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Ahold 2nd quarter 2001 net earnings surge 37.2% to Euro 351.6 million

2nd Quarter Highlights:

- **Net earnings rise 37.2% to Euro 351.6 million**
- **Sales increase 29.3% to Euro 16.1 billion, operating earnings increase 28.7% to Euro 694.9 million**
- **Strong organic sales (+8.4%) and earnings (+18.3%) growth**
- **Earnings per share rise 20.8% to Euro 0.41 (+15.5% excluding currency impact)**
- **Interim dividend rises 22% to Euro 0.22**

- **Confirmation anticipated earnings per share growth for full-year 2001: 15%, excluding currency impact and before goodwill amortization**

Zaandam, The Netherlands, August 30, 2001 – Ahold, the international food retail and foodservice company, achieved second quarter 2001 net earnings before goodwill amortization of Euro 351.6 million (2000: Euro 256.2 million), a 37.2% increase. After amortization of goodwill, net earnings amounted to Euro 323.8 million. Earnings per share, before amortization of goodwill, rose 20.8% to Euro 0.41 (2000: Euro 0.34). Excluding currency fluctuations, specifically the higher average exchange rate of the U.S. dollar, earnings per common share grew 15.5%.

For the first half year, sales increased by 46.4% to Euro 34.3 billion, operating earnings (EBITA) grew 41.7% to Euro 1.4 billion and earnings per share rose 18.7% to Euro 0.82 (excluding currency fluctuations +13.5%).

Remarks by Ahold President & CEO Cees van der Hoeven

Ahold President and CEO Cees van der Hoeven commented that the 2nd quarter and 1st half results clearly demonstrate the company is right on track and continues to grow briskly, both organically as well as through acquisitions. ‘We are pleased with the strong growth in organic sales (+8.4%) and organic operating earnings (+18.3%) during the 2nd quarter. In the United States, our organic sales growth numbers were very good, both in retail activities as well as in foodservice. Earnings at U.S. Foodservice, in particular, were extremely strong and confirm our vision to pursue further growth in this sector. The fact that earnings are on target whilst we consummated the impact of adverse economic conditions in Latin America as well as the conversion costs of Grand Union stores and start-up losses of Peapod, shows the underlying strength of our company. The outlook remains bright for the remainder of the year and we reconfirm that our net earnings will be sharply higher.’

Ahold 2nd quarter / 1st half 2001 results compared to 2000

x Euro 1 million	2 nd quarter			1 st half		
	2001	2000	Change in %	2001	2000	Change in %
Sales	16,100.2	12,449.7	29.3	34,273.8	23,403.8	46.4
EBITDA	1,053.9	814.9	29.3	2,168.6	1,558.7	39.1
As % of sales	6.5	6.5		6.3	6.7	
Depreciation of fixed assets	359.0	275.0	30.5	762.6	566.4	34.6
EBITA	694.9	539.9	28.7	1,405.9	992.3	41.7
As % of sales	4.3	4.3		4.1	4.2	
Goodwill amortization	36.1	-		75.9	-	
EBIT	658.8	539.9	22.0	1,330.0	992.3	34.0
As % of sales	4.1	4.3		3.9	4.2	
Net earnings after goodwill amortization	323.8	256.2	26.4	639.8	486.4	31.5
Net earnings before goodwill amortization	351.6	256.2	37.2	698.2	486.4	43.5
Earnings per share (before goodwill amortization)	0.41	0.34	20.8	0.82	0.69	18.7

In the second quarter, sales and earnings were positively influenced by the higher average exchange rate of the U.S. dollar (Euro 0.86 vs Euro 0.93). Consolidated sales rose 29.3% to Euro 16.1 billion (2000: Euro 12.4 billion). Operational cash flow (EBITDA) also surged by 29.3% to Euro 1,053.9 million. Operating earnings before goodwill amortization (EBITA) increased by 28.7% to Euro 694.9 million (2000: Euro 539.9 million). Excluding currency impact, organic sales growth amounted to 8.4% and organic operating earnings growth totaled 18.3%. Earnings per share before goodwill amortization grew 20.8% to Euro 0.41. Excluding currency impact, earnings per share rose 15.5%.

