flows from derivatives		(10)	(10)	(20)	(19)
Other		(2)	(1)	(4)	(85)
Financing cash flows from continuing operations		(284)	(294)	(2,705)	(1,274)
Financing cash flows from discontinued operations		—	1	(2)	(3)
Net cash from financing activities		**(284)**	**(293)**	**(2,707)**	**(1,277)**
Net cash from operating, investing and financing activities	10	**(247)**	**(769)**	**(1,238)**	**1,158**
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.7600	0.7505	0.7388	0.7588

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

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

Notes to the consolidated summary financial statements

1. The Company and its operations

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

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

2. Accounting policies

Basis of preparation

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

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

Changes in presentation

In Q4 2013, Ahold’s investment in Slovakia met the criteria to be classified as a discontinued operation and, accordingly, €4 million that was previously reported in Q3 2013 (Q3 YTD 2013: €12 million) as loss from continuing operations has been reclassified to loss from discontinued operations.

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

€ million	Q3 2013 as reported	Changes in presentation	Q3 2013 as restated	Q3 YTD 2013 as reported	Changes in presentation	Q3 YTD 2013 as restated
Net sales	7,362	(31)	7,331	25,248	(105)	25,143
Cost of sales	(5,413)	24	(5,389)	(18,528)	80	(18,448)
Gross profit	1,949	**(7)**	**1,942**	**6,720**	**(25)**	**6,695**
Selling expenses	(1,430)	8	(1,422)	(4,879)	26	(4,853)
General and administrative expenses	(271)	2	(269)	(923)	9	(914)
Total operating expenses	(1,701)	10	(1,691)	(5,802)	35	(5,767)
Operating income	**248**	**3**	**251**	**918**	**10**	**928**
Interest income	1	1	2	5	—	5
Interest expense	(51)	(1)	(52)	(175)	1	(174)
Interest expense on defined benefit pension plans	(6)	—	(6)	(19)	—	(19)
Other financial expenses	(1)	—	(1)	(32)	—	(32)
Net financial expenses	(57)	—	(57)	(221)	1	(220)
Income before income taxes	**191**	**3**	**194**	**697**	**11**	**708**
Income taxes	(39)	1	(38)	(142)	1	(141)
Share in income of joint ventures	9	—	9	13	—	13
Income from continuing operations	**161**	**4**	**165**	**568**	**12**	**580**
Income (loss) from discontinued operations	4	(4)	—	1,754	(12)	1,742
Net income attributable to common shareholders	**165**	**—**	**165**	**2,322**	**—**	**2,322**

€ million	Q3 2013 as reported	Changes in presentation	Q3 2013 as restated
Consolidated statement of cash flow line items			
Operating income	248	3	251
Depreciation, amortization, write-downs and impairments	198	(1)	197
Operating cash flows before changes in operating assets and liabilities	453	2	455
Changes in inventories	(24)	(1)	(25)
Changes in payables and other current liabilities	(72)	(1)	(73)
Other	—	(1)	(1)
Financing cash flows from continuing operations	(293)	(1)	(294)
Financing cash flows from discontinued operations	—	1	1

€ million	Q3 YTD 2013 as reported	Changes in presentation	Q3 YTD 2013 as restated
Consolidated statement of cash flow line items			
Operating income	918	10	928
Depreciation, amortization, write-downs and impairments	701	(4)	697
Operating cash flows before changes in operating assets and liabilities	1,626	6	1,632
Changes in inventories	9	(1)	8
Changes in receivables and other current assets	40	(1)	39
Changes in payables and other current liabilities	(236)	2	(234)
Cash generated from operations	1,429	6	1,435
Operating cash flows from continuing operations	1,303	6	1,309
Operating cash flows from discontinued operations	(11)	(6)	(17)
Interest paid	(165)	1	(164)
Repayments of finance lease liabilities	(56)	1	(55)
Other	(84)	(1)	(85)
Financing cash flows from continuing operations	(1,275)	1	(1,274)
Financing cash flows from discontinued operations	(2)	(1)	(3)

