

## Heineken N.V. reports 2014 half year results

### Strong organic revenue and profit growth

Amsterdam, 20 August 2014 – Heineken N.V. (EURONEXT: HEIA; OTCQX: HEINY) today announced:

- Group revenue +4.6% organically with revenue per hectolitre up 1.5%
- Group beer volume +3.1% driven by growth in Africa Middle East, the Americas and Western Europe and an improved performance trend in Q2 in Asia Pacific
- Heineken® premium volume +6.6% reflecting strong performance in key markets
- Innovation rate accelerated to 7.4%, contributing €682 million of revenues
- Group operating profit (beia) +13% organically; Group operating margin up 130bps
- €141 million of pre-tax Total Cost Management<sup>2</sup> (TCM2) cost savings delivered in H1 2014; 3-year TCM2 target of €625 million reached ahead of schedule
- Net profit (beia) of €772 million, up 19% organically; diluted EPS (beia) +14%
- Targeting year-on-year improvement in consolidated operating profit (beia) margin of around 40bps in the medium term; expected to be above this target level in 2014

### CEO STATEMENT

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

"With revenue and profit growth in nearly all regions, this is a very good first half performance. This progress is the result of a continued disciplined strategic focus with sustained investment in our brands and strengthened commercial execution. Our emphasis on innovation has enabled us to exceed our target and deliver €682 million of revenues. Heineken® premium volume grew 6.6%, reflecting strong gains in key markets such as France, Nigeria, Russia, Brazil and China. We also delivered our 3-year cost savings target of €625 million six months ahead of schedule. The economic outlook remains mixed and we expect some moderation in top-line and profit growth in the second half of the year. We are confident that our strong brand portfolio, geographic breadth and focus on cost control will result in healthy top and bottom line growth in 2014 and beyond."

### FINANCIAL SUMMARY

<b>Key financials<sup>1</sup></b> <i>(in mhl or € million unless otherwise stated)</i>	<b>HY14</b>	<b>HY13</b>	<b>Total growth %</b>	<b>Organic growth %</b>
Group revenue	<b>10,196</b>	10,339	-1.4	4.6
Group revenue/ hl (in €)	<b>90</b>	93	-3.1	1.5
Group operating profit (beia)	<b>1,560</b>	1,448	7.7	13
Group operating profit (beia) margin	<b>15.3%</b>	14.0%	130bps	
Consolidated revenue	<b>9,274</b>	9,354	-0.9	4.8
Consolidated operating profit (beia)	<b>1,454</b>	1,327	9.6	14
Consolidated operating profit (beia) margin	<b>15.7%</b>	14.2%	150bps	
Net profit (beia)	<b>772</b>	679	14	19
Net profit	<b>631</b>	639	-1.3	
Diluted EPS (beia) (in €)	<b>1.34</b>	1.18	14	
Free operating cash flow	<b>571</b>	178	>100	
Net debt/ EBITDA (beia) <sup>2</sup>	<b>2.5</b>	2.9		

<sup>1</sup> Refer to the Definitions and Glossary sections for an explanation of non-IFRS measures and other terms used throughout this report;

<sup>2</sup> Includes acquisitions and excludes disposals on a 12 month pro-forma basis.

**OUTLOOK STATEMENT***(Based on consolidated reporting)*

**Top-line growth:** HEINEKEN delivered solid top-line growth in the first half of the year. Whilst the economic outlook remains mixed, HEINEKEN expects positive volume development over the remainder of the year, with an underlying growth rate slightly below the first half of the year. This volume growth will be led by developing markets in the Africa Middle East, Asia Pacific and Americas regions.

HEINEKEN expects revenue per hectolitre growth in the second half of 2014 to moderate versus the first half of the year primarily due to a negative country mix effect. Overall, HEINEKEN expects healthy organic revenue growth for the full year 2014 with an unfavourable impact on reported revenues from foreign currency translational movements.

**Continued margin expansion:** HEINEKEN targets a year-on-year improvement in operating profit (beia) margin of approximately 40 basis points over the medium term. This will be driven by revenue management initiatives, ongoing cost savings and the anticipated faster growth of higher margin developing markets.

For the full year 2014, margin expansion is expected to be above the medium-term target level.

HEINEKEN still expects a slight increase in marketing & selling (beia) spend as a percentage of revenue in 2014 (2013: 12.6%) and input cost prices to be stable to slightly lower in 2014 (excluding a foreign currency transactional effect).

Consolidated operating profit (beia) growth is expected to moderate in the second half of the year due to slower top-line growth, the phasing of head office related and other costs and stronger comparative growth in the second half of 2013.

**Foreign currency movements:** Exchange rate movements will adversely impact reported revenues and profits in 2014. Assuming spot rates as of 15 August 2014, the calculated negative currency translational impact on consolidated operating profit (beia) is now expected to be approximately €70 million (previously €115 million). At net profit (beia), this effect is now expected to be around €50 million (previously €75 million).

**Lower financing costs:** HEINEKEN now forecasts an average interest rate of around 4.0% (versus earlier guidance of 4.1%) (2013: 4.4%) reflecting a lower effective interest rate on outstanding bonds.

**Effective tax rate:** HEINEKEN now expects the effective tax rate (beia) for 2014 to be at the high end of the earlier guided range of 28% to 30% (2013: 28.7%).

**Improving financial flexibility:** HEINEKEN remains focused on driving strong cash flow generation and disciplined working capital management. As previously communicated, HEINEKEN expects to reach its target net debt/ EBITDA (beia) ratio of below 2.5 by the end of 2014.

In 2014, capital expenditure related to property, plant and equipment is still forecasted to be approximately €1.5 billion (2013: €1.4 billion). HEINEKEN expects a cash conversion ratio of below 100% in 2014 (2013: 84%).

## GROUP OPERATIONAL REVIEW

In the first half of the year, **group revenue** increased 4.6% organically, made up of a 3.1% increase in group total volume and a 1.5% increase in group revenue per hectolitre. In the second quarter group revenue grew 5.5%, on an organic basis.

**Group beer volume** grew 3.1% organically in the first half of the year reflecting successful marketing programmes, increased innovation and strengthened sales execution. Volume performance also benefited from favourable weather and the football World Cup against a soft comparable prior year period. This led to market share gains in several of our key markets including Nigeria, Vietnam, France, The Netherlands, USA, Spain and Brazil. Group beer volume in the second quarter grew by 4.5% which includes a positive impact from the later timing of Easter.

