

HEINEKEN and China Resources sign definitive agreements to join forces in China

Amsterdam, 5 November 2018 – Heineken N.V. ('HEINEKEN') (EURONEXT: HEIA; OTCQX: HEINY) today announced that it has signed definitive agreements with China Resources Enterprise, Limited ('CRE') and China Resources Beer (Holdings) Co. Ltd. ('CR Beer') to create a long-term strategic partnership for Mainland China, Hong Kong and Macau (together 'China'). In the context of this partnership, HEINEKEN will become CRE's 40% minority partner in holding company CRH (Beer) Limited ('CBL'), which controls CR Beer, the undisputed market leader in the world's largest beer market, China. The terms of the signed definitive agreements are in line with the non-binding agreements previously announced in HEINEKEN's media release on 3 August 2018.

Chairmen statements

Commenting on the strategic partnership, HEINEKEN Chairman of the Executive Board & CEO Jean-François van Boxmeer said: "I am pleased we have quickly come to definitive agreements with CRE and CR Beer to join forces in China. Our long-term strategic partnership will help HEINEKEN to significantly expand the availability of the Heineken® brand, and will strengthen CR Beer's offering in the rapidly growing premium beer segment in China. We look forward to growing together by leveraging HEINEKEN's global reach and marketing capabilities to help accelerate the international development of CR Beer's Chinese beer brands worldwide."

Chen Lang, Chairman of CRE, said: "We are looking forward to join forces with HEINEKEN in China. We believe that our strategic alliance will maximize synergies, enhance the long-term competitiveness of both companies and further increase our market share in China's premium beer market. It will bring together the competitive advantages of HEINEKEN's international premium brands with CR Beer's leading position and rich experience in the Chinese beer market. In HEINEKEN we found the perfect partner to achieve our ambitions in China and to support our international business growth. We now look forward to closing the transaction."

Next steps

Completion of the strategic partnership between HEINEKEN, CRE and CR Beer and the Company Transactions are subject to customary and applicable (including regulatory) approvals. If regulatory approval is successfully obtained, the transaction is expected to complete in 2019. Further announcements will be made as and when appropriate.

Strategic rationale and background

As part of the strategic partnership, HEINEKEN China's current operations will be combined with CR Beer's operations and HEINEKEN will license the Heineken® brand in China to CR Beer on a long-term basis.

China's beer market, the world's largest beer market by volume, is now the second largest premium beer market globally and is forecast to be the biggest contributor to premium volume growth in the next five years, driven by its rapidly growing middle class. Profitability of the Chinese beer market is expected to improve significantly, driven by premiumisation, demand for international beer brands and cost optimisation.

The combination of HEINEKEN and CR Beer in China is highly complementary. CR Beer has a best-in-class route to market (RTM) network, a wide brewery footprint and a deep understanding of the Chinese market. HEINEKEN has proven premium brand building capabilities and a world-class international brand portfolio, led by the iconic Heineken® brand for which it has built strong equity over the years in China.

Under the strategic partnership agreement, HEINEKEN will be CRE's exclusive partner for international premium lager beers in China. HEINEKEN and CR Beer will investigate which other premium brands from HEINEKEN's portfolio can be licensed to CR Beer in China. HEINEKEN and CRE will also investigate if the Dutch brewer's global presence and marketing capabilities can be leveraged to support and accelerate the international growth of CR Beer's Snow® brand and its other Chinese brands to become the Chinese beers of choice.

Terms of the binding agreements

The geographical coverage of the strategic partnership with CRE and CR Beer is China. Under the binding agreements, HEINEKEN and CRE or CR Beer (as applicable) will enter into the following transactions simultaneously:

- 1) HEINEKEN will acquire a shareholding of 40% in CBL and CRE will own the other 60% in CBL. The Partnership will be governed by a shareholders agreement. CBL holds a controlling interest of 51.67% in CR Beer, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, operating the beer business in China. Post completion of the transaction, HEINEKEN will have an effective 20.67% economic interest in CR Beer (see appendix for shareholder structure overview) and will accordingly expect to get representation on the board of CBL and of CR Beer. HEINEKEN will invest a total amount of HK\$24.3 billion in CBL, which translates into an implied purchase price of HK\$36.31 per share in CR Beer.
- 2) CRE will acquire 5.2 million Heineken N.V. shares (equivalent to a 0.9% shareholding in Heineken N.V.) which are currently held in treasury for a total consideration of €464 million or €88.66 per share.
- 3) HEINEKEN will contribute its operating entities in China, including three breweries, into CR Beer for a total consideration of HK\$2.4 billion, through a share sale transaction.

Combined, these transactions will result in a net investment of €1,948 million (at exchange rates on 3 August 2018) by HEINEKEN.

4) HEINEKEN and CR Beer will enter into a Trademark License Agreement (TMLA) for the Heineken® brand in China. HEINEKEN and CR Beer also signed a Framework Agreement to govern the use of other premium brands owned by HEINEKEN which may be licensed to CR Beer in China, as well as to allow CR Beer to leverage HEINEKEN's global distribution channels to support and accelerate the international growth of CR Beer's Snow® brand and its other Chinese brands.

