

Heineken N.V. reports 2015 third quarter results

Amsterdam, 28 October 2015 – Heineken N.V. (EURONEXT: HEIA; OTCQX: HEINY) has today announced its trading update for the third quarter of 2015.

HIGHLIGHTS

- Consolidated revenue +7.5% organically, with revenue per hectolitre +1.8%
- Consolidated beer volume +5.4% organically, with positive growth in Europe, Americas and Asia Pacific and flat volume in Africa, Middle East & Eastern Europe
- Heineken® volume in premium segment +3.9% driven by Americas and Europe
- 2015 FY operating margin expansion guidance unchanged
- Revised FY guidance on foreign currency, tax and interest rate

CEO STATEMENT

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

“Our strong performance in the third quarter is consistent with our earlier 2015 FY guidance that volume would be weighted to the second half of the year. HEINEKEN’s well-balanced global footprint, excellent portfolio of brands, including the recent addition of Red Stripe and partnership with Lagunitas, combined with a powerful innovation agenda are expected to continue to deliver positive top and bottom line growth.”

KEY FIGURES^{1,3}

	Consolidated 3Q15			Consolidated YTD 3Q15		
<i>(in mhl or € million)</i>	3Q15	Total growth %	Organic growth %	YTD 3Q15	Total growth %	Organic growth %
Revenue						
Heineken N.V. ²	5,509	8.0	7.5	15,405	7.2	3.9
Africa, Middle East & Eastern Europe	788	2.8	7.5	2,417	3.5	5.1
Americas	1,304	10	12	3,826	13	7.9
Asia Pacific	610	12	2.8	1,782	21	5.7
Europe	2,989	10	7.0	7,868	5.0	1.7
Beer volume						
Heineken N.V.	51.2	6.7	5.4	141.2	3.6	2.5
Africa, Middle East & Eastern Europe	8.8	0.2	-0.1	26.7	-1.3	-1.4
Americas	14.3	6.6	6.7	40.9	4.3	4.4
Asia Pacific	5.0	5.8	6.0	14.1	7.5	7.6
Europe	23.1	9.6	6.8	59.5	4.5	1.9

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

³ Financials reflect revised regional segmentation as disclosed on 28 September 2015

OUTLOOK STATEMENT

(Based on consolidated reporting)

HEINEKEN reaffirms the margin expansion guidance and most items as stated in the half year 2015 earnings release dated 3 August 2015. The only amendments are as follows:

Foreign currency movements: Assuming spot rates as of 23 October 2015, the calculated positive translational impact on consolidated operating profit (beia) would be approximately €75 million, and €50 million at net profit (beia). Foreign exchange markets remain very volatile.

Interest rate: HEINEKEN now forecasts an average interest rate of c.3.2% in 2015 (2014: 3.7%).

Effective tax rate: HEINEKEN now expects the effective tax rate (beia) for 2015 to be around 28% (2014: 29.7%).

Share buyback update: Following the completion of the divestment of EMPAQUE in February 2015, HEINEKEN announced that it would deploy up to €750 million of the proceeds for a share buyback program in 2015. As of 26 October 2015, HEINEKEN had purchased 5,229,279 shares for a total consideration of €365 million. In light of the recently announced acquisitions, HEINEKEN has decided to discontinue the share buyback. HEINEKEN remains committed to maintaining its full financial flexibility with a long-term target net debt/EBITDA (beia) ratio of below 2.5x.

OPERATIONAL REVIEW

Consolidated revenue increased 7.5% organically in the quarter, reflecting a total organic volume increase of 5.7% and revenue per hectolitre up 1.8%. Consolidated revenue increased 8.0% to €5,509 million after a favourable currency impact of €41m and despite a negative consolidation impact of €17 million (mainly from the EMPAQUE disposal completed 18 February 2015).

Consolidated beer volume grew by 5.4% organically in the quarter, led by strong volume in Europe supported by favourable summer weather and continued growth in Americas and Asia Pacific regions. In Africa Middle East & Eastern Europe volume was flat.

