

# Acquisition of SPAR CZ by Ahold

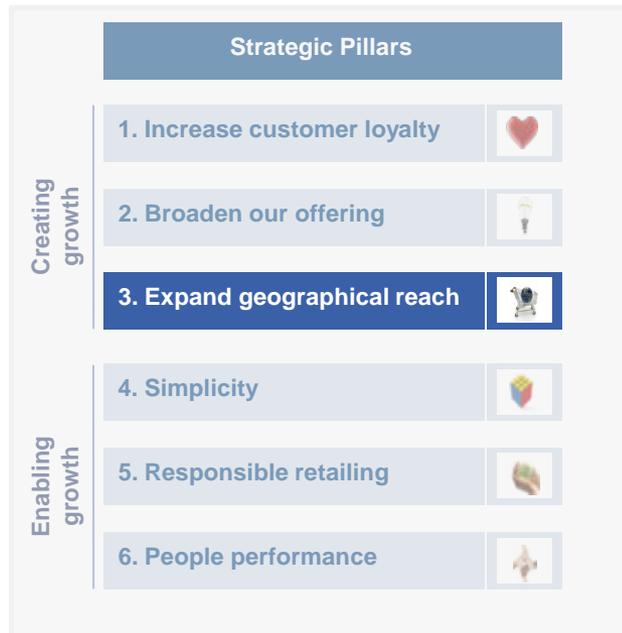
A unique opportunity to make Albert the number one food retail brand in the Czech Republic

March 11, 2014

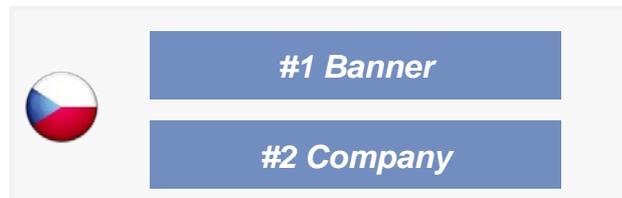


# The acquisition of SPAR CZ is an important next step towards profitable growth for Ahold in the Czech Republic

## Our Strategy



## Our new CZ market position



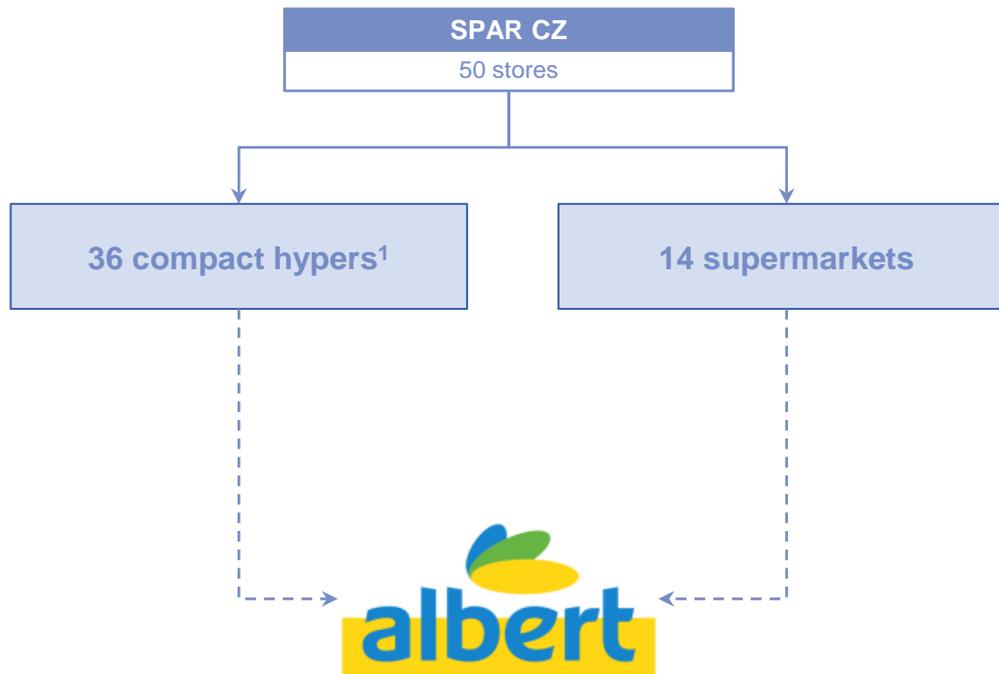
## Albert's current position

- Ahold has had a presence in the Czech Republic since 1991 and has developed the Albert business with supermarkets and compact hypers to become the second largest brand in terms of sales while improving its profitability

## This acquisition...

- Represents an opportunity to add 50 stores to our portfolio and allows for the combination of two companies that have a natural fit with a focus on quality and value
- Creates the #1 banner and #2 company in the Czech food retail market
- Is expected to generate significant synergies through leveraging Albert's existing infrastructure by adding approximately 30% sales volume

## The acquisition represents an opportunity to add 50 stores and combines two companies with a natural fit...



SPAR CZ stores will be integrated into the Albert chain which currently operates 228 supermarkets and 56 compact hypers

### Key store characteristics

- SPAR CZ and Albert have a similar customer image
- SPAR CZ runs stores with a strong fresh assortment
- SPAR CZ stores are well-maintained and in very good shape
- Excellent locations in, amongst others, Prague and Brno

# ...creating #1 banner and #2 company in the Czech food retail market...

Company	Market share est. (%)	Store (#)	Store types
  	29%	336	<ul style="list-style-type: none"> <li>• Compact hypers and discounter</li> </ul>
	23%	334	<ul style="list-style-type: none"> <li>• Supermarkets and compact hypers</li> </ul>
	20%	230	<ul style="list-style-type: none"> <li>• Hypermarkets and compact hypers</li> </ul>
  	19%	554	<ul style="list-style-type: none"> <li>• Supermarket and discounter</li> </ul>
	17%	284	<ul style="list-style-type: none"> <li>• Supermarkets and compact hypers</li> </ul>
	10%	13	<ul style="list-style-type: none"> <li>• Hypermarkets</li> </ul>
	6%	50	<ul style="list-style-type: none"> <li>• Supermarkets and compact hypers</li> </ul>

## ...and is expected to generate significant synergies



- SPAR CZ standalone lacked scale and had limited opportunity to further increase scale in a mature market
- Market characteristics underlie strong transaction rationale for both Ahold and SPAR CZ
- SPAR CZ 2013 net sales of €437m, resulting in an increase in Albert's volume of approximately 30%
- Forecast annual synergies of over €20m by leveraging the existing Albert infrastructure as well as sourcing synergies
- Forecast one-off charges estimated to a total of approximately €50m
- While SPAR CZ is currently loss making, we expect that the transaction will be margin enhancing (underlying EBIT) within 2 years

## Key transaction highlights

- Share deal in which 100% of the shares of SPAR CZ and a related real estate entity owning 4 stores are acquired
- Transaction Enterprise Value of CZK 5,245m representing ~0.4 x annual sales
- Acquisition will be funded from existing cash resources
- Closing conditional to merger clearance

## Cautionary notice

This presentation 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 strategy, synergies, the funding of the transaction and merger clearance. 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 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 presentation. Ahold does not assume any obligation to update any public information or forward-looking statements in this presentation 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."

# APPENDIX

# Czech Republic: Quick Facts

## Topology

- 10 million inhabitants, of which 1.2 million in Prague and 0.4 million in Brno

## Economy

- GDP/capita 2013 €14,500, expected growth above EU average
- Traditional trade still 21%, upside for modern food retail

## Customer

- Average household spend only €55/week on groceries
- Proximity main reason for choosing a food store
- Promotion driven but quality increasingly important