**Group operating profit (beia)** grew 13% organically, primarily reflecting higher revenues and improved cost efficiencies across production, logistics and head office support expense, partly offset by higher planned marketing and selling expense. Group operating profit (beia) margin increased by 130 basis points in the first half led by Africa Middle East and the Americas.

<b>Heineken® volume &amp; Innovation</b> <i>(in mhl or %)</i>	<b>2Q14</b>	<b>Organic growth %</b>	<b>HY14</b>	<b>Organic growth %</b>
<b>Heineken® volume in premium segment</b>	<b>7.9</b>	<b>5.5</b>	<b>14.2</b>	<b>6.6</b>
Africa Middle East	<b>0.9</b>	-3.5	<b>1.7</b>	<b>4.8</b>
Americas	<b>2.3</b>	<b>4.4</b>	<b>4.4</b>	<b>6.3</b>
Asia Pacific	<b>1.5</b>	<b>3.7</b>	<b>2.9</b>	-1.1
Central & Eastern Europe	<b>0.8</b>	<b>3.2</b>	<b>1.2</b>	<b>5.1</b>
Western Europe	<b>2.4</b>	<b>12</b>	<b>4.0</b>	<b>15</b>
<b>Innovation rate</b>			<b>7.4%</b>	<b>+140bps</b>

**Heineken®** volume in the premium segment grew 6.6% and by over 5% when excluding the effect of excise-related destocking in France in January 2013. In particular, Heineken® volume was up double-digits in Western Europe driven by strong underlying brand performances in France, Spain, Ireland, the UK and Portugal. Further, Heineken® returned to growth in Asia Pacific in the second quarter driven by China, Taiwan and Malaysia which more than offset lower brand volume in Vietnam. Heineken® also saw strong brand growth in Brazil, Poland, Russia, Germany, Nigeria, Mexico and Chile in the first six months. Brand equity for Heineken® continued to benefit from the 'Open your World' global campaign. In May, 'The City' commercial was launched globally as part of the 'Cities of the World' campaign series. This fully integrated campaign is being activated through digital innovation and special edition bottles.

Volume of the global brands Desperados, Affligem and Sol all grew in the double digits in the first half of the year, reflecting a broader focus on extending HEINEKEN's premium brand portfolio. Volume of cider grew in the mid-single digits led by growth of the Strongbow brand.

HEINEKEN has continued its strong focus on **innovation**. During the first six months, we launched a number of successful innovations, leveraging our premium-led global and local brand portfolio. As a result, the innovation rate accelerated to 7.4%, up from 6.0% in the comparable prior year period and contributed €682 million of revenues. During the period, Radler Zero (0.0% ABV) line extensions were launched in 8 countries in Europe.

<b>TCM2 Cost Savings (pre-tax)</b> <i>(in € million)</i>	<b>HY14</b>	<b>% of total savings</b>	<b>Cumulative (since 1/1/2012)</b>	<b>% of total savings</b>
<b>HEINEKEN</b>	<b>141</b>	<b>100%</b>	<b>637</b>	<b>100%</b>
Africa Middle East	22	15%	101	16%
Americas	36	26%	133	21%
Asia Pacific	4	3%	20	3%
Central & Eastern Europe	31	22%	127	20%
Western Europe	38	27%	178	28%
Head Office	10	7%	78	12%

**TCM2** delivered €141 million of pre-tax cost savings in the first half of 2014. The supply chain function contributed 75% of achieved cost savings in the period. This brings the cumulative cost savings realised since the beginning of 2012 to €637 million, ahead of the targeted cost savings of €625 million for the 3-year period ending 2014.

HEINEKEN is committed to driving further efficiencies across its entire cost base. This includes the realisation of ongoing productivity improvements across the global supply chain function as well as other rightsizing and restructuring initiatives to optimise its cost structure. In addition, HEINEKEN will further leverage the success of the Global Business Services (GBS) organisation by realising additional cost savings in global purchasing and further extending the geographic scope and activities of HEINEKEN's shared services. These and other cost initiatives, together with effective revenue management, are expected to underpin further operating profit margin expansion over the medium term.

The cumulative upfront GBS costs incurred as at the end of June 2014 is €187 million, of which €147 million has been recognised as an operating expense and €40 million capitalised.

## INTERIM DIVIDEND

In accordance with the existing dividend policy, HEINEKEN fixes its interim dividend at 40% of the total dividend of the previous year. As a result, an interim dividend of €0.36 per share of €1.60 nominal value will be paid on 2 September 2014. The shares will trade ex-dividend on 22 August 2014.

## DEFINITIONS

Organic growth excludes the effect of foreign currency translation 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. Group revenue in 2013 has been restated from the earnings release dated 21 August 2013 (with no impact on group operating profit (beia)). 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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## Investor Calendar Heineken N.V.

Trading update for Q3 2014

What's Brewing Seminar, Western Europe, London

22 October 2014

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](http://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)20 716 8257

National free phone: 0800 020 2576

## United Kingdom

Local line: +44(0)20 3427 1905

National free phone: 0800 279 4977

## United States of America

Local line: +1646 254 3361

National free phone: 1877 280 2296

Participation/ confirmation code for all countries: 6275776

**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 second largest by consolidated 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 81,000. 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](http://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, 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.

## INTRODUCTION

This report contains the interim financial report of Heineken N.V., headquartered in Amsterdam, the Netherlands.

The interim financial report for the six months ending 30 June 2014 consists of the statement of the Executive Board, the management report and the condensed consolidated interim financial statements. The condensed consolidated interim financial statements have been reviewed. The review report of KPMG Accountants N.V. on the interim financial statements is included on page 47.

## STATEMENT OF THE EXECUTIVE BOARD

Statement ex Article 5:25d Paragraph 2 sub c Financial Markets Supervision Act ("Wet op het financieel toezicht").

To our knowledge:

1. The condensed consolidated interim financial statements for the six month period ended 30 June 2014, which have been prepared in accordance with IAS 34 Interim Financial Reporting, give a true and fair view of the assets, liabilities, financial position, and profit of Heineken N.V. and the undertakings included in the consolidation as a whole;
2. The management report of the Executive Board for the six month period ended 30 June 2014 includes a fair review of the information required pursuant to article 5:25d paragraphs 8 and 9 of the Dutch Financial Markets Supervision Act ("Wet op het financieel toezicht").