Heineken® (in mhl or %)	3Q15	Organic growth %	YTD 2015	Organic growth %
Heineken® in premium segment	8.1	3.9	23.0	4.4
Africa, Middle East & Eastern Europe	1.1	-1.5	3.3	3.4
Americas	2.4	8.5	6.9	6.3
Asia Pacific	1.6	-2.0	4.7	4.0
Europe	3.0	5.9	8.0	3.5

Heineken® volume in premium segment grew organically by 3.9% in the third quarter and by 4.4% in the first nine months of 2015. In the third quarter Heineken® brand growth was particularly strong in Brazil, the Compañía Cervecerías Unidas S.A. (CCU) markets, the UK, Italy and Spain. Heineken® was positive in the US supporting early indications of the brand turnaround. Volume in Africa, Middle East & Eastern Europe was subdued given lower volume in Nigeria, and volume in Asia Pacific adversely impacted by lower volume in China, Korea and Taiwan.

Overall volume growth was supported by the successful extension of the Cities campaign as well as sponsorship of the Rugby World Cup. The latest James Bond sponsorship, on which activation has recently stepped up, should enhance Heineken® brand equity as well as provide an exciting platform to leverage the brand globally.

Global brands continued to deliver positive volume growth in the third quarter, with **Desperados**, **Sol Premium** and **Affligem** volume all up double digit. Cider volume was also up double digit, with **Strongbow** performance particularly impressive in Europe and Americas.

Reported net profit for the nine months was €1,776 million compared with €1,091 million for the same period last year. This includes the net exceptional gain on EMPAQUE.

REGIONAL REVIEW

Africa, Middle East & Eastern Europe

Consolidated revenue grew 7.5% organically in Q3, with total volume up 0.3%. Revenue per hectolitre was up 7.2% driven by both price and favourable country mix. Consolidated beer volume was flat with volume growth in Ethiopia, Nigeria, Algeria, Egypt and Rwanda offset by lower volume in Russia, Belarus, Democratic Republic of Congo and Burundi. Excluding Russia, consolidated beer volume would have increased mid single digit. Volume in Nigeria was up mid-single digit in the quarter, although mix remains negative with the value segment continuing to outperform both the mainstream and premium beer categories. The Russian beer market remains challenging with volume down double digit, although favourable mix and pricing delivered strong revenue growth. Volume grew strongly in Ethiopia, up double digit driven by Walia brand growth.

Americas

Consolidated revenue grew 12% organically in Q3, driven by 7.2% total volume growth and revenue per hectolitre up 4.2%, benefiting from continued effective revenue management. Consolidated beer volume grew 6.7% organically in the quarter. In Mexico volume was up in the high single digit, with continued strong volume growth of Tecate and Dos Equis driven by successful implementation of the portfolio strategy and further enhanced by favourable weather. In Brazil, volume grew double digit, coming from strong growth of the premium brand portfolio, contributing to a positive revenue per hectolitre development. In the US sales to retailers were up in the quarter, outperforming the total beer market, and with positive Heineken® brand volume growth. Overall US volume was also supported by further growth of the Mexican beer portfolio and Strongbow.

Asia Pacific

Consolidated revenue grew 2.8% organically in Q3, with total volume growth of 6.1% and revenue per hectolitre at -3.2%. Excluding negative country mix, revenue per hectolitre would have been flat. Consolidated beer volume was up 6.0% organically with strong volumes in Vietnam and Cambodia more than offsetting the volume decline in China and Indonesia. Despite a slightly softer consumer environment, Vietnam continued to deliver strong volume growth, with Tiger brand up double digit. Tiger brand volumes also continued to grow strongly in Cambodia and Malaysia. The volume decline in Indonesia, although improved on the prior quarter, was still down double digit, impacted by the ban on the sale of alcoholic beverages in minimarts (convenience stores). Volume in China was impacted by the general slow down in the economy.

Europe

Consolidated revenue increased by 7.0% organically in Q3, with total volume up 7.0% and flat revenue per hectolitre. Consolidated beer volume grew by 6.8% organically, reflecting favourable weather conditions in key markets and easier prior year comparatives for Q3. Volume in the UK increased mid-single digit driven by strong off premise performance. Favourable weather positively impacted volumes, particularly in France and Italy. In Spain volume grew in the low single digit led by the premium brands, particularly Heineken® and Desperados. Positive volume trends in the Netherlands continued to reflect improved commercial execution and strong Heineken® performance. Volume in Poland still benefited from the relisting by an important modern trade customer and was additionally supported by better weather. In Austria volume was strong although flattered by the impact of flooding on the prior year comparative.