United States (food retail)

x USD 1 million	<i>2nd quarter</i>			<i>1st half</i>		
	<i>2001</i>	<i>2000</i>	<i>Change in %</i>	<i>2001</i>	<i>2000</i>	<i>Change in %</i>
Sales	5,393.1	4,994.8	8.0	12,190.7	11,394.7	7.0
Operating earnings	297.0	276.5	7.4	629.4	590.2	6.6

In the United States, food retail sales rose 8.0% to USD 5.4 billion. As of January 1, 2001, U.S. food retail adapted its definition of net sales. Based on the former definition, net sales growth would have been 12.0%. All five retail operating companies contributed to sales growth. Organic retail sales grew 8.5%. Comparable sales rose 5.5% and identical sales increased by 5.1%. The remodeling of the 56 Grand Union stores was completed in the 2nd quarter. Costs incurred through the remodeling amounted to USD 13.8 million in the 2nd quarter and were charged to operating results. The results of these remodeled stores were positive at the end of the 2nd quarter. Internet grocer Peapod sustained an operating loss of USD 11.4 million. Excluding Grand Union and Peapod, operating earnings were 6% of sales.

United States (foodservice)

x USD 1 million	<i>2nd quarter</i>			<i>1st half</i>		
	<i>2001</i>	<i>2000</i>	<i>Change in %</i>	<i>2001</i>	<i>2000</i>	<i>Change in %</i>
Sales	2,766.3	1,738.6	59.1	6,206.4	1,738.6	257.0
Operating earnings	122.6	76.5	60.3	244.6	76.5	219.7

Sales at U.S. Foodservice surged 59.1% to USD 2.8 billion. This increase mainly reflects the consolidation of PYA/Monarch at year-end 2000. The acquisition of Mutual and Parkway earlier this year also contributed to sales growth. Organic sales growth amounted to 11.1%. Operating earnings at U.S. Foodservice rose 60.3% to USD 122.6 million. This increase reflects the consolidation of three acquisitions, but synergy benefits and cost savings also contributed significantly to enhanced earnings.

Europe

x Euro 1 million	<i>2nd quarter</i>			<i>1st half</i>		
	<i>2001</i>	<i>2000</i>	<i>Change in %</i>	<i>2001</i>	<i>2000</i>	<i>Change in %</i>
Sales	5,322.1	3,898.6	36.5	11,014.6	7,098.6	55.2
Operating earnings	191.7	142.1	34.9	380.0	264.5	43.7

European sales rose 36.5% to Euro 5.3 billion, mainly reflecting the consolidation of Superdiplo in Spain and the ICA Group in Scandinavia. All Ahold companies in other European countries also generated higher sales. Organic growth of retail sales was 9.2%. In The Netherlands, sales growth partially reflects Schuitema's acquisition of the A & P stores and sales increases at its C1000 stores. Albert Heijn, Deli XL and the specialty stores also generated higher sales. Sales also grew in Poland, partly reflecting the new stores opened last year. In the Czech Republic, the hypermarkets and newly-opened stores contributed to sales growth. Portugal experienced satisfactory sales growth.

Operating earnings increased by 34.9% to Euro 191.7 million, attributable in part to the consolidation of Superdiplo and the ICA Group, where results were in line with expectations. In The Netherlands, Albert Heijn, Schuitema, Deli XL and the specialty stores contributed to the earnings increase. Activities in Poland and the Czech Republic sustained operating losses. Earnings in Portugal were lower as a result of lower gross margin.

Latin America

x Euro 1 million	<i>2nd quarter</i>			<i>1st half</i>		
	<i>2001</i>	<i>2000</i>	<i>Change in %</i>	<i>2001</i>	<i>2000</i>	<i>Change in %</i>
Sales	1,246.4	1,244.3	1.8	2,462.9	2,337.9	5.3
Operating earnings	34.8	35.3	(1.4)	82.0	64.0	28.1

Latin American sales rose 1.8% to Euro 1.2 billion. Despite difficult economic conditions, Bompreço in Brazil, Santa Isabel in Chile and La Fragua in Guatemala all achieved higher sales, while at Disco in Argentina, sales lagged slightly. Organic retail sales grew 2.0%. Operating earnings amounted to Euro 34.8 million and were almost identical to last year. Due to weak economic conditions, growth of operating earnings slowed down. La Fragua realized higher operating earnings.

