

Heineken N.V. reports 2014 first quarter results

Amsterdam, 24 April 2014 – Heineken N.V. (EURONEXT: HEIA; OTCQX: HEINY) today announced its trading update for the first quarter of 2014.

HIGHLIGHTS

- Group revenue grew 3.4% organically, with group revenue per hl up 2.4%
- Group beer volume grew 1.3% organically, reflecting further improvements across a number of key markets in Africa Middle East, Western Europe and Americas regions
- Heineken® volume in the premium segment grew 8%, with improved brand momentum in several markets. This partly reflects a benefit from excise-related destocking in France in the first quarter of 2013.

The first quarter is seasonally less significant in terms of volume and profit contribution to full year HEINEKEN group results.

CEO STATEMENT

Jean-François van Boxmeer, Chairman of the Executive Board & CEO, commented:

"We are encouraged by a positive start to the year with continued improved top-line growth momentum in Africa Middle East and the Americas, strengthened commercial execution in Europe and the Heineken® brand rebounding across most regions. This is offsetting continued challenging beer market conditions in Russia and softer consumer spending in Vietnam. Whilst economic conditions remain mixed, we will continue to invest in our portfolio of brands, drive further cost savings and fully leverage the benefits of our balanced global footprint."

OPERATIONAL OVERVIEW

Key figures ¹ (in mhl or € million)	Consolidated			Group		
	1Q14	Total growth %	Organic growth %	1Q14	Total growth %	Organic growth %
Revenue						
Heineken N.V. ²	4,038	-2.6	3.4	4,486	-3.1	3.4
Africa Middle East	628	0.8	4.6	739	-0.9	
Americas	989	0.3	8.7	1,172	-1.4	
Asia Pacific	444	-8.1	0.3	526	-8.4	
Central & Eastern Europe	562	-8.0	-2.4	634	-6.8	
Western Europe	1,519	-1.8	1.8	1,519	-1.8	
Beer volume						
Heineken N.V.	38.2	1.1	1.5	42.1	1.0	1.3
Africa Middle East	6.0	9.1	10.3	6.9	7.8	8.7
Americas	11.7	3.5	2.9	12.7	2.4	2.6
Asia Pacific	4.0	0.0	-0.3	5.2	0.0	0.0
Central & Eastern Europe	8.2	-6.8	-5.8	9.0	-5.3	-5.1
Western Europe	8.3	0.0	2.1	8.3	0.0	2.1

¹ Refer to the Definitions section for an explanation of non-IFRS measures and other terms used throughout this report

² Net of head office & eliminations

Group revenue increased 3.4%, organically, reflecting a total group volume increase of 1.0% and higher group revenue per hl of 2.4%. **Consolidated revenue** declined 2.6% to €4,038 million. This includes a negative net consolidation impact of 1.7% (–€69 million) mainly from the divestment of the Hartwall business in Finland in August 2013 and an unfavourable foreign currency translational effect of 4.3% (–€178 million). Organically, consolidated revenue grew 3.4%.

Group beer volume grew by 1.3% organically, with a benefit from excise-related destocking in France in the first quarter of 2013 counterbalanced by the later timing of Easter in 2014. This volume performance reflects a strong rebound in Africa Middle East and improved trading conditions in the Americas and Western Europe regions. This was partly offset by continued beer market weakness in Russia, with volume in Asia Pacific in line with last year.

Heineken® <i>(in mhl)</i>	1Q14	Organic growth %
Heineken® in premium segment	6.3	8.0
Africa Middle East	0.9	15
Americas	2.0	8.5
Asia Pacific	1.4	-5.7
Central & Eastern Europe	0.4	8.5
Western Europe	1.6	19

Heineken® volume in the international premium segment grew by 8%, partly reflecting comparison against a weak quarter last year following excise-related destocking in France in January 2013. Notwithstanding this, underlying Heineken® brand growth was strong underpinned by effective activation of the global ‘Open Your World’ campaign. Key markets contributing to brand growth in the quarter include France, Nigeria, Brazil, Spain, Poland, China and South Korea. Heineken® brand performance in the Asia Pacific region reflects lower brand volume in Vietnam, following continued expansion of the total product portfolio and softer economic conditions.