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 October 5, 2014 (Q3 YTD 2014: €2 million, 2013: credit €1 million and 2012: €265 million), and the remaining amount to be settled as agreements are reached with the franchisees. During the third quarter, Ahold reached agreement with two franchisees, though no stores were converted and opened under the Albert Heijn banner (to date, 48 stores have been converted in total). The remaining 34 franchisee-owned stores are to be converted to the Albert Heijn banner over a period of time, in close cooperation with the entrepreneurs. Goodwill recognized in the amount of €164 million on October 5, 2014 (2014: €35 million, 2013: €76 million and 2012: €53 million), which will not be deductible for tax purposes, represents expected synergies from the combination of operations, as well as the ability to expand Ahold's geographic reach. The amounts recognized in the financial statements for the stores converted less than 12 months ago were determined on a provisional basis.

The 48 stores that were converted to the Albert Heijn banner have contributed €68 million to Q3 2014 net sales and €214 million to Q3 YTD 2014 net sales (Q3 2013: €35 million, Q3 YTD 2013: €99 million, 26 stores) as well as €2 million to net income in Q3 2014 and €5 million to net income in Q3 YTD 2014 (insignificant amounts in Q3 2013 and Q3 YTD 2013).

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 50 stores, of which 35 are compact hypers,14 are supermarkets and 1 location is still in development. Goodwill recognized in the amount of CZK 2,851 million (€103 million), which will not be deductible for tax purposes, represents expected synergies from the combination of operations.

As of the acquisition date, SPAR contributed €67 million to net sales and lowered net income by €6 million in Q3 2014. The impact excludes €3 million in transaction costs related to the acquisition, included in general and administrative expenses. Had the acquisition occurred on December 30, 2013, Ahold's pro-forma net sales through October 5, 2014, would have been approximately €24,955 million. The pro-forma net income would have been approximately €353 million, due to the SPAR acquisition.

Other acquisitions

During 2014, Ahold completed several other minor store acquisitions in the Netherlands and one in the U.S. for a combined purchase consideration of €14 million.

The provisional 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 & equipment	123	—	6	129
Goodwill	103	35	14	152
Other intangible assets	2	—	—	2
Reversal of other intangible assets	—	(33)	—	(33)
Deferred tax asset	32	—	—	32
Current assets	63	—	—	63
Non-current liabilities	(68)	—	(6)	(74)
Current liabilities	(68)	—	—	(68)
Total purchase consideration	**187**	**2**	**14**	**203**
Cash acquired	(21)	—	—	(21)
Acquisition of business, net of cash	**166**	**2**	**14**	**182**

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	152
Impairment losses	(4)
Exchange rate differences	27
Closing carrying amount	**1,012**
As of October 5, 2014	
At cost	1,020
Accumulated impairment losses	(8)
Carrying amount	**1,012**

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:

	Q3 2014	Q3 2013 (restated)[1]	Q3 YTD 2014	Q3 YTD 2013 (restated)[1]
$ million				
Ahold USA	5,923	5,902	19,992	20,105
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.7600	0.7505	0.7388	0.7588
CZK million				
Czech Republic	10,150	8,553	29,931	28,487
Average Czech Crown exchange rate (euro per Czech Crown)	0.0362	0.0388	0.0364	0.0389
€ million				
Ahold USA	4,501	4,430	14,768	15,258
The Netherlands	2,604	2,569	8,857	8,778
Czech Republic	367	332	1,088	1,107
Ahold Group	**7,472**	**7,331**	**24,713**	**25,143**

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

Operating income

Operating income (loss) per segment is as follows:

	Q3 2014	Q3 2013 (restated)[1]	Q3 YTD 2014	Q3 YTD 2013 (restated)[1]
$ million				
Ahold USA	218	173	743	650
CZK million				
Czech Republic	(106)	167	302	495
€ million				
Ahold USA	165	130	549	493
The Netherlands	124	133	418	464
Czech Republic	(4)	6	11	19
Corporate Center	(11)	(18)	(64)	(48)
Ahold Group	**274**	**251**	**914**	**928**