Asia

x Euro 1 million	<i>2nd quarter</i>			<i>1st half</i>		
	<i>2001</i>	<i>2000</i>	<i>Change in %</i>	<i>2001</i>	<i>2000</i>	<i>Change in %</i>
Sales	96.7	96.7	-	198.0	200.0	(1.0)
Operating earnings	(4.6)	(5.5)	16.4	(9.5)	(11.6)	18.1

In Asia, sales amounted to Euro 96.7 million, identical to last year, and the operating loss totaled Euro 4.6 million. Thailand generated a modest profit in the second quarter.

Corporate Costs

x Euro 1 million	<i>2nd quarter</i>			<i>1st half</i>		
	<i>2001</i>	<i>2000</i>	<i>Change in %</i>	<i>2001</i>	<i>2000</i>	<i>Change in %</i>
	(12.3)	(11.0)	(11.8)	(27.4)	(24.0)	(14.2)

Corporate costs amounted to Euro 12.3 million.

Net Financial Expense

x Euro 1 million	<i>2nd quarter</i>			<i>1st half</i>		
	<i>2001</i>	<i>2000</i>	<i>Change in %</i>	<i>2001</i>	<i>2000</i>	<i>Change in %</i>
Sales	(206.5)	(167.3)	(23.4)	(434.7)	(295.7)	(47.0)

Net financial expense amounted to Euro 206.5 million, reflecting the consolidation of interest expenses at PYA/Monarch and Superdiplo and financing of acquisitions. The higher average exchange rate of the U.S. dollar also impacted negatively.

The rolling annual interest coverage ratio was 3.1 and the rolling annual ratio of net interest bearing debt/EBITDA amounted to 2.7.

Tax rate

The tax rate, expressed as a percentage of pre-tax earnings, amounted to 26.0% (2000: 25.5%).

Group equity

Group equity, expressed as a percentage of the balance sheet total, amounted to 14.4% (at year-end 2000: 12.5%). After conversion of the outstanding convertible subordinated notes, group equity amounts to 20.4% of the balance sheet total. Capital accounts amounted to 21.0% (year-end 2000: 19.5%). Shareholders' equity amounted to Euro 3.2 billion. During the second quarter of 2001, net earnings, after deduction of the preferred dividend and the final cash dividend over 2000, were added to shareholders' equity. In addition, proceeds from the issue of common stock related to exercised option rights and the positive balance of exchange rate fluctuations were added to shareholders' equity. Goodwill related to acquisitions before December 2000 was charged to shareholders' equity. Goodwill related to acquisitions from December 2000 was capitalized.

Changes to shareholders' equity

x Euro 1 million	<i>2nd quarter</i>		<i>1st half</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
Shareholders' equity at beginning of quarter	2,766.4	2,730.2	2,502.6	2,351.9
Net earnings after preferred dividend	314.9	253.4	619.2	479.8
Cash dividend common shares	(62.7)	(25.0)	(62.7)	(25.0)
Exercise of stock options	12.6	5.4	38.9	6.7
Share issues	0.1	2,826.7	0.1	2,826.7
Goodwill	11.6	(4,819.4)	(28.7)	(4,876.4)
Exchange rate differences and other changes	116.9	(109.2)	90.4	98.4
Shareholders' equity at end of quarter	3,159.8	862.1	3,159.8	862.1

Interim dividend

The Corporate Executive Board, with the approval of the Supervisory Board, has decided to declare an interim dividend per common share outstanding of Euro 0.22 in cash (+22%), or as a pay-out of 1% in shares per outstanding common share (2000: Euro 0.18 or 1% in common shares). The interim dividend is payable as of September 10, 2001. Also payable from that date is the interim dividend on cumulative preferred financing shares.

Outlook for full year 2001 confirmed

Ahold confirms its expectation that sales and operating results for the full-year 2001 will increase, reflecting healthy organic growth and the contribution from recent acquisitions. It is expected that net earnings will be sharply higher than last year. For full-year 2001, earnings per common share, excluding currency impact and before goodwill amortization, are expected to rise by 15%.

Definitions:

Organic sales exclude sales from acquisitions.

Identical sales compare sales from exactly the same stores.

Comparable sales are identical sales plus sales from replacement stores.