Upon completion HEINEKEN's pro-forma net debt/EBITDA (beia) ratio is expected to slightly exceed the target of 2.5x. HEINEKEN remains committed to return to the long-term target of below 2.5x. The transaction will be immediately accretive to margins and accretive to EPS in the near term.

Press enquiries

John-Paul Schuirink

E-mail: pressoffice@heineken.com

Tel: +31-20-5239-355

Michael Fuchs

E-mail: pressoffice@heineken.com

Tel: +31-20-5239-355

Investor and analyst enquiries

Federico Castillo Martinez

E-mail: investors@heineken.com

Tel: +31-20-5239-590

Chris MacDonald / Aris Hernández

E-mail: investors@heineken.com

Tel: +31-20-5239-590

Editorial information**About HEINEKEN**

HEINEKEN is the world's most international brewer. It is the leading developer and marketer of premium beer and cider brands. Led by the Heineken® brand, the Group has a portfolio of more than 300 international, regional, local and speciality beers and ciders. We are committed to innovation, long-term brand investment, disciplined sales execution and focused cost management. Through "Brewing a Better World", sustainability is embedded in the business and delivers value for all stakeholders. HEINEKEN has a well-balanced geographic footprint with leadership positions in both developed and developing markets. We employ over 80,000 employees and operate breweries, malteries, cider plants and other production facilities in more than 70 countries.

Heineken N.V. and Heineken Holding N.V. shares trade on the Euronext in Amsterdam. Prices for the ordinary shares may be accessed on Bloomberg under the symbols HEIA NA and HEIO NA and on Reuters under HEIN.AS and HEIO.AS. HEINEKEN has two sponsored level 1 American Depositary Receipt (ADR) programmes: Heineken N.V. (OTCQX: HEINY) and Heineken Holding N.V. (OTCQX: HKHHY). Most recent information is available on HEINEKEN's website: www.theHEINEKENcompany.com and follow us on Twitter via @HEINEKENCorp.

About China Resources Enterprise, Limited

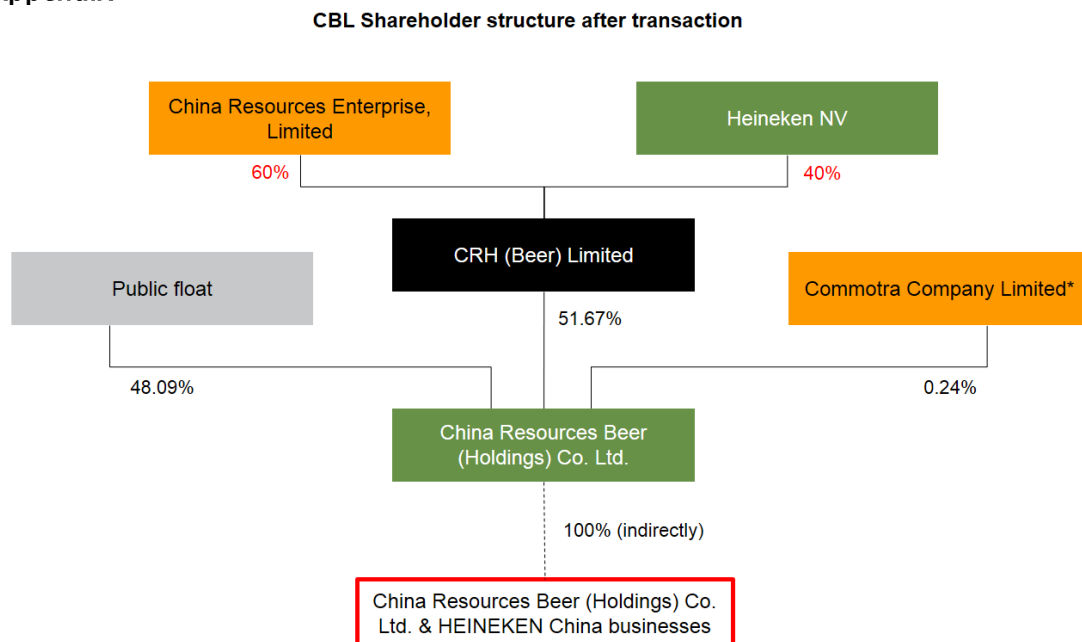
Founded in 1992, China Resources Enterprise, Limited is the Hong Kong flagship subsidiary of China Resources (Holdings) Company Limited in the comprehensive consumer goods and retail services businesses. The Company focuses on three businesses: beer, food and beverage.

For the beer division, China Resources Beer (Holdings) Company Limited is listed on the Hong Kong Stock Exchange under the stock code 291.HK. It is the parent company of China Resources Snow Breweries Limited, the largest beer manufacturer, seller and distributor in China. Since 2008, "Snow" has become the world's best-selling single beer brand by volume.

Market Abuse Regulation

This press release may contain inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Appendix



* Commotra Company Limited is beneficially wholly-owned subsidiary of China Resources (Holdings) Company Limited