Reported net profit in the quarter was €143 million compared with €227 million in the first quarter of 2013. Net profit (beia) was higher versus last year.

OUTLOOK STATEMENT

(Based on consolidated reporting)

HEINEKEN reaffirms all elements of its full year outlook for 2014 as stated in its full year 2013 earnings release dated 12 February 2014.

REGIONAL REVIEW

Africa Middle East

Consolidated revenue grew 4.6% organically, as solid total volume growth of 7.2% was partly offset by lower revenue per hl. Group beer volume increased 8.7% organically, led by strong growth across most key markets. Volume in Nigeria grew in the low-double digits against a weak comparable prior year quarter, led by solid growth in the affordability and premium segments. Volume in the Democratic Republic of Congo grew strongly, supported by new packaging formats for the Primus brand and increased outlet coverage. Volume growth in Egypt declined in the low-single digits due to ongoing political uncertainty and lower tourism in the country. A challenging economic environment and increased competitive intensity in South Africa contributed to a high-single digit volume decline. In other key markets, the Republic of Congo, Burundi, Algeria and Rwanda all achieved solid volume growth in the quarter.

Americas

Consolidated revenue grew 8.7% organically, following total volume growth of 2.7% and revenue per hectoliter growth of 6.0%, largely driven by increased pricing in Brazil and Mexico. Group beer volume grew by 2.6% organically, led by strong growth in Brazil and higher volume in the Caribbean and CCU joint venture markets. In Mexico, volume was slightly lower affected by the timing of Easter as well as increased competitor price promotion in March. Whilst this led to slight share loss, the benefit of earlier pricing and ongoing cost savings continue to drive profit growth in Mexico. In the U.S, sales to retailers declined 1.2%, outperforming a declining market, and reflecting an impact from the timing of Easter and severe adverse weather early in the quarter. In Brazil, volume grew in the double digits following improved economic conditions, favourable weather and better sales execution.

Asia Pacific

Consolidated revenue grew 0.3% organically. Group beer volume was stable, following strong comparable prior year growth in APB markets and lower consumer spending from softer economic conditions and excise tax increases in some key markets. Volume growth momentum continued in Indonesia, Papua New Guinea, China, South Korea, Mongolia and the Pacific Islands. This was offset by lower volume in Vietnam, New Zealand, Malaysia, Cambodia and Taiwan. Volumes in India were level with the prior year. Volume in Vietnam declined in the low-single digits reflecting currency weakness and economic slowdown. However, our commercial focus on brand development and portfolio expansion contributed to further share gains in Vietnam. Singapore, Taiwan and New Zealand also reported share gains in the quarter. The Tiger brand grew by 6.5% in the region, led by continued strong growth momentum in Vietnam and Cambodia.

Central & Eastern Europe

Consolidated revenue declined by 2.4% organically in the quarter. Higher pricing and positive sales mix from new innovations and increasing premiumisation drove revenue per hl growth of 2.9%. Group beer volume declined by 5.1% organically as lower volume in Russia, Poland, Romania and the Czech Republic was only partly offset by higher volume in Greece, Slovakia, Croatia, Germany and Serbia. In Russia, continued challenging beer market conditions led to volume declining in the mid-teens. Excluding Russia, regional group beer volume would have been in line with the prior year. Volume in Poland declined in the low-single digits affected by the timing of Easter, continued weak consumer sentiment and competitive environment.

Western Europe

Consolidated revenue grew 1.8% organically, reflecting higher total volume of 1.3% and revenue per hectoliter growth of 0.5%. Group beer volume grew 2.1% organically, led by beer volume growth in the Netherlands, France, Spain, Ireland and Belgium. This was only partly offset by lower volume in the UK, Italy and Switzerland. Excluding the impact of excise destocking in France, group beer volume was broadly in line with last year. The benefit of higher marketing investments to drive brand development, innovation and improved outlet execution drove market share gains in the Netherlands, France, Spain, Ireland and Portugal. Volume was lower in the UK largely due to the timing of Easter and unfavourable weather conditions early in the quarter. A positive underlying volume performance in France reflects solid gains in the off-premise channel and continued premium brand growth.