BUSINESS DEVELOPMENT & FINANCING UPDATE

Below is an update of business development and financing activity since the release of HEINEKEN's half year 2015 results on 3 August 2015:

- The acquisition of 53.43% of the share capital of Pivovarna Lasko, the leading Slovenian brewer for €119.5 million completed on 15 October 2015. A mandatory takeover offer to all remaining shareholders was initiated on 16 October 2015.
- The acquisition of a 50% shareholding in the Lagunitas Brewing Company closed on 15 October 2015 and will be accounted for as a Joint Venture.
- On 25 September 2015 HEINEKEN and CFAO announced the formation of a joint venture in Ivory Coast under the name of "BRASSIVOIRE" to produce and market beer in the country. This new entity is owned 51% by HEINEKEN and 49% by CFAO. The new brewery is expected to be operational in 2017.

- On 7 October 2015 HEINEKEN and Diageo plc ("Diageo") completed a transaction to bring increased focus to their respective beer businesses.
 - HEINEKEN acquired Diageo's 57.9% stake in Desnoes & Geddes ("D&G") taking its shareholding to 73.3%. HEINEKEN will in due course make a mandatory takeover offer to all remaining shareholders.
 - HEINEKEN now has full ownership of GABL Pte Ltd ("GABL"), having acquired Diageo's shareholding, which was slightly lower than 50%. GABL owns 51% of the issued share capital of Guinness Anchor Berhad ("GAB"), which is listed on the Malaysian Stock Exchange.
 - HEINEKEN sold its 20% stake in Guinness Ghana Breweries Limited ("GGBL") to Diageo. The total net cash consideration payable by HEINEKEN to Diageo for the transaction was c. €696 million.
- On 10 September 2015, HEINEKEN issued 6-year Notes for a principal amount of €500 million with a coupon of 1.25%. In October HEINEKEN privately placed €540 million of 7 year USD Notes, 8-year and 10-year EUR Notes, with a weighted average yield of approximately 2.4 percent. All these Notes have been issued under HEINEKEN's Euro Medium Term Note Programme.

AVERAGE NUMBER OF SHARES

HEINEKEN has 576,002,613 shares in issue. For the calculation of basic EPS, the weighted average number of shares outstanding in 2015 using the share buybacks to date is forecast to be 572,292,454. For the calculation of diluted EPS, adjusting for shares to be delivered under the employee incentive programme (added to the weighted average shares outstanding), as well as for share buybacks the weighted average diluted number of shares in 2015 is expected to be 573,431,268 (576,002,613 in 2014).

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 beer volume includes HEINEKEN's attributable share of joint ventures and associates.

ENQUIRIES

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HEINEKEN INVESTOR CALENDAR

What's Brewing Seminar, Americas, New York
Full Year 2015 Results

19 November 2015
10 February 2016

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

Local line: +31(0)20 713 2998

National free phone: 0800 020 2577

United Kingdom

Local line: +44(0)20 7136 2050

National free phone: 0800 279 5004

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Local line: +1 646 254 3364

National free phone: 1 877 280 2296

Participation/ confirmation code for all countries: 1639440

Editorial information:

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 powerful portfolio of more than 250 international, regional, local and specialty 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 81,000 people and operate more than 160 breweries in over 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 via @HEINEKENCorp.

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, change in 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 speak only of the date of this press release. HEINEKEN does not undertake any obligation to update these forward-looking statements contained in this press release. Market share estimates contained in this press release are based on outside sources, such as specialised research institutes, in combination with management estimates.

