# Press Release

**Royal Ahold**
Public Relations

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For more information: +31 75 659 57 20

# "Ahold again achieves impressive organic growth"

*Speech by Cees van der Hoeven*
*Ahold President & CEO*
*at the presentation of the*
*2nd quarter / 1st half 2001 results*
*Zaandam, The Netherlands*
*August 30, 2001*

***Ladies and Gentlemen,***

Thank you for attending our bi-annual press conference. It is always a great honor for us to receive so much attention from national and international media. As you have seen from our press release, once again the Ahold results for the 2nd Quarter and half-year 2001 were superb. Despite the slowdown in most economies and adverse conditions in several Latin American countries, we were able to comfortably meet the targets we had set ourselves earlier this year. We are particularly pleased with the organic growth numbers, which have clearly accelerated. Organic sales growth was 8.4% for the 2nd Quarter and organic earnings growth was impressive at 18.3%.

Albert Heijnweg 1, Zaandam
P.O. Box 3050, 1500 HB Zaandam
The Netherlands
Phone: +31 (0)75 659 5720
Fax: +31 (0)75 659 8302

Although we saw healthy sales growth almost everywhere and practically all our companies gained market share, it will be clear that our U.S. operations were the main engine behind these numbers. During the 2nd quarter, U.S. retail saw organic sales growth of 8.5% and 5.1% identical growth. This latter number is particularly strong as it excludes any new stores or major remodels. U.S. retail was able to absorb the USD 14 million cost of converting the Grand Union stores as well as Peapod's quarterly loss of USD 11 million. Excluding these, we achieved our goal of a 6% operating result, a target we had communicated for next year.

**U.S. retail operations**

All our U.S. retail operations performed well, driving sales and controlling expenses. The benefits derived from Ahold Networking – our internal knowledge sharing and best practice exchange initiative – the synergy projects and the common platform for support services are starting to become very apparent. Our model to be as local as possible in the marketplace while carefully coordinating our activities behind the scene is proving to be beneficial to customers as well as shareholders.

**U.S. Foodservice**

We are equally pleased with the performance of U.S. Foodservice, which clearly exceeds the expectations we expressed when we announced the acquisition last year. During the 2nd quarter, U.S. Foodservice, including PYA/Monarch, achieved 4.4% operating earnings, ahead of our earlier targets. Organic sales growth continues to be strong at 11%, underlining significant gains in market share. The integration process of PYA/Monarch has been swift and successful. We have exceeded the synergies predicted at closing. It shows the ability of U.S. Foodservice to integrate new businesses flawlessly.

We are excited about this part of our business which was non-existent two years ago but is now one of our main growth engines. As an added benefit, we have seen some very successful introductions of U.S. Foodservice concepts in our retail stores and we will continue to pursue this path vigorously.

**Europe**

In Europe we saw strong organic sales growth at 9.2%. This has been evidenced throughout the entire region.

In The Netherlands, all operating companies performed very well. Contrary to erroneous reports in the press, Albert Heijn held its market share despite the loss of business in Shell gasoline stations. Schuitema gained significant market share with its successful C-1000 stores. Earnings were strong at all Dutch companies, including Deli XL and the specialty stores.

In Scandinavia, results met expectation, with excellent sales and earnings growth, particularly in Sweden.

The Portuguese activities generated lower results as a consequence of a lower gross margin. We are pleased we will continue as partners of Jeronimo Martins in the successful joint venture.

In Spain, the integration of Superdiplo with several earlier acquisitions is on target and the results are also in line with expectations.

In Central Europe, we saw improvements although we were still showing a loss in Poland. Due to the large share of hypermarkets, results in the Czech Republic are backloaded towards the 2nd half of this year.

**Latin America & Asia**

Adverse conditions in several Latin American countries slowed our growth in the region. Under the circumstances, our companies and joint ventures, particularly Disco in Argentina and Bompreco in Brazil, performed extremely well. The joint venture in La Fragua, Guatemala, continues to deliver improved earnings. Fortunately we are blessed with strong management teams and joint venture partners, so that together we can weather difficult econmomic conditions.

We saw some improvement in Asia and we are pleased that our Thai operation continues to be profitable.

Overall, Ahold is in excellent shape and we can look forward to the future with great confidence. It is particularly good to see that the vision and strategy are paying off. Our multi-channel approach is a great strength since we are able to fulfill more of our customers' needs in ways that best fit their busy lifestyles. Moreover, we see increasing synergies developing between the channels.

Our multi-brand strategy with the strongest store brands in a region is also very beneficial, particularly at a time when consumer confidence in the economy is eroding.
For many years we have worked on a common support infrastructure to ensure that the whole of our company is more than just the sum of its parts. We can now clearly see that this approach continues to strengthen our competitive position in the local market place.
In addition, our ability to operate multiple retail formats is proving to be successful. Through our supermarkets, hypermarkets, convenience stores, specialty stores and e-commerce, we are able to cater to different customers on different shopping trips.

*So, what lies ahead?*

As mentioned earlier, we will continue to pursue accelerated organic growth. So far this year we are ahead of our target and we will continue to keep this a high priority in our strategy. All of our companies are working on cost reduction programs and we are confident that, going forward, we will be able to reduce our operating costs as a percentage of sales.

We are currently heavily involved in the introduction of a comprehensive economic value added (EVA) program for our major companies effective early 2002. Although in the past we have measured EVA performance internally, we have not yet drilled it down into target setting, bonuses and decision making. This will all change as we adopt the principles, practices and procedures related to EVA. We are convinced it will make our company more capital efficient and that we will be able to deliver even better shareholder value.

At the same time we are making corporate responsibility an integral part of our way of working. We are involved in many projects and programs including the Global Food Safety Initiative, supply chain responsibility, diversity of the work force, support of underprivileged people and communities as well as good citizenship. We see this as the logical extension of our mission to become the world’s best and most successful food provider.

The enthusiasm and motivation of our troops is inspirational across the companies and countries. Together, thousands of Ahold people work on many intercompany projects to improve the performance of our business. First and foremost as experienced by our customers, but also as benchmarked against one another. Fortunately we are blessed with the fact that we are able to attract the best people in the business and that we have a lot to offer our associates.

Working together in relative independence but with a highly inspirational peer group is not only motivational for our associates, but also attracts potential acquisition candidates.

We will continue to pursue these acquisitions as and when they present themselves. As you know we have a wish list of potential thoroughbreds that we would like to add to our stable and it is no secret that we are in active dialogue with several of them. Our company is ready for further expansion, both through organic growth as well as through acquisitions. You should therefore not be surprised to see significant growth rates continuing for some time.

*In conclusion we are in excellent shape and would like to confirm our expectation that sales and operating results for the year 2001 will continue to increase. We expect 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 at least 15%.*

*Ahold Corporate Communications: +31 75 659 5720*
*Mobile: Hans Gobes +31 655 822 298, Jan Hol +31 622 933 137*

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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.*

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