FINANCIAL STRUCTURE

On 30 January 2014, HEINEKEN privately placed 15.5 year Notes for an amount of EUR 200 million with a coupon of 3.50%. On 28 March 2014, HEINEKEN privately placed 5.5 year Notes for an amount of USD 200 million with a floating rate coupon. Both Notes were issued under HEINEKEN's EMTN programme.

DEFINITIONS

Organic growth excludes the effect of foreign currency translational effects, consolidation changes, accounting policy changes, exceptional items and amortisation of acquisition-related intangibles. Beia refers to financials before exceptional items and amortisation of acquisition-related intangibles. Group figures include HEINEKEN's attributable share of joint ventures and associates. The license fee for the Heineken® brand has been increased since 1 January 2014. To facilitate a meaningful financial and margin comparison compared to last year, the regional impact is reported as a consolidation change in 2014.

ENQUIRIES

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HEINEKEN INVESTOR CALENDAR

Annual General Meeting of Shareholders (AGM)	24 April 2014
What's Brewing Seminar, Africa Middle East, London	19 June 2014
Half Year 2014 Results	20 August 2014
Trading update for Q3 2014	22 October 2014
What's Brewing Seminar, Western Europe, London	19 November 2014

CONFERENCE CALL DETAILS

HEINEKEN will host an analyst and investor conference call in relation to this trading update today at 10:00 CET/ 9:00 BST. The call will be audio cast live via the Company's website: www.theheinekencompany.com/investors/webcasts. An audio replay service will also be made available after the conference call at the above web address. Analysts and investors can dial-in using the following telephone numbers:

Netherlands	United Kingdom
Local line: +31(0)20 716 8256	Local line: +44(0)20 3427 1910
National free phone: 0800 020 2576	National free phone: 0800 279 4977
United States of America	
Local line: +1212 444 0412	
National free phone: 1877 280 2296	

Participation/ confirmation code for all countries: 8176702

Editorial information:

HEINEKEN is a proud, independent global brewer committed to surprise and excite consumers with its brands and products everywhere. The brand that bears the founder's family name – Heineken® – is available in almost every country on the globe and is the world's most valuable international premium beer brand. The Company's aim is to be a leading brewer in each of the markets in which it operates and to have the world's most valuable brand portfolio. HEINEKEN wants to win in all markets with Heineken® and with a full brand portfolio in markets of choice. The Company is present in over 70 countries and operates more than 165 breweries. HEINEKEN is Europe's largest brewer and the world's third largest by volume. HEINEKEN is committed to the responsible marketing and consumption of its more than 250 international premium, regional, local and specialty beers and ciders. These include Heineken®, Amstel, Anchor, Biere Larue, Bintang, Birra Moretti, Cruzcampo, Desperados, Dos Equis, Foster's, Newcastle Brown Ale, Ochota, Primus, Sagres, Sol, Star, Strongbow, Tecate, Tiger and Zywiec. Our leading joint venture brands include Cristal and Kingfisher. The number of people employed is over 85,000. Heineken N.V. and Heineken Holding N.V. shares are listed on the NYSE Euronext in Amsterdam. Prices for the ordinary shares may be accessed on Bloomberg under the symbols HEIA NA and HEIO NA and on the Reuter Equities 2000 Service 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.

Disclaimer:

This press release contains forward-looking statements with regard to the financial position and results of HEINEKEN's activities. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond HEINEKEN's ability to control or estimate precisely, such as future market and economic conditions, the behaviour of other market participants, changes in consumer preferences, the ability to successfully integrate acquired businesses and achieve anticipated synergies, costs of raw materials, interest-rate and exchange-rate fluctuations, changes in tax rates, changes in law, pension costs, the actions of government regulators and weather conditions. These and other risk factors are detailed in HEINEKEN's publicly filed annual reports. You are cautioned not to place undue reliance on these forward-looking statements, which are only relevant as of the date of this press release. HEINEKEN does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of these statements. Market share estimates contained in this press release are based on outside sources, such as specialised research institutes, in combination with management estimates.