Consolidated Metrics: Third Quarter 2015

	3Q15					
<i>In mhl or €million unless otherwise stated & consolidated figures unless otherwise stated</i>	3Q14	Currency Translation	Consolidation Impact	Organic Growth	3Q15	Organic Growth %
Africa, Middle East & Eastern Europe						
Revenue	767	-40	4	57	788	7.5
Revenue per HI (in €) ¹	71			5	73	7.2
Total volume	10.7		—	—	10.8	0.3
Beer volume	8.8		—	—	8.8	-0.1
Licensed & non-beer volume	1.9		—	—	2.0	2.3
Third party products volume	—		—	—	—	-0.9
<i>Group beer volume</i>	9.8			—	9.9	0.1
Americas						
Revenue	1,183	-16	-1	138	1,304	12
Revenue per HI (in €) ¹	86			4	88	4.2
Total volume	13.8		—	1.0	14.8	7.2
Beer volume	13.5		—	0.9	14.3	6.7
Licensed & non-beer volume	0.3		—	0.1	0.5	29
Third party products volume	—		—	—	—	1.3
<i>Group beer volume</i>	14.3		—	1.0	15.2	7.0
Asia Pacific						
Revenue	544	52	-1	15	610	2.8
Revenue per HI (in €) ¹	114			-4	120	-3.2
Total volume	4.8		—	0.3	5.1	6.1
Beer volume	4.7		—	0.3	5.0	6.0
Licensed & non-beer volume	0.2		—	—	0.1	16
Third party products volume	—		—	—	—	0.4
<i>Group beer volume</i>	6.1			0.3	6.5	4.5
Europe						
Revenue	2,712	51	37	189	2,989	7.0
Revenue per HI (in €) ¹	97			—	98	—
Total volume	26.2		0.6	1.8	28.6	7.0
Beer volume	21.1		0.6	1.4	23.1	6.8
Licensed & non-beer volume	2.8		—	0.2	3.0	5.7
Third party products volume	2.3		—	0.2	2.5	9.9
<i>Group beer volume</i>	22.2		0.3	1.5	24.0	6.7
Head Office & Eliminations						
Revenue	-104	-6	-56	-16	-182	n.a.
Heineken N.V.						
Revenue	5,101	41	-17	384	5,509	7.5
Revenue per HI (in €) ¹	92			2	93	1.8
Total volume	55.4		0.6	3.1	59.2	5.7
Beer volume	48.0		0.6	2.6	51.2	5.4
Licensed & non-beer volume	5.1		—	0.3	5.4	6.0
Third party products volume	2.3		—	0.2	2.6	9.6
<i>Group beer volume</i>	52.4		0.3	2.8	55.6	5.3

¹ Revenue per HI and volume calculation includes third party but excludes interregional revenue and volume

Consolidated Metrics: First nine months 2015

	YTD 3Q15					
<i>In mhl or €million unless otherwise stated & consolidated figures unless otherwise stated</i>	YTD 3Q2014	Currency Translation	Consolidation Impact	Organic Growth	YTD 3Q2015	Organic Growth %
Africa, Middle East & Eastern Europe						
Revenue	2,335	-39	4	118	2,417	5.1
Revenue per HI (in €) ¹	72			4	75	5.9
Total volume	32.3		—	-0.3	32.1	-0.8
Beer volume	27.0		—	-0.4	26.7	-1.4
Licensed & non-beer volume	5.2		—	0.1	5.3	1.9
Third party products volume	0.1		—	—	0.1	-1.6
<i>Group beer volume</i>	29.9		—	-0.3	29.7	-0.9
Americas						
Revenue	3,396	169	-5	267	3,826	7.9
Revenue per HI (in €) ¹	84			3	91	3.2
Total volume	40.2		-0.1	1.8	42.0	4.5
Beer volume	39.2		-0.1	1.7	40.9	4.4
Licensed & non-beer volume	0.9		—	0.1	1.0	11
Third party products volume	0.1		—	—	0.1	-4.9
<i>Group beer volume</i>	41.8		—	2.0	43.8	4.8
Asia Pacific						
Revenue	1,476	223	-1	84	1,782	5.7
Revenue per HI (in €) ¹	110			-2	124	-1.8
Total volume	13.4		—	1.0	14.4	7.7
Beer volume	13.1		—	1.0	14.1	7.6
Licensed & non-beer volume	0.3		—	—	0.2	15
Third party products volume	—		—	—	0.1	-8.7
<i>Group beer volume</i>	17.5		—	1.0	18.5	5.5
Europe						
Revenue	7,492	153	94	128	7,868	1.7
Revenue per HI (in €) ¹	99			-1	99	-0.8
Total volume	70.8		1.5	1.3	73.7	1.9
Beer volume	56.9		1.5	1.1	59.5	1.9
Licensed & non-beer volume	7.6		—	0.1	7.8	2.1
Third party products volume	6.3		—	0.1	6.4	1.8
<i>Group beer volume</i>	59.9		0.7	1.1	61.8	1.8
Head Office & Eliminations						
Revenue	-325	4	-128	-41	-488	n.a.
Heineken N.V.						
Revenue	14,375	510	-36	557	15,405	3.9
Revenue per HI (in €) ¹	92			1	95	1.3
Total volume	156.8		1.5	3.9	162.2	2.5
Beer volume	136.3		1.5	3.4	141.2	2.5
Licensed & non-beer volume	14.0		—	0.4	14.4	2.8
Third party products volume	6.5		—	0.1	6.6	1.6
<i>Group beer volume</i>	149.2		0.7	3.8	153.9	2.5

¹ Revenue per HI and volume calculation includes third party but excludes interregional revenue and volume