### Executive Board

Jean-François van Boxmeer (Chairman/CEO)

René Hooft Graafland (CFO)

Amsterdam, 19 August 2014

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**REGIONAL REVIEW**

<b>Revenue</b> (in € million)	<b>Consolidated</b>			<b>Group</b>		
	<b>HY14</b>	<b>HY13</b>	<b>Organic growth %</b>	<b>HY14</b>	<b>HY13</b>	<b>Organic growth %</b>
Heineken N.V.	<b>9,274</b>	9,354	4.8	<b>10,196</b>	10,339	4.6
Africa Middle East	<b>1,293</b>	1,278	5.7	<b>1,496</b>	1,492	
Americas	<b>2,213</b>	2,208	8.3	<b>2,578</b>	2,575	
Asia Pacific	<b>932</b>	979	3.5	<b>1,112</b>	1,218	
Central & Eastern Europe	<b>1,427</b>	1,527	-2.3	<b>1,601</b>	1,692	
Western Europe	<b>3,650</b>	3,595	5.1	<b>3,650</b>	3,595	
Head Office & Eliminations	<b>-241</b>	-233	na	<b>-241</b>	-233	

<b>Operating Profit (beia)</b> (in € million)	<b>Consolidated</b>			<b>Group</b>		
	<b>HY14</b>	<b>HY13</b>	<b>Organic growth %</b>	<b>HY14</b>	<b>HY13</b>	<b>Organic growth %</b>
Heineken N.V.	<b>1,454</b>	<b>1,327</b>	14	<b>1,560</b>	<b>1,448</b>	13
Africa Middle East	<b>338</b>	<b>305</b>	15	<b>358</b>	<b>331</b>	
Americas	<b>375</b>	<b>319</b>	26	<b>427</b>	<b>375</b>	
Asia Pacific	<b>235</b>	<b>251</b>	2.0	<b>259</b>	<b>284</b>	
Central & Eastern Europe	<b>115</b>	<b>124</b>	-7.3	<b>126</b>	<b>131</b>	
Western Europe	<b>372</b>	<b>362</b>	8.8	<b>372</b>	<b>362</b>	
Head Office & Eliminations	<b>19</b>	<b>-34</b>	na	<b>19</b>	<b>-34</b>	

<b>Group beer volumes</b> (in mhl)	<b>2Q14</b>	<b>2Q13</b>	<b>Organic growth %</b>	<b>HY14</b>	<b>HY13</b>	<b>Organic growth %</b>
Heineken N.V.	<b>54.6</b>	52.5	4.5	<b>96.6</b>	94.2	3.1
Africa Middle East	<b>7.5</b>	7.0	7.5	<b>14.3</b>	13.3	8.1
Americas	<b>14.8</b>	13.9	6.5	<b>27.6</b>	26.4	4.7
Asia Pacific	<b>6.1</b>	5.8	5.8	<b>11.3</b>	10.9	2.8
Central & Eastern Europe	<b>13.7</b>	14.3	-3.7	<b>22.7</b>	23.7	-4.2
Western Europe	<b>12.4</b>	11.6	9.6	<b>20.8</b>	20.0	6.5

<b>Developing markets</b> (in mhl or € million unless otherwise stated)	<b>HY14</b>		
	<b>Group beer volume</b>	<b>Group Revenue</b>	<b>Group operating profit (beia)<sup>3</sup></b>
<b>Developing markets in:</b>	<b>60.9</b>	<b>5,047</b>	<b>924</b>
Africa Middle East	13.2	1,412	
Latin America & the Caribbean	22.1	1,845	
Asia Pacific	9.6	808	
Europe	16.0	903	
% of Group	63%	50%	60%
Organic growth %	2.4%	5.3%	16%

<sup>3</sup> Excludes Head Office & Eliminations

**Africa Middle East**

<b>Key Financials</b> <i>(in mhl or € million unless otherwise stated)</i>	<b>Consolidated</b>				<b>Group</b>			
	<b>HY14</b>	HY13	Total growth %	Organic growth %	<b>HY14</b>	HY13	Total growth %	Organic growth %
Revenue	<b>1,293</b>	1,278	1.2	5.7	<b>1,496</b>	1,492	0.3	
Revenue/ hl (in €)	<b>83</b>	88	-6.2	-2.1	<b>82</b>	87	-6.3	
Operating profit (beia)	<b>338</b>	305	11	15	<b>358</b>	331	8.3	
Operating profit (beia) margin	<b>26.1%</b>	23.8%	+230bps		<b>23.9%</b>	22.2%	+170bps	
Total volume	<b>15.6</b>	14.5	7.9	7.8	<b>18.3</b>	17.1	7.1	7.0
Beer volume	<b>12.4</b>	11.4	9.1	8.9	<b>14.3</b>	13.3	8.2	8.1
Licensed & non-beer volume	<b>3.2</b>	3.1	3.4	3.4	<b>3.9</b>	3.7	3.3	3.3

Consolidated revenue grew 5.7% organically driven by solid total volume growth of 7.8%. This was only partly offset by lower revenue per hectolitre of 2.1%, primarily reflecting the impact of unfavourable country and product mix (including the faster growth of HEINEKEN's brands licensed to third parties). A negative translational foreign currency movement in Nigeria and Egypt impacted on reported revenues. Consolidated operating profit (beia) grew by 15%, on an organic basis. Depreciation of the Egyptian pound and Nigerian naira versus the euro reporting currency reduced consolidated operating profit (beia).

Group beer volume increased 8.1% organically, with growth in all markets. This was led by solid volume performances in Nigeria, the Democratic Republic of Congo, Rwanda, Cameroon and the Republic of Congo.

In **Nigeria**, the success of new innovations and improved beer market conditions led to a continued positive volume trend. Volume grew in the high-single digits led by strong performances of the Heineken®, 33 Export and Goldberg brands as well as malted beverage products. Improved operational leverage and ongoing cost savings helped drive double-digit profit growth.

On 9 May 2014, HEINEKEN announced that its majority owned subsidiaries, Nigerian Breweries plc and Consolidated Breweries plc, confirmed their intention to merge the two businesses. The relevant filings have been made to the Nigerian Securities and Exchange Commission and Nigerian Stock Exchange with regulatory approvals still pending.

Volume in **Ethiopia** continued to develop positively in the first half of the year. We recently completed the construction of a new brewery in Addis Ababa which has been operational since July 2014. The brewery is the largest in Ethiopia and has the capacity to produce 1.5 million hectolitres, including initially the Harar and Bedele beer brands.

Volume in **Egypt** grew in the low-single digits in the first half of the year. However, the volume outlook for the second half of the year remains uncertain following the recent announcement of a doubling in beer excise and other duties and a reduction in energy subsidies in the country.

Volume of the Brandhouse joint venture in **South Africa** grew marginally led by growth of the Heineken® and Windhoek brands. Whilst volume of the Amstel brand declined slightly, investment behind the brand and renewed premium packaging has supported increased brand appeal amongst consumers and improved brand equity.

