Earnings Release

Highlights

- Fourth quarter operating income up 49% to € 365 million
- Fourth quarter net income up 9% to € 285 million
- Full year operating income up 12% to € 1.2 billion
- Full year net income € 1.1 billion
- Full year underlying retail operating margin 5%
- Dividend increased by 12% to € 0.18 per share

Amsterdam, the Netherlands – Ahold today published its summary financial report for the fourth quarter and full year 2008. CEO John Rishton said: "In 2008, we delivered solid performance with particularly strong results in the last quarter and achieved an underlying retail operating margin of 5% for the full year. We have achieved our annual targets for each of the last three years thanks to the hard work and dedication of our employees. I am pleased to announce that we propose to increase our annual dividend for 2008 by 12% to € 0.18 per common share.

"During 2008, we completed the Value Improvement Program, including the rebranding of Stop & Shop and Giant-Landover. This strengthened our relative price position and led to market share gains and improved financial results in the second half of the year. Meanwhile, Giant-Carlisle continued its strong performance, gaining significant market share. In Europe, Albert Heijn had another excellent year, including the conversion of 54 Schuitema stores to the Albert Heijn banner following the divestment of our stake in Schuitema. Albert/Hypernova was able to maintain its market position and break even in very competitive markets in the Czech Republic and Slovakia.

"Although the economic environment continues to deteriorate, we believe that the business is well prepared to respond to the effects of recession. We have a strong balance sheet and we have repositioned our businesses over recent years to give better value to our customers. We continue to improve our offer and reduce costs. As a business, we have the skills and capabilities to respond quickly and effectively to changes in consumer behavior. Despite the continued deterioration of the economic environment, in the first weeks of 2009 we have seen no significant changes in consumer behavior.

"We are confident that we have the right strategy, business model and customer offering. However we recognize that in the current conditions we may need to adjust the balance between sales, market share, profits and cash even more rapidly than we have in the past. Consequently, we will work to balance these elements in the near-term to ensure we are able to deliver our longer-term goals of sustainable 5% sales growth and 5% retail operating margin.

"Capital expenditure in 2009 will be below € 1 billion. At current exchange rates, we expect our net interest expense to increase and be in the range of € 290 million to € 310 million, primarily due to the stronger dollar and lower yields on cash."

Financial performance

Fourth quarter 2008

Net sales were € 6.6 billion, up 12.9% from the same period last year. At constant exchange rates, net sales increased by 5.9%.

Operating income was € 365 million, € 120 million higher than in the same period last year. Retail operating income was € 392 million, a retail operating margin of 5.9% compared to 4.9% in the same quarter last year. Corporate Center costs were € 27 million for the quarter, down € 6 million from the same period last year.

Net income was € 285 million, up € 23 million compared to the same quarter last year, reflecting a higher operating income, partially offset by lower income from discontinued operations and higher income taxes.

Cash flow before financing was € 319 million, € 263 million lower than in the same period last year, primarily as a result of higher capital expenditures (related to both remodeling at Giant-Landover and converting former Schuitema stores into the Albert Heijn format) and proceeds from the divestment of Tops in the fourth quarter of 2007.

Full year 2008

Net sales were € 25.7 billion, up 3.3% compared to last year. At constant exchange rates, net sales increased by 6.9%.

Operating income was € 1.2 billion, € 130 million higher than last year. Retail operating income was € 1.3 billion, an underlying retail operating margin of 5.0%. This was in line with the 4.8% to 5.3% guidance for 2008. Corporate Center costs were € 96 million, down € 24 million from a year ago.

Net income was € 1.1 billion, down € 1.9 billion compared to last year, which included a € 2.0 billion gain on divestments.

Cash flow before financing was € 1.3 billion, € 5.4 billion lower than last year which included € 5.4 billion proceeds from the divestments of U.S. Foodservice, Tops and Ahold's operations in Poland.

(Euros in millions)	Q4 2008	Q4 2007	% Change	FY 2008	FY 2007	% Change
Net sales	6,595	5,840	12.9%*	25,722	24,893	3.3%*
Operating income	365	245	49.0%	1,198	1,068	12.2%
Income from continuing operations	283	205	38.0%	868	753	15.3%
Net income	285	262	8.8%	1,079	2,945	(63.4%)

** At constant exchange rates, net sales increased by 5.9% in the fourth quarter and 6.9% in the full year.*

Performance by business segment

Stop & Shop/Giant-Landover

For the fourth quarter, net sales of $ 4.0 billion were up 2.8% from the same period last year. Net sales included $ 15 million of sales to Tops (prior to its divestment, such sales were recorded as inter-company sales). Identical sales were up 2.3% at Stop & Shop (4.0% excluding gasoline net sales) and up 1.1% at Giant-Landover (1.0% excluding gasoline net sales), despite lower pharmacy sales. Operating income was $ 207 million (or 5.1% of net sales), up $ 84 million from the same period last year.

For the full year, net sales of $ 17.1 billion were up 2.4% compared to last year. Net sales included $ 114 million of sales to Tops. Identical sales were up 2.4% at Stop & Shop (2.1% excluding gasoline net sales) and down 0.4% at Giant-Landover (0.5% excluding gasoline net sales), impacted by lower pharmacy sales. Operating income was $ 701 million (or 4.1% of net sales), up $ 39 million from last year.