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

5. Expenses by nature

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

€ million	Q3 2014	Q3 2013 (restated)[1]	Q3 YTD 2014	Q3 YTD 2013 (restated)[1]
Cost of product	5,261	5,158	17,344	17,665
Labor costs	1,049	1,046	3,554	3,662
Other operational expenses	555	529	1,860	1,784
Depreciation and amortization	204	189	646	639
Rent expenses and income - net	125	154	389	432
Impairment losses and reversals - net	10	8	19	58
Gains on the sale of assets - net	(6)	(4)	(13)	(25)
Total	**7,198**	**7,080**	**23,799**	**24,215**

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

6. Income taxes

Income taxes for Q3 2013 included €3 million (Q3 YTD 2013: € 22 million) of one-time tax benefits.

7. Assets and liabilities held for sale and discontinued operations

Income from discontinued operations is specified as follows:

€ million	Q3 2014	Q3 2013 (restated)[1]	Q3 YTD 2014	Q3 YTD 2013 (restated)[1]
Slovakia	—	(4)	(2)	(12)
ICA	—	—	—	137
Other[2]	—	—	(1)	—
Operating results from discontinued operations[3]	—	(4)	(3)	125
U.S. Foodservice[5]	—	(1)	(192)	(5)
Slovakia	—	—	(1)	—
ICA	—	—	—	1,614
Other[2]	1	5	1	8
Results on divestments of discontinued operations[4]	1	4	(192)	1,617
Income (loss) from discontinued operations, net of income taxes	**1**	**—**	**(195)**	**1,742**

1 *See* Note 2 *for a further explanation of the restatements.*
2 *Includes adjustments to the result on various discontinued operations and past divestments.*
3 *Operating results from discontinued operations are after net income tax benefits of nil for the third quarter of 2014 and 2013 (YTD 2014: €2 million, YTD 2013: nil).*
4 *Results on divestments are after net income tax expense of nil for the third quarter of 2014 and 2013 (YTD 2014: €31 million benefit, YTD 2013: nil).*
5 *Q3 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 to sell	(34)
Net liabilities divested	21
Use of provision on loss on divestment	12
Recognition of financial guarantee	(1)
Result on divestment before income taxes	(2)
Income taxes	1
Result on divestment of Slovakia	**(1)**

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

€ million	Q3 2014	Q3 2013	Q3 YTD 2014	Q3 YTD 2013
Proceeds from divestment of Slovakia	—	—	(34)	—
Proceeds from divestment of ICA	—	—	—	2,368
Net cash flows related to other past divestments	(1)	(2)	(10)	(9)
Divestment of business	(1)	(2)	(44)	2,359
Cash divested	—	—	(5)	—
Divestment of businesses, net of cash divested	**(1)**	**(2)**	**(49)**	**2,359**

8. Equity attributable to common shareholders

Dividend on common shares

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

Share buyback

On February 28, 2013, Ahold announced its decision to return €500 million to its shareholders by way of a share buyback program, to be completed over a 12-month period. Subsequently, on June 4, 2013, Ahold announced an extension to this program of an additional €1.5 billion, for a total share buyback of €2 billion, expected to be completed by the end of 2014. Under this program, 77,075,733 of the Company's own shares were repurchased and delivered in the first three quarters of 2014. Shares were repurchased at an average price of €13.32 per share for a total amount of €1,027 million. For the full year 2013, 61,008,851 shares were repurchased at an average price of €12.58 for a total amount of €768 million. Through the end of Q3 2014, shares have been repurchased for a total amount of €1,795 million under the €2 billion program.