## Americas

Key Financials <i>(in mhl or € million unless otherwise stated)</i>	Consolidated				Group			
	HY14	HY13	Total growth % <sup>5</sup>	Organic growth %	HY14	HY13	Total growth %	Organic growth %
Revenue	<b>2,213</b>	2,208	0.2	8.3	<b>2,578</b>	<b>2,575</b>	0.1	
Revenue/ hl (in €)	<b>84</b>	88	-4.6	3.6	<b>86</b>	<b>90</b>	-4.8	
Operating profit (beia)	<b>375</b>	319	18	26	<b>427</b>	<b>375</b>	14	
Operating profit (beia) margin	<b>16.9%</b>	14.4%	+250bps		<b>16.6%</b>	<b>14.6%</b>	+200bps	
Total volume	<b>26.4</b>	25.2	5.1	4.7	<b>30.1</b>	<b>28.7</b>	5.1	5.0
Beer volume	<b>25.8</b>	24.6	4.7	4.8	<b>27.6</b>	<b>26.4</b>	4.5	4.7
Licensed & non-beer volume	<b>0.5</b>	0.5	22	1.0	<b>2.4</b>	<b>2.2</b>	13	8.3

Consolidated revenue grew 8.3% organically. This was driven by total volume growth of 4.7% and higher revenue per hectolitre of 3.6% from increased pricing and favourable sales mix, led by high-single digit growth of Heineken®. Reported revenue was broadly in line with last year mainly reflecting the impact of negative translational foreign currency movements in Mexico and Brazil. Consolidated operating profit (beia) grew 26% organically, driven by continued growth in both Mexico and Brazil. Consolidated operating profit (beia) margin increased 250 basis points.

Group beer volume grew 4.7% organically, primarily reflecting double digit volume growth in Brazil, together with improved volume trends in both Mexico and the US in the second quarter. Volume also grew in Panama and was lower in Canada and Haiti.

In **Mexico**, volumes increased in the low-single digits in the first half broadly in line with market growth. Dos Equis and Heineken® continued to deliver double digit growth in the period with Tecate volumes up in the mid-single digits. Strong profit growth was also driven by higher pricing and continued cost savings, resulting in over 350 basis points of operating margin expansion in the first half of the year.

In the **US**, sales to retailers grew by 0.9% (sales to wholesalers +2.0%) in the first half, outperforming the beer market and resulting in continued share gains. Continued double digit growth of Dos Equis and Tecate Light was a key driver of volume growth, with a benefit from successful innovations such as Dos-A-Rita®. Additionally, Heineken® regular volume was slightly positive in the second quarter and Strongbow grew in the double digits. In the second quarter, sales to retailers increased by 2.3% (sales to wholesalers +4.9%).

Volume in **Brazil** grew in the low double digits benefiting from soft comparatives but also reflecting strong sales execution, favourable weather and increased consumer spending around the World Cup football event. Revenue per hectolitre was up in the double digits benefiting from higher pricing as well as continued mix benefits from a growing premium portfolio. Both the Heineken® and Kaiser brands grew in the double digits, including the successful launch of Kaiser Radler.

**Asia Pacific**

<b>Key Financials</b> <i>(in mhl or € million unless otherwise stated)</i>	<b>Consolidated</b>				<b>Group</b>			
	<b>HY14</b>	<b>HY13</b>	<b>Total growth %</b>	<b>Organic growth %</b>	<b>HY14</b>	<b>HY13</b>	<b>Total growth %</b>	<b>Organic growth %</b>
Revenue	<b>932</b>	979	-4.8	3.5	<b>1,112</b>	1,218	-8.7	
Revenue/ hl (in €)	<b>109</b>	118	-7.5	0.9	<b>96</b>	109	-11	
Operating profit (beia)	<b>235</b>	251	-6.3	2.0	<b>259</b>	284	-8.8	
Operating profit (beia) margin	<b>25.2%</b>	25.7%	-50bps		<b>23.3%</b>	23.3%	0bps	
Total volume	<b>8.5</b>	8.3	3.0	2.6	<b>11.5</b>	11.2	2.7	1.7
Beer volume	<b>8.3</b>	8.0	4.4	4.0	<b>11.3</b>	10.9	3.8	2.8

Consolidated revenue grew 3.5% organically, with higher consolidated total volume of 2.6% and revenue per hectolitre up 0.9%. Reported revenues declined mainly reflecting adverse translational foreign currency movements in Indonesia, Vietnam and Papua New Guinea. Consolidated operating profit (beia) grew 2.0% organically as higher revenue was partly offset by increased fixed production costs and commercial investments. Profit was higher in Vietnam, China, Singapore and Cambodia, Taiwan and South Korea and lower in Papua New Guinea, Indonesia and New Zealand.

Group beer volume growth in the second quarter accelerated to 5.8% with improved trading conditions across most key markets. Group beer volume grew 2.8% in the first half of the year with higher volume in Vietnam, China, Indonesia, Papua New Guinea, Cambodia, Taiwan, South Korea and India only partly offset by lower volume in New Zealand, Singapore, Malaysia and Thailand.

Volume in **Vietnam** showed a notable improvement in the second quarter resulting in mid-single digit growth in the first half of the year. This was driven by improving consumer confidence, successful implementation of our brand portfolio strategy and strong outlet execution, contributing to market share gains. The Tiger brand continued to grow strongly with lower volume of the Heineken® brand.

In **China**, volume was up in the high-single digits with double digit growth of Heineken® supported by expanded outlet coverage and the success of commercial initiatives.

Volume in **Indonesia** grew only moderately primarily reflecting the impact of a significant excise duty increase at the start of the year and reduced supply availability of soft drinks. Volume of the Bintang brand grew in the mid-single digits, partly offset by lower volume of the licensed Guinness brand.

Volume in **India** was slightly ahead of last year with improved growth trends following the national elections held in April and May 2014. The benefit of warmer weather in the states of Rajasthan, West Bengal and Karnataka and higher stock levels in Andhra Pradesh was partially offset by lower volume in the states of Maharashtra and Haryana due to higher consumer prices and slower economic growth.