Editor's note, not for publication:

The Ahold Corporate Executive Board will be reviewing the results and corporate outlook during a press conference to be held this afternoon at 2:00 p.m. at Ahold corporate headquarters on the Albert Heijnweg 1 in Zaandam, The Netherlands.

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Certain statements in this press release, including expectations as to the company's future performance, are "forward-looking statements" within the meaning of U.S. federal securities laws and are intended to be covered by the safe harbors created thereby. These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from these statements. Such factors include, but are not limited to, the effect of general economic conditions and changes in interest rates in the countries in which the company operates, increased competition in the markets in which the company operates, changes in marketing methods utilized by competitors and difficulties encountered in the integration of new acquisitions. Fluctuation in exchange rates between the Euro and the other currencies in which the company's assets, liabilities and results are denominated, in particular the U.S. dollar, can also influence the forward-looking statements as can other factors discussed in the company's public filings. Readers are cautioned not to place undue reliance on such forward-looking statements. For a more detailed discussion of such risks and other factors, see Royal Ahold's Annual Report on form 20-F for its most recent fiscal year. Outside the Netherlands the company presents itself under the name of Royal Ahold or simply Ahold. For reader convenience, Royal Ahold or Ahold are also used throughout the financial statements. The registered name of the company is Koninklijke Ahold N.V.

Consolidated statement of earnings of Royal Ahold

<i>x 1 million Euro</i> <i>(unless otherwise indicated)</i>	2nd quarter			1st half year		
	2001 <i>(12 weeks)</i>	<i>increase</i> <i>in %</i>	2000 <i>(12 weeks)</i>	2001 <i>(28 weeks)</i>	<i>increase</i> <i>in %</i>	2000 <i>(28 weeks)</i>
Sales to third parties						
- U.S. Foodretail <i>(in dollars)</i>	5,393.1	8.0	4,994.8	12,190.7	7.0	11,394.7
- U.S. Foodservice <i>(in dollars)</i>	2,766.3	59.1	1,738.6	6,206.4	257.0	1,738.6
- United States <i>(in dollars)</i>	8,159.4	21.2	6,733.4	18,397.1	40.1	13,133.3
- Europe	5,322.1	36.5	3,898.6	11,014.6	55.2	7,098.6
- Latin America	1,246.4	1.8	1,224.3	2,462.9	5.3	2,337.9
- Asia Pacific	96.7	0.0	96.7	198.0	(1.0)	200.0
Total sales	16,100.2	29.3	12,449.7	34,273.8	46.4	23,403.8
Operating earnings						
- U.S. Foodretail <i>(in dollars)</i>	297.0	7.4	276.5	629.4	6.6	590.2
- U.S. Foodservice <i>(in dollars)</i>	122.6	60.3	76.5	244.6	219.7	76.5
- United States <i>(in dollars)</i>	419.6	18.9	353.0	874.0	31.1	666.7
- Europe	191.7	34.9	142.1	380.0	43.7	264.5
- Latin America	34.8	(1.4)	35.3	82.0	28.1	64.0
- Asia Pacific	(4.6)	16.4	(5.5)	(9.5)	18.1	(11.6)
- Corporate costs	(12.3)	(11.8)	(11.0)	(27.4)	(14.2)	(24.0)
Total operating earnings	694.9	28.7	539.9	1,405.9	41.7	992.3
Goodwill amortization	(36.1)		-	(75.9)		-
Earnings before interest & taxes	658.8	22.0	539.9	1,330.0	34.0	992.3
Net financial income and expenses	(206.5)		(167.3)	(434.7)		(295.7)
Earnings before income taxes	452.3	21.4	372.6	895.3	28.5	696.6
Income taxes	(117.6)		(94.9)	(229.9)		(180.6)
Earnings after income taxes	334.7	20.5	277.7	665.4	29.0	516.0
Income from unconsolidated subsidiaries and affiliates	4.9		3.5	8.2		3.9
Minority interests	(15.8)		(25.0)	(33.8)		(33.5)
Net earnings	323.8	26.4	256.2	639.8	31.5	486.4
Dividend preferred shares	(8.9)		(2.8)	(20.6)		(6.6)