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

Capital repayment and reverse stock split

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

The number of outstanding common shares as of October 5, 2014, was 837,902,015 (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	Q3 YTD 2014	Q3 YTD 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	(1,238)	1,158
Effect of exchange rate differences on cash and cash equivalents	93	(27)
Restricted cash	6	21
Cash and cash equivalents of continuing operations at the end of quarter	**1,358**	**3,016**

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:

	October 5, 2014		December 29, 2013	
€ million	Carrying amount	Fair value	Carrying amount	Fair value
Loans receivable	42	50	37	44
Accounts receivable	652	652	666	666
Reinsurance assets	166	166	136	136
Total loans and receivables	860	868	839	846
Cash and cash equivalents	1,358	1,358	2,496	2,496
Short-term deposits and similar instruments	356	356	1,467	1,467
Derivatives	307	307	284	284
Available for sale	5	5	4	4
Total financial assets	**2,886**	**2,894**	**5,090**	**5,097**

€ million	October 5, 2014 Carrying amount	Fair value	December 29, 2013 Carrying amount	Fair value
Notes	(1,040)	(1,280)	(970)	(1,169)
Other loans	(3)	(4)	(3)	(4)
Financing obligations	(386)	(392)	(346)	(356)
Mortgages payable	(10)	(11)	(10)	(12)
Finance lease liabilities	(1,206)	(1,561)	(1,143)	(1,468)
Cumulative preferred financing shares	(497)	(559)	(497)	(539)
Dividend cumulative preferred financing shares	(16)	(16)	(24)	(24)
Accounts payable	(2,365)	(2,365)	(2,387)	(2,387)
Short-term borrowings	(47)	(47)	(52)	(52)
Interest payable	(28)	(28)	(24)	(24)
Reinsurance liabilities	(182)	(182)	(152)	(152)
Other	(46)	(53)	(48)	(54)
Total financial liabilities at amortized cost	(5,826)	(6,498)	(5,656)	(6,241)
Derivatives	(224)	(224)	(182)	(182)
Total financial liabilities	**(6,050)**	**(6,722)**	**(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 (counterparty credit risk) and of the reporting entity (own credit risk) in accordance with IFRS13. The valuation adjustment for counterparty credit risk requires a Credit Valuation Adjustment ("CVA") and a Debit Valuation Adjustment ("DVA") for an adjustment to own credit risk. The CVA / DVA calculations have been added to the risk-free fair value of Ahold's interest and cross-currency swaps. The valuation technique for the CVA / DVA calculation is based on relevant observable market inputs.

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

12. Commitments and contingencies

A comprehensive overview of commitments and contingencies as of December 29, 2013, was included in *Note 34* of Ahold's 2013 consolidated financial statements, which were published as part of Ahold's Annual Report 2013 on March 4, 2014. Except as disclosed below, there have been no significant changes to this overview through Q3 2014.

U.S Foodservice - Waterbury litigation

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

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

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

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

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

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, which in an aggregate exceed €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. After the third quarter of 2014, AHF was made aware that the VAHFR intends to initiate legal proceedings to pursue these claims. AHF believes that the claims from the VAHFR are inadmissible, lack substance and are without merit. The claims period also covers the years 2008 and 2009, even though these years have already been settled. AHF will vigorously defend its interests should the VAHFR pursue its claims in legal proceedings. While it cannot be ruled out that individual franchisees have claims for the years 2010-2012, such claims have not yet been 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 Q3 2014.

Other financial and operating information

Net sales per channel

€ million	Q3 2014	Q3 2013 (restated)[1]	% change	% change constant rates
Online sales[2]	281	260	8.1%	7.7%
Store sales and other sales	7,191	7,071	1.7%	1.2%
Total net sales	**7,472**	**7,331**	**1.9%**	**1.5%**

€ million	Q3 YTD 2014	Q3 YTD 2013 (restated)[1]	% change	% change constant rates
Online sales[2]	916	780	17.4 %	18.7 %
Store sales and other sales	23,797	24,363	(2.3)%	(0.4)%
Total net sales	**24,713**	**25,143**	**(1.7)%**	**0.2 %**