**Central & Eastern Europe**

Key Financials <i>(in mhl or € million unless otherwise stated)</i>	Consolidated				Group			
	HY14	HY13	Total growth %	Organic growth %	HY14	HY13	Total growth %	Organic growth %
Revenue	<b>1,427</b>	1,527	-6.5	-2.3	<b>1,601</b>	1,692	-5.4	
Revenue/ hl (in €)	<b>65</b>	66	-1.5	2.7	<b>66</b>	67	-1.1	
Operating profit (beia)	<b>115</b>	124	-7.1	-7.3	<b>126</b>	131	-3.7	
Operating profit (beia) margin	<b>8.1%</b>	8.1%	0bps		<b>7.9%</b>	7.7%	+20bps	
Total volume	<b>22.0</b>	23.1	-5.1	-5.0	<b>24.4</b>	25.4	-4.3	-4.2
Beer volume	<b>20.8</b>	21.9	-4.9	-4.9	<b>22.7</b>	23.7	-4.2	-4.2

Consolidated revenue declined by 2.3% organically, with lower consolidated total volume of 5.0% only partly offset by revenue per hectolitre growth of 2.7%. The effect of translational foreign currency movements in Russia negatively impacted reported revenues. Consolidated operating profit (beia) declined 7.3% (includes the impact of a one-time gain of €17 million from the sale of the Pago juice business in the first half of last year). Lower profit in Poland, Slovakia, Romania and Greece was only partly offset by improved profitability in Russia, Austria and Croatia.

Group beer volume declined by 4.2% in the first half of the year as the region was negatively impacted by poor weather and flooding in the second quarter and ongoing challenging economic conditions. Against this backdrop, HEINEKEN remains committed to a value growth strategy focused on improving revenue per hectolitre and profitability across the region.

Beer market conditions in **Russia** remain challenging reflecting the impact of weaker economic growth, lower consumer confidence and adverse legislation. This led to a low-double digit volume decline for HEINEKEN Russia in the first half of the year and some market share loss. Despite this, continued growth of both Heineken® and Amstel alongside the recent launch of the premium Krušovice brand contributed positively to sales mix.

Volume in **Poland** declined in the low-single digits reflecting continued weak consumer sentiment and adverse channel mix from continued growth of the discounter channel. The effect of this combined with continued competitor price pressure was only partially offset by realised cost savings leading to a decline in operating profit.

Volume in **Romania** declined in the high-single digits with performance adversely impacted by continued consumer weakness, increased competitive intensity and unfavourable weather conditions in the second quarter.

Volume in **Greece** declined in the low-single digits against a challenging economic backdrop and continued consumer softness. The Alfa brand continues to grow strongly, more than offset by lower volume for the Heineken® and Amstel brands.

Volume in **Austria** was up in the mid-single digits, led by solid growth of the Gösser and Zipfer brands. This performance was driven by successful innovation, strong sales execution and favourable weather conditions.

## Western Europe

Key Financials <i>(in mhl or € million unless otherwise stated)</i>	Consolidated & Group			
	HY14	HY13	Total growth %	Organic growth %
Revenue	<b>3,650</b>	3,595	1.5	5.1
Revenue/ hl (in €)	<b>127</b>	126	0.7	-0.6
Operating profit (beia)	<b>372</b>	362	2.8	8.8
Operating profit (beia) margin	<b>10.2%</b>	10.1%	+10bps	
Total volume	<b>28.7</b>	28.5	0.8	5.7
Beer volume	<b>20.8</b>	20.0	4.1	6.5
Licensed & non-beer volume	<b>4.3</b>	4.8	-8.9	8.9
Third party products volume	<b>3.6</b>	3.7	-3.9	-3.0

Consolidated revenue grew by 5.1% organically driven by total volume growth of 5.7%. This was partly offset by lower revenue per hectoliter reflecting deflationary pressure in the Eurozone. On an organic basis, consolidated operating profit (beia) grew by 8.8% led by higher profit in France, The Netherlands and the UK. The divestment of Oy Hartwall Ab in Finland on 23 August 2013 is reported as a consolidation impact.

Group beer volume grew by 6.5% in the first half of the year driven by broad-based market share gains, favourable weather conditions and a positive impact from the football World Cup against a soft comparable prior year period. This further reflects the benefit of higher commercial investments with a strong focus on premium brand development, innovation and more competitive sales execution across channels. Excluding the impact of excise related destocking in France in January 2013, volume still grew by over 5%. All key markets achieved strong volume growth with market share gains in the Netherlands, France, Spain, Portugal, Ireland and Belgium.

Volume in the **UK** grew in the mid-single digits driven by a strong performance in the off-trade channel. This performance reflects improving consumer confidence, successful innovation in the premium beer and cider categories, a positive impact from the football World Cup event and favourable weather conditions. During the period, the successful launches of Old Mout cider and new flavour variants under the Bulmers and Strongbow brands drove solid growth in cider volume. Within the beer portfolio, Foster's, Kronenbourg 1664, Heineken®, Desperados and Sol all achieved solid volume gains.

Volume in **France** grew by double digits driving market share gains in the country. This performance was led by strong growth in the off-trade channel and higher volume in the on-trade channel. The two premium brands, Heineken® and Desperados both posted solid double digit growth.

Increased commercial competitiveness along with an improvement in consumer confidence and the underlying economic environment contributed to positive volume growth in **Spain**. This resulted in double-digit Heineken® brand growth and solid gains for the Amstel and Cruzcampo brands.

Volume in **The Netherlands** grew in the high-single digits. This reflects the benefit of favourable weather as well as strengthened commercial execution and effective commercial programmes around the World Cup football event, driving market share gains.

## Head office costs, other items and eliminations

Key Financials <i>(in mhl or € million unless otherwise stated)</i>	Consolidated & Group			
	HY14	HY13	Total growth %	Organic growth %
Revenue	<b>-241</b>	-233	-3.8	na
Operating profit (beia)	<b>19</b>	-34	>100	na

Consolidated operating profit (beia) increased in the first half of the year. This is primarily due to higher net revenue from the GBS organisation, an increased license fee for the Heineken® brand (since 1 January 2014) and higher profitability of HEINEKEN's packaging and malting operations. This also includes a benefit from the favourable phasing of head office support costs in the first half of the year.