Giant-Carlisle

For the fourth quarter, net sales of $ 1.1 billion were up 7.9% compared to the same period last year. Identical sales were up 4.6% (5.7% excluding gasoline net sales). Operating income was $ 60 million (or 5.4% of net sales), up $ 12 million compared to the same period last year.

For the full year, net sales of $ 4.7 billion were up 10.0% compared to last year. Identical sales were up 6.3% (4.7% excluding gasoline net sales). Operating income was $ 233 million (or 4.9% of net sales), up $ 20 million compared to last year.

Albert Heijn

For the fourth quarter, net sales of € 2.2 billion were up 11.6% compared to the same period last year. Net sales increased at Albert Heijn supermarkets by 12.2% to € 2.0 billion due in part to the conversion of former Schuitema stores into the Albert Heijn format in the second half of the year. Identical sales at Albert Heijn supermarkets increased 5.2%. Operating income was € 180 million (or 8.1% of net sales), up € 19 million from last year.

For the full year, net sales of € 9.0 billion were up 12.9% compared to last year. Identical sales at Albert Heijn supermarkets were up 9.2%. Operating income was € 648 million (or 7.2% of net sales), up € 75 million compared to last year, benefiting from lower pension charges.

Albert / Hypernova (Czech Republic and Slovakia)

For the fourth quarter, net sales increased 3.0% to € 440 million. At constant exchange rates, net sales decreased 2.7%. Identical sales were down 3.1%. Operating income was € 9 million, up € 4 million from the same period last year.

For the full year, net sales increased 13.9% to € 1.8 billion. At constant exchange rates, net sales increased 2.8%. Identical sales were up 3.2%. Operating income was € 1 million, up € 1 million from last year.

Unconsolidated joint ventures

For the fourth quarter, Ahold's share in income of joint ventures decreased 6.5% to € 29 million. For the full year, Ahold's share in income of joint ventures was down 21.0% to € 109 million. The decrease was primarily due to ICA, mainly as a result of lower gains on the sale of assets and weak performance in Norway.

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Other information

Non-GAAP financial measures

- Net sales, at constant exchange rates. Net sales at constant exchange rates exclude the impact of using different currency exchange rates to translate the financial information of Ahold subsidiaries or joint ventures to euros. Ahold's management believes this measure provides a better insight into the operating performance of Ahold's foreign subsidiaries or joint ventures.
- Net sales in local currency. In certain instances, net sales are presented in local currency. Ahold's management believes this measure provides a better insight into the operating performance of Ahold's foreign subsidiaries.
- Identical sales, 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 identical store sales.
- Underlying retail operating income. Total retail operating income, adjusted for impairment of non-current assets, gains and losses on the sale of assets and restructuring and related charges. Ahold's management believes this measure provides better insight into underlying operating performance of Ahold's retail operations.
- Operating income in local currency. In certain instances operating income is presented in local currency. Ahold's management believes this measure provides better insight into the operating performance of Ahold's foreign subsidiaries.
- Cash flow before financing activities. Cash flow before financing activities is the sum of net cash from operating activities and net cash from investing activities. Ahold's management believes that because this measure excludes net cash from financing activities, this measure is useful where such financing activities are discretionary, as in the case of voluntary debt prepayments.

(Euros in millions)	Q4 2008	Q4 2007	FY 2008	FY 2007
Cash flow before financing	319	582	1,272	6,627
Net cash from financing activities	(214)	(1,051)	(1,717)	(5,140)
Net cash from operating, investing and financing activities	105	(469)	(445)	1,487

Ahold's financial year

- Ahold's reporting calendar is a 52 or 53 week period ending on the Sunday nearest to December 31 in any given year.
- The 2008 reporting calendar was a 52 week period ending December 28, 2008. The quarters were:

First Quarter (16 weeks)	December 31, 2007 through April 20, 2008
Second Quarter (12 weeks)	April 21 through July 13, 2008
Third Quarter (12 weeks)	July 14 through October 5, 2008
Fourth Quarter (12 weeks)	October 6 through December 28, 2008

- The 2009 reporting calendar will be a 53 week period ending on January 3, 2010. The quarters in 2009 are:

First Quarter (16 weeks)	December 29, 2008 through April 19, 2009
Second Quarter (12 weeks)	April 20 through July 12, 2009
Third Quarter (12 weeks)	July 13 through October 4, 2009
Fourth Quarter (13 weeks)	October 5 through January 3, 2010

This earnings release should be read in conjunction with Ahold's summary financial report for the full year and fourth quarter, which is available on www.ahold.com and Ahold's 2008 annual report, which is expected to be published on March 9, 2009.

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 the annual dividend for 2008, Ahold's response to the economic environment and its ability to give better value to its customers and to continue to improve its offer and cost reduction, Ahold's ability to respond to changes in consumer behavior and market conditions, Ahold's strategy and business model and the expected sales growth, underlying retail operating margin, capital expenditure and net interest expense for full year 2009. 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 complete successfully 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. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Koninklijke Ahold N.V. does not assume any obligation to update any public information or forward-looking statements in this release to reflect subsequent events or circumstances, except as may be required by securities laws. Outside the Netherlands, Koninklijke Ahold N.V., being its registered name, presents itself under the name of "Royal Ahold" or simply "Ahold".