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

2 *The percentage change for online sales is affected by a difference in bol.com's reporting periods: in 2013, bol.com reported on a monthly basis, while in 2014, bol.com is reporting on a four-weekly basis. The Q3 online sales change is 13.6% and the Q3 YTD online sales change is 16.1% if corrected for the difference in bol.com's reporting periods.*

Underlying operating income[1]

Underlying operating income per segment is as follows:

€ million	Underlying operating income Q3 2014	Impairments	Gains (losses) on the sale of assets	Restructuring and related charges	Other	Operating income Q3 2014
Ahold USA	169	(6)	—	2	—	165
The Netherlands	127	(5)	6	(4)	—	124
Czech Republic	(1)	1	—	(4)	—	(4)
Corporate Center	(10)	—	—	(1)	—	(11)
Ahold Group	**285**	**(10)**	**6**	**(7)**	**—**	**274**

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 Q3 2014 is $221 million for Ahold USA and negative CZK 5 million for Czech Republic.

€ million	Underlying operating income Q3 2013 (restated)[2]	Impairments (restated)[2]	Gains (losses) on the sale of assets	Restructuring and related charges	Other	Operating income Q3 2013 (restated)[2]
Ahold USA	178	(6)	3	(45)	—	130
The Netherlands	135	(2)	—	—	—	133
Czech Republic	5	—	1	—	—	6
Corporate Center	(18)	—	—	—	—	(18)
Ahold Group	**300**	**(8)**	**4**	**(45)**	**—**	**251**

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

Underlying operating income in local currency for Q3 2013 is $236 million for Ahold USA and CZK 157 million for Czech Republic.

(€ million)	Underlying operating income Q3 YTD 2014	Impairments	Gains on the sale of assets	Restructuring and related charges	Other	Operating income Q3 YTD 2014
Ahold USA	558	(10)	1	—	—	549
The Netherlands	439	(10)	12	(23)	—	418
Czech Republic	14	1	—	(4)	—	11
Corporate Center	(46)	—	—	(18)	—	(64)
Ahold Group	**965**	**(19)**	**13**	**(45)**	**—**	**914**

Underlying operating income in local currency for Q3 YTD 2014 is $754 million for Ahold USA and CZK 395 million for Czech Republic.

(€ million)	Underlying operating income Q3 YTD 2013 (restated)[2]	Impairments (restated)[2]	Gains on the sale of assets	Restructuring and related charges	Other	Operating income Q3 YTD 2013 (restated)[2]
Ahold USA	624	(53)	23	(45)	(56)	493
The Netherlands	469	(5)	—	—	—	464
Czech Republic	18	—	1	—	—	19
Corporate Center	(52)	—	1	1	2	(48)
Ahold Group	**1,059**	**(58)**	**25**	**(44)**	**(54)**	**928**

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

Underlying operating income in local currency for Q3 YTD 2013 is $821 million for Ahold USA and CZK 472 million for Czech Republic.

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

EBITDA[1]

€ million	EBITDA Q3 2014	Depreciation and amortization	Operating income Q3 2014	EBITDA Q3 2013 (restated)[2]	Depreciation and amortization	Operating income Q3 2013 (restated)[2]
Ahold USA	297	(132)	165	254	(124)	130
The Netherlands	185	(61)	124	190	(57)	133
Czech Republic	7	(11)	(4)	14	(8)	6
Corporate Center	(11)	—	(11)	(18)	—	(18)
Total by segment	**478**	**(204)**	**274**	**440**	**(189)**	**251**
Share in income of joint ventures	12			9		
Income (loss) from discontinued operations	1			—		
Total EBITDA	**491**			**449**		