## CONSOLIDATED FINANCIAL REVIEW

Key figures <i>(in mhl or € million unless otherwise stated)</i>	Consolidated					
	HY13	Currency translation	Consolidation impact	Organic growth	HY14	Organic growth %
Revenue	<b>9,354</b>	-376	-153	449	<b>9,274</b>	4.8
Total expenses (beia)	<b>-8,027</b>	321	146	-260	<b>-7,820</b>	-3.2
Operating profit (beia)	<b>1,327</b>	-55	-7	189	<b>1,454</b>	14
Share of net profit of assoc./ JVs (beia)	<b>73</b>	-7	-	-9	<b>57</b>	-13
EBIT (beia)	<b>1,400</b>	-62	-7	180	<b>1,511</b>	13
Net interest income/(expenses) (beia)	<b>-262</b>	2	1	50	<b>-209</b>	19
Other net finance income/(expenses) (beia)	<b>-32</b>	2	-	-8	<b>-38</b>	-27
Income tax expense (beia)	<b>-319</b>	17	3	-81	<b>-380</b>	-25
Minority interests	<b>-108</b>	6	-	-10	<b>-112</b>	-9.0
Net profit (beia)	<b>679</b>	-35	-3	131	<b>772</b>	19
Eia	<b>-40</b>				<b>-141</b>	
Net profit	<b>639</b>				<b>631</b>	
Total consolidated volume	<b>99.7</b>		-1.4	3.0	<b>101.3</b>	3.0
Beer volume	<b>85.9</b>		-0.5	2.7	<b>88.1</b>	3.2
Licensed & non-beer volume	<b>9.2</b>		-0.9	0.6	<b>8.9</b>	6.3
Third party products volume	<b>4.6</b>		-	-0.3	<b>4.3</b>	-6.9

## Changes in consolidation

The main items included as consolidation changes are:

- The divestment of Oy Hartwall Ab in Finland, a wholly owned subsidiary, on 23 August 2013.

## Revenue

Revenue decreased by 0.9% to €9,274 million due to a negative net consolidation impact of 1.6% (–€153 million) and unfavourable foreign currency effect of 4.0% (–€376 million), largely driven by the Russian rouble, Nigerian naira, Brazilian real and the Mexican peso. An organic revenue increase of 4.8% is made up of a total consolidated volume growth of 3.0%, and a 1.8% increase in revenue per hectolitre (net of a positive country mix effect of 0.5%).

### Total expenses (beia)

Total expenses (beia) were €7,820 million, increasing by 3.2% organically. On an organic basis, input costs increased by 5.0% and by 1.6% on a per hectolitre basis (including an unfavourable transactional foreign currency effect). On an organic basis, energy and water expense declined by 0.8%. Marketing and selling (beia) expenses increased organically by 7.3% to €1,247 million, representing 13.4% of revenues (2013: 13.0%). Personnel expenses declined organically by 0.2% to €1,511 million following a reduction in full time employees of 5,626 compared to 30 June 2013.

### Operating profit (beia)

Operating profit (beia) grew by 9.6% to €1.454 million, including a negative net consolidation impact of 0.5% (–€7 million) and unfavourable foreign currency translational effect of 4.1% (–€55 million). On an organic basis, operating profit (beia) grew by 14% as higher revenue and the benefit of realised cost savings was only partially offset by higher marketing and selling expenses.

### Share of net profit of associates and joint ventures (beia)

Share of net profit of associates and joint ventures (beia) decreased from €73 million to €57 million. On an organic basis, a decline of €9 million reflects a lower share of net profit from the joint venture operations in South Africa, Ghana and Costa Rica which was only partly offset by higher profitability of the Compania Cerveceras Unidas SA (CCU) and United Breweries Limited (UBL) joint venture operations in Chile and India, respectively.

### Net finance expenses (beia)

Net interest expenses (beia) decreased by €53 million, reflecting a lower debt level and a lower average effective interest rate on outstanding debts. On an organic basis, net interest expenses declined by €50 million. The average interest rate in the first half of 2014 was 4.0% (first half of 2013: 4.5%).

Other net finance expenses (beia) amounted to €38 million, which includes €25 million interest expense on the net pension liability. On an organic basis, other net finance expenses increased by €8 million primarily due to an adverse transactional foreign currency effect.

### Income tax expense (beia)

The effective tax rate (beia) was 31.5%, broadly in line with the first half of 2013 (30.9%).

### Net profit and net profit (beia)

Net profit declined by €8 million to €631 million. This includes a net exceptional items and amortisation loss of €141 million compared to a €40 million net exceptional items and amortisation loss in the corresponding prior year period. Further details on exceptional items and amortisation is provided in note 14 of the 'Notes to the condensed consolidated interim financial statements'.

Net profit (beia) grew by €93 million to €772 million, an organic increase of 19%. The combined impact of unfavourable currency translational movements and consolidation changes decreased net profit (beia) by €38 million.

## Foreign exchange rate movements

Foreign currency translational movements decreased operating profit (beia) by €55 million. This is largely due to the depreciation of the Mexican peso (-8%), Nigerian naira (-4%), Papua New Guinean kina (-20%) and Indonesian rupiah (-20%). At the net profit level, translational foreign currency movements had a negative impact of €35 million.

HEINEKEN delays the impact of the U.S. dollar fluctuations versus the euro by hedging the net cash inflow of U.S. dollars from exports for up to 18 months in advance.

The average EUR/USD exchange rate inclusive of hedging was 1.30 in the first half of 2014, versus 1.34 last year in the same period. For the full year 2014, the net dollar inflow is forecasted at USD555 million, of which 94% has been hedged at EUR/USD 1.31 (2013: 1.31). For 2015, the net dollar inflow is forecasted at approximately USD578 million of which 64% is hedged at EUR/USD 1.36 as of 15 August 2014.

## Capital expenditure and cash flow

Capital expenditure related to property, plant and equipment amounted to €549 million in the first half of 2014 (2013: €536 million) representing 6% of revenues.

Free operating cash flow amounted to €571 million (2013: €178 million) primarily due to increased cashflow from operations. This reflects a significant improvement in working capital from a favourable movement in accounts payable due to the strong operational performance in the second quarter of this year. In addition, the movement in accounts payable in the first half of 2013 was lower than normal due to the effect of excise related destocking in France.

## Financial structure

Net debt slightly increased to €10,919 million (from €10,868 million at 31 December 2013), as dividends paid, a cash outflow from acquisitions of non-controlling interests and foreign currency movements exceeded positive free operating cash flow.

The pro forma net debt/EBITDA (beia) ratio was 2.5 times on 30 June 2014. HEINEKEN remains committed to returning to within the Company's long-term targeted range of below 2.5 times by the end of 2014.

Including the effect of cross-currency swaps, 61% of net debt is euro-denominated and 27% is U.S. dollar-denominated. Total gross debt amounts to €11,757 million.

## Average number of shares

In the calculation of basic EPS, the weighted average number of shares outstanding in the first half of 2014 was 575,071,363. In the calculation of diluted EPS, shares held in treasury related to the employee incentive programme are not deducted from the weighted average shares outstanding. The weighted average diluted number of shares outstanding in the first half of 2014 was 576,002,613, equal to the first half of 2013.