Ratios

	2 nd quarter		1 st half year	
	2001 (12 weeks)	2000 (12 weeks)	2001 (28 weeks)	2000 (28 weeks)
Average number of common shares outstanding (x 1,000) ¹	828,997	740,555	825,633	693,741
Earnings per common share (before goodwill amortization) ²	EUR 0.41	0.34	EUR 0.82	0.69
Earnings per common share (after goodwill amortization) ²	EUR 0.38	0.34	EUR 0.75	0.69
Diluted earnings per common share ³	EUR 0.37	0.33	EUR 0.73	0.66
Operating results as % of sales	4.32	4.34	4.10	4.24
Depreciation and amortization (x 1 million)	EUR 395.1	275.0	EUR 838.6	566.4
EBITDA (x 1 million)	EUR 1,053.9	814.9	EUR 2,168.6	1,558.7
EBITDA as % of sales	6.55	6.55	6.33	6.66
Earnings after income taxes as % of sales	2.08	2.23	1.94	2.20
Average exchange rate of the euro	USD 0.86	0.93	USD 0.89	0.96

¹ Number of shares has been adjusted for stock dividends.

² Earnings per common share are calculated on the basis of the average number of common shares outstanding and after the deduction of dividend on preferred shares.

³ Calculated as follows: net earnings after preferred dividend, adjusted for the interest expenses on the convertible subordinated notes, divided by the weighted average number of common shares outstanding, including the number of common shares that would have been issued upon conversion of the convertible subordinated notes and the exercise of stock options rights outstanding.

Consolidated balance sheet of Royal Ahold

<i>x 1 million Euro</i>	July 15, 2001	December 31, 2000
Cash and cash equivalents	1,166	1,336
Receivables	3,742	3,426
Inventories	4,279	4,100
Tangible fixed assets	13,143	12,232
Intangible fixed assets	3,303	3,153
Financial fixed assets	1,313	1,214
	<u>26,946</u>	<u>25,461</u>
Current liabilities	9,851	10,221
Long-term debt	9,777	8,520
Subordinated loans	1,780	1,780
Provisions	1,669	1,760
Minority interests	710	677
Shareholders' equity	3,159	2,503
Group equity	<u>3,869</u>	<u>3,180</u>
	<u>26,946</u>	<u>25,461</u>
Net interest-bearing debt	<u>11,984</u>	<u>10,940</u>
Capital accounts	<u>5,649</u>	<u>4,960</u>

Ratios

	July 15, 2001	December 31, 2000
Number of common shares outstanding (<i>x 1,000</i>) ⁴	832,092	822,691
Group equity/Total assets %	14.4	12.5
Capital accounts/Total assets %	21.0	19.5
Exchange rate of the euro for balance sheet items	USD 0.85	USD 0.94
Group equity/Total assets in % under the assumption as if the convertible subordinated bonds were fully converted	20.4	18.9

⁴ Number of shares has been adjusted for stock dividends.

Consolidated statements of cash flows of Royal Ahold

<i>x 1 million Euro</i>	1st half year <i>(28 weeks)</i>	
	2001	2000
Cash flows from operating activities		
Net earnings	639.8	486.4
Minority interests in earnings	33.8	33.5
Depreciation and amortization	838.6	566.4
Unremitted earnings of unconsolidated subsidiaries and affiliates	(5.2)	(2.3)
Changes in working capital and provisions	(916.2)	(164.8)
Changes in deferred income taxes	1.9	152.1
	592.7	1,071.3
Cash flows from investing activities		
Net investments in tangible and intangible fixed assets	(525.6)	(816.9)
Acquisition and sale of subsidiaries	(418.2)	(5,731.0)
	(943.8)	(6,547.9)
Cash flows from financing activities		
Net change in loans receivable/payable	146.5	2,732.8
Net proceeds from issuance of shares	39.0	2,833.5
Dividends paid	(73.7)	(30.6)
Changes in minority interests	(20.4)	(1.3)
	91.4	5,534.4
Exchange rate differences	47.6	5.5
Net change in cash and cash equivalents	(212.1)	63.3
Cash and cash equivalents at beginning of year	1,335.6	887.6
Cash brought in through acquisitions and new consolidations	42.1	317.1
Cash and cash equivalents at end of 1st half year	1,165.6	1,268.0

Accounting principles:

The accounting principles are unchanged compared to the accounting principles as stated in the annual report 2000.

The data included in this press-release are unaudited.