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

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

(€ million)	EBITDA Q3 YTD 2014	Depreciation and amortization	Operating income Q3 YTD 2014	EBITDA Q3 YTD 2013 (restated)[2]	Depreciation and amortization	Operating income Q3 YTD 2013 (restated)[2]
Ahold USA	968	(419)	549	916	(423)	493
The Netherlands	615	(197)	418	652	(188)	464
Czech Republic	40	(29)	11	46	(27)	19
Corporate Center	(63)	(1)	(64)	(47)	(1)	(48)
Total by segment	**1,560**	**(646)**	**914**	**1,567**	**(639)**	**928**
Share in income of joint ventures	18			13		
Income (loss) from discontinued operations	(195)			1,742		
Total EBITDA	**1,383**			**3,322**		

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

Free cash flow[1]

€ million	Q3 2014	Q3 2013 (restated)[2]	Q3 YTD 2014	Q3 YTD 2013 (restated)[2]
Operating cash flows from continuing operations before changes in working capital and income taxes paid	454	498	1,526	1,622
Changes in working capital	(158)	(117)	(260)	(187)
Income taxes paid - net	(26)	(21)	(242)	(126)
Purchase of non-current assets	(188)	(155)	(507)	(574)
Divestments of assets / disposal groups held for sale	17	5	58	43
Dividends received from joint ventures	2	2	16	5
Interest received	1	2	5	5
Interest paid	(32)	(33)	(154)	(164)
Free cash flow	**70**	**181**	**442**	**624**

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

Net debt[1]

€ million	October 5, 2014	July 13, 2014	December 29, 2013
Loans	1,412	1,327	1,307
Finance lease liabilities	1,121	1,054	1,069
Cumulative preferred financing shares	497	497	497
Non-current portion of long-term debt	3,030	2,878	2,873
Short-term borrowings and current portion of long-term debt	159	149	148
Gross debt	3,189	3,027	3,021
Less: Cash, cash equivalents, and short-term deposits and similar instruments[2, 3]	1,714	1,972	3,963
Net debt	**1,475**	**1,055**	**(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 October 5, 2014, was €356 million (July 13, 2014: €453 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 €129 million, €117 million and €166 million as of October 5, 2014, July 13, 2014, and December 29, 2013, respectively.*

Store portfolio (including franchise stores)

	End of 2013	Opened / acquired	Closed / sold	End of Q3 2014	End of Q3 2013
Ahold USA	767	2	(2)	767	769
The Netherlands[1]	2,056	42	(16)	2,082	2,029
Czech Republic	284	49	(1)	332	283
Continuing operations of Ahold Group	**3,107**	**93**	**(19)**	**3,181**	**3,081**
Slovakia	24	—	(24)	—	24
Total	**3,131**	**93**	**(43)**	**3,181**	**3,105**

1 *The number of stores at the end of Q3 2014 includes 1,130 specialty stores (Etos and Gall & Gall) (Q3 2013: 1,116). During the first three quarters of 2014, nine C1000 stores were converted to the Albert Heijn banner.*

Use of non-GAAP financial measures

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

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

Financial calendar

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

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

2014/22

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 Ahold's investments in value and customer offering, rollout of its U.S. program to improve quality, service and value, rebranding SPAR to Albert and the conversion of supermarkets in the Czech Republic, sales trends, margins, underlying operating income, free cash flow, Reshaping Retail strategy, particularly as to strong brands, market positions, balance sheet and online business, and the court approval, size, funding and timing of the Waterbury settlement. These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Ahold's ability to control or estimate precisely, such as the effect of general economic or political conditions, fluctuations in exchange rates or interest rates, increases or changes in competition, Ahold's ability to implement and successfully complete its plans and strategies, the benefits from and resources generated by Ahold's plans and strategies being less than or different from those anticipated, changes in Ahold's liquidity needs, the actions of competitors and third parties and other factors discussed in Ahold's public filings and other disclosures. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this interim report. Ahold does not assume any obligation to update any public information or forward-looking statements in this interim report to reflect subsequent events or circumstances, except as may be required by applicable laws. Outside the Netherlands, Koninklijke Ahold N.V., being its registered name, presents itself under the name of "Royal Ahold" or simply "Ahold".