**UPDATE RISK PARAGRAPH**

The annual report 2013 outlines HEINEKEN's main risks and mitigation activities at the time of closing the 2013 financial year. In the Company's view, the nature and potential impact of these risks have not materially changed in the first half of 2014. Reference is made to pages 22 to 26 of the Annual Report 2013 for a detailed description of HEINEKEN's risks and risk control systems.

Although its key risk areas remain unchanged, HEINEKEN notices increased competition across its markets, a stronger need for innovation to respond to changing consumer preferences, and distribution channel consolidation leading to growing purchasing power of its distributors, all of which may impact HEINEKEN's future results and profitability.

Furthermore, increased geopolitical uncertainty and social unrest, together with ongoing risks related to economic uncertainty, natural disaster, regulatory changes, credit risk and foreign exchange volatility may adversely impact its results and remain high on its risk management agenda.

There may also be current risks the Company is not aware of or currently deems immaterial but which could, at a later stage, have a material impact on the Company's business. The Company's risk management systems are focused on timely discovery of such risks.

## Consolidated & Group Metrics: Half year 2014

	Consolidated (A)						Attributable share of joint ventures/assoc (B)		Group (C) = A + B		
(in mhl or €million unless otherwise stated)	HY13	Currency Translation	Consolidation Impact	Organic Growth	HY14	Organic Growth %	HY13	HY14	HY13	HY14	Organic Growth %
<b>Africa and Middle East</b>											
Revenue	1.278	-60	2	73	1.293	5.7	214	203	1.492	1.496	
Revenue per Hl (in €)	88			-2	83	-2.1	82	75	87	82	
Operating profit (beia)	305	-13	-	46	338	15	26	20	331	358	
Operating profit (beia) margin	23.8%				26.1%		12.1%	9.9%	22.2%	23.9%	
Total volume	14.5		-	1.1	15.6	7.8	2.6	2.7	17.1	18.3	7.0
Beer volume	11.4		-	1.0	12.4	8.9	1.9	1.9	13.3	14.3	8.1
Licensed & non-beer volume	3.1		-	0.1	3.2	3.4	0.6	0.7	3.7	3.9	3.3
Third party products volume	-		-	-	-	-	0.1	0.1	0.1	0.1	1.6
<b>Americas</b>											
Revenue	2.208	-182	3	184	2.213	8.3	367	365	2.575	2.578	
Revenue per Hl (in €)	88			3	84	3.6	104	99	90	86	
Operating profit (beia)	319	-18	-10	84	375	26	56	52	375	427	
Operating profit (beia) margin	14.4%				16.9%		15.2%	14.2%	14.6%	16.6%	
Total volume	25.2		-	1.2	26.4	4.7	3.5	3.7	28.7	30.1	5.0
Beer volume	24.6		-	1.2	25.8	4.8	1.8	1.8	26.4	27.6	4.7
Licensed & non-beer volume	0.5		-	-	0.5	1.0	1.7	1.9	2.2	2.4	8.3
Third party products volume	0.1		-	-	0.1	9.8	-	-	0.1	0.1	9.8
<b>Asia Pacific</b>											
Revenue	979	-82	1	34	932	3.5	239	180	1.218	1.112	
Revenue per Hl (in €)	118			1	109	0.9	82	60	109	96	
Operating profit (beia)	251	-24	3	5	235	2.0	33	24	284	259	
Operating profit (beia) margin	25.7%				25.2%		13.8%	13.3%	23.3%	23.3%	
Total volume	8.3		-	0.2	8.5	2.6	2.9	3.0	11.2	11.5	1.7
Beer volume	8.0		-	0.3	8.3	4.0	2.9	3.0	10.9	11.3	2.8
Licensed & non-beer volume	0.2		-	-	0.2	-7.4	-	-	0.2	0.2	-8.8
Third party products volume	0.1		-	-0.1	-	-64	-	-	0.1	-	-64
<b>Central &amp; Eastern Europe</b>											
Revenue	1.527	-57	-8	-35	1.427	-2.3	165	174	1.692	1.601	
Revenue per Hl (in €)	66			2	65	2.7	72	73	67	66	
Operating profit (beia)	124	1	-1	-9	115	-7.3	7	11	131	126	
Operating profit (beia) margin	8.1%				8.1%		4.2%	6.3%	7.7%	7.9%	
Total volume	23.1		-	-1.1	22.0	-5.0	2.3	2.4	25.4	24.4	-4.2
Beer volume	21.9		-	-1.1	20.8	-4.9	1.8	1.9	23.7	22.7	-4.2
Licensed & non-beer volume	0.5		-	0.1	0.6	8.4	0.3	0.3	0.8	0.9	5.9
Third party products volume	0.7		-	-0.1	0.6	-17	0.2	0.2	0.9	0.8	-12

	Consolidated (A)						Attributable share of joint ventures/assoc (B)		Group (C) = A + B		
(in mhl or €million unless otherwise stated)	HY13	Currency Translation	Consolidation Impact	Organic Growth	HY14	Organic Growth %	HY13	HY14	HY13	HY14	Organic Growth %
<b>Western Europe</b>											
Revenue	3.595	26	-153	182	3.650	5.1			3.595	3.650	
Revenue per Hl (in €)	126			-1	127	-0.6			126	127	
Operating profit (beia)	362	3	-25	32	372	8.8			362	372	
Operating profit (beia) margin	10.1%				10.2%				10.1%	10.2%	
Total volume	28.5		-1.4	1.6	28.7	5.7			28.5	28.7	5.7
Beer volume	20.0		-0.5	1.3	20.8	6.5			20.0	20.8	6.5
Licensed & non-beer volume	4.8		-0.9	0.4	4.3	8.9			4.8	4.3	8.9
Third party products volume	3.7		-	-0.1	3.6	-3.0			3.7	3.6	-3.0
<b>Head Office &amp; Eliminations</b>											
Revenue	-233	-21	2	12	-241	na			-233	-241	
Operating profit (beia)	-34	-4	26	31	19	na			-34	19	
<b>Heineken N.V.</b>											
Revenue	9.354	-376	-153	449	9.274	4.8	985	922	10.339	10.196	4.6
Revenue per Hl (in €)	94			2	92	1.8	86	78	93	90	1.5
Total expenses (beia)	-8.027	321	146	-260	-7.820	-3.2	-864	-816	-8.891	-8.636	-3.2
Operating profit (beia)	1.327	-55	-7	189	1.454	14	121	106	1.448	1.560	13
Operating profit (beia) margin	14.2%				15.7%		12.3%	11.5%	14.0%	15.3%	
Share of net profit of associates / JVs (beia)	73	-7	-	-9	57	-13					
Net Interest income / (expenses) (beia)	-262	2	1	50	-209	19					
Other net finance income/(expenses) (beia)	-32	2	-	-8	-38	-27					
Income tax expense (beia)	-319	17	3	-81	-380	-25					
Minority Interests	-108	6	-	-10	-112	-9.0					
Net profit (beia)	679	-35	-3	131	772	19					
Total volume	99.7		-1.4	3.0	101.3	3.0	11.4	11.8	111.1	113.1	3.1
Beer volume	85.9		-0.5	2.7	88.1	3.2	8.3	8.5	94.2	96.6	3.1
Licensed & non-beer volume	9.2		-0.9	0.6	8.9	6.3	2.8	3.0	12.0	11.9	6.5
Third party products volume	4.6		-	-0.3	4.3	-6.9	0.3	0.3	4.9	4.6	-6.3