Consolidated & Group metrics: First Quarter 2014

	Consolidated (A)						Attributable share of joint ventures/assoc (B)		Group (C) = A + B		
(in mhl or €million unless otherwise stated)	1Q13	Currency Translation	Consolidation Impact	Organic Growth	1Q14	Organic Growth %	1Q13	1Q14	1Q13	1Q14	Organic Growth %
Africa and Middle East											
Revenue	623	-26	1	29	628	4.6	123	111	746	739	
Revenue per Hl (in €)	90				84	-2.6	95	85	90	84	
Total volume	7.0		-	0.5	7.5	7.2	1.3	1.3	8.3	8.8	6.1
Beer volume	5.5		-	0.6	6.0	10	0.9	0.9	6.4	6.9	8.7
Licensed & non-beer volume	1.5		-	-0.1	1.5	-4.2	0.4	0.4	1.9	1.9	-2.8
Third party products volume	-		-	-	-	-	-	-	-	-	-
Americas											
Revenue	986	-84	1	86	989	8.7	203	183	1.189	1.172	
Revenue per Hl (in €)	84				82	6.0	102	87	86	83	
Total volume	11.7		-	0.3	12.0	2.7	2.0	2.1	13.7	14.1	3.0
Beer volume	11.3		-	0.3	11.7	2.9	1.1	1.0	12.4	12.7	2.6
Licensed & non-beer volume	0.3		-	-	0.3	4.0	0.9	1.1	1.2	1.4	9.3
Third party products volume	0.1		-	-	-	-	-	-	0.1	-	-
Asia Pacific											
Revenue	483	-39	-	1	444	0.3	91	82	574	526	
Revenue per Hl (in €)	118				108	0.3	73	68	107	99	
Total volume	4.1		-	-	4.1	-	1.2	1.2	5.3	5.3	0.2
Beer volume	4.0		-	-	4.0	-0.3	1.2	1.2	5.2	5.2	-
Licensed & non-beer volume	0.1		-	-0.1	-	-34	-	-	0.1	-	-34
Third party products volume	-		-	0.1	0.1	>100	-	-	-	0.1	>100
Central & Eastern Europe											
Revenue	611	-27	-8	-15	562	-2.4	69	72	680	634	
Revenue per Hl (in €)	67				65	2.9	73	72	67	66	
Total volume	9.2		-	-0.5	8.6	-5.3	0.9	1.0	10.1	9.6	-4.4
Beer volume	8.8		-	-0.5	8.2	-5.8	0.7	0.8	9.5	9.0	-5.1
Licensed & non-beer volume	0.1		-	-	0.1	21	0.1	0.1	0.2	0.2	14
Third party products volume	0.3		-	-	0.3	-4.1	0.1	0.1	0.4	0.4	-2.8

	Consolidated (A)						Attributable share of joint ventures/assoc (B)		Group (C) = A + B		
(in mhl or €million unless otherwise stated)	1Q13	Currency Translation	Consolidation Impact	Organic Growth	1Q14	Organic Growth %	1Q13	1Q14	1Q13	1Q14	Organic Growth %
Western Europe											
Revenue	1.547	8	-64	28	1.519	1.8			1.547	1.519	
Revenue per Hl (in €)	129				130	0.5			129	130	
Total volume	12.0		-0.6	0.2	11.7	1.3			12.0	11.7	1.3
Beer volume	8.3		-0.2	0.2	8.3	2.1			8.3	8.3	2.1
Licensed & non-beer volume	2.1		-0.4	0.1	1.9	3.7			2.1	1.9	3.7
Third party products volume	1.6		-0.0	-0.1	1.5	-5.7			1.6	1.5	-5.7
Head Office & Eliminations											
Revenue	-103	-10	1	10	-104	9.5			-103	-104	
Heineken N.V.											
Revenue	4.145	-178	-69	139	4.038	3.4	486	448	4.631	4.486	3.4
Revenue per Hl (in €)	94				92	2.3	88	81	94	91	2.4
Total volume	44.0		-0.6	0.5	43.9	1.1	5.5	5.5	49.5	49.4	1.0
Beer volume	37.8		-0.2	0.6	38.2	1.5	3.9	3.9	41.7	42.1	1.3
Licensed & non-beer volume	4.2		-0.4	-	3.8	0.5	1.5	1.5	5.7	5.3	0.9
Third party products volume	2.0		-	-0.1	1.9	-3.8	0.1	0.1	2.1	2.0	-3.4