## 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 %
<b>Africa and Middle East</b>											
Revenue	623	-26	1	29	628	4.6	105	93	728	721	
Revenue per Hl (in €)	90			-3	84	-2.6	81	72	88	82	
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	-		-	-	-	-	-	-	-	-	-
<b>Americas</b>											
Revenue	986	-84	1	86	989	8.7	203	183	1.189	1.172	
Revenue per Hl (in €)	84			5	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	-	-
<b>Asia Pacific</b>											
Revenue	483	-39	-	1	444	0.3	89	80	572	524	
Revenue per Hl (in €)	118			-	108	0.3	74	67	108	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
<b>Central &amp; Eastern Europe</b>											
Revenue	611	-27	-8	-15	562	-2.4	69	72	680	634	
Revenue per Hl (in €)	67			2	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 %
<b>Western Europe</b>											
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		-	-0.1	1.5	-5.7			1.6	1.5	-5.7
<b>Head Office &amp; Eliminations</b>											
Revenue	-103	-10	1	10	-104	na			-103	-104	
<b>Heineken N.V.</b>											
Revenue	4.145	-178	-69	139	4.038	3.4	466	428	4.611	4.466	3.4
Revenue per Hl (in €)	94			2	92	2.3	85	78	93	90	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

## Consolidated & Group Metrics: Second Quarter 2014

	Consolidated (A)						Attributable share of joint ventures/assoc (B)		Group (C) = A + B		
(in mhl or €million unless otherwise stated)	2Q13	Currency Translation	Consolidation Impact	Organic Growth	2Q14	Organic Growth %	2Q13	2Q14	2Q13	2Q14	Organic Growth %
<b>Africa and Middle East</b>											
Revenue	655	-34	1	44	666	6.7	109	110	764	776	
Revenue per Hl (in €)	87			-1	82	-1.6	78	73	86	81	
Total volume	7.5		-	0.6	8.1	8.3	1.4	1.5	8.9	9.6	7.8
Beer volume	6.0		-	0.5	6.5	7.7	1.0	1.0	7.0	7.5	7.5
Licensed & non-beer volume	1.5		-	0.1	1.6	11	0.3	0.4	1.8	2.0	9.2
Third party products volume	-		-	-	-	7.7	0.1	0.1	0.1	0.1	3.4
<b>Americas</b>											
Revenue	1.222	-98	2	97	1.223	8.0	164	182	1.386	1.405	
Revenue per Hl (in €)	90			1	85	1.6	110	107	92	87	
Total volume	13.5		-	0.9	14.4	6.4	1.5	1.7	15.0	16.1	6.7
Beer volume	13.2		-	0.8	14.0	6.4	0.7	0.8	13.9	14.8	6.5
Licensed & non-beer volume	0.3		-	0.1	0.4	-2.1	0.8	0.9	1.1	1.3	6.4
Third party products volume	-		-	-	-	>100	-	-	-	-	>100
<b>Asia Pacific</b>											
Revenue	498	-42	1	33	490	6.6	150	100	648	590	
Revenue per Hl (in €)	117			3	111	1.6	88	59	110	96	
Total volume	4.2		-	0.2	4.4	5.0	1.7	1.7	5.9	6.1	3.6
Beer volume	4.1		-	0.3	4.4	8.2	1.7	1.7	5.8	6.1	5.8
Licensed & non-beer volume	-		-	0.1	0.1	>100	-	-	-	0.1	>100
Third party products volume	0.1		-	-0.2	-0.1	>100	-	-	0.1	-0.1	>100
<b>Central &amp; Eastern Europe</b>											
Revenue	915	-31	-	-20	864	-2.2	96	102	1.011	966	
Revenue per Hl (in €)	66			2	65	2.6	71	73	66	66	
Total volume	13.9		-	-0.7	13.2	-4.8	1.4	1.4	15.3	14.6	-4.0
Beer volume	13.2		-	-0.6	12.6	-4.3	1.1	1.1	14.3	13.7	-3.7
Licensed & non-beer volume	0.3		-	-	0.3	1.4	0.2	0.2	0.5	0.5	0.8
Third party products volume	0.4		-	-0.1	0.3	-27	0.1	0.1	0.5	0.4	-19

	Consolidated (A)						Attributable share of joint ventures/assoc (B)		Group (C) = A + B		
(in mhl or €million unless otherwise stated)	2Q13	Currency Translation	Consolidation Impact	Organic Growth	2Q14	Organic Growth %	2Q13	2Q14	2Q13	2Q14	Organic Growth %
<b>Western Europe</b>											
Revenue	2.048	18	-89	154	2.131	7.5			2.048	2.131	
Revenue per Hl (in €)	124			-2	124	-1.3			124	124	
Total volume	16.5		-0.8	1.5	17.2	8.8			16.5	17.2	8.8
Beer volume	11.6		-0.3	1.1	12.4	9.6			11.6	12.4	9.6
Licensed & non-beer volume	2.9		-0.5	0.4	2.8	12			2.9	2.8	12
Third party products volume	2.0		-	-	2.0	-0.9			2.0	2.0	-0.9
<b>Head Office &amp; Eliminations</b>											
Revenue	-130	-11	1	2	-137	na			-130	-137	
<b>Heineken N.V.</b>											
Revenue	5.209	-198	-84	310	5.236	5.9	519	494	5.728	5.730	5.5
Revenue per Hl (in €)	94			1	91	1.4	88	80	93	90	1.0
Total volume	55.7		-0.8	2.5	57.4	4.5	5.9	6.2	61.6	63.6	4.5
Beer volume	48.1		-0.3	2.2	50.0	4.5	4.4	4.6	52.5	54.6	4.5
Licensed & non-beer volume	5.1		-0.5	0.5	5.1	11	1.3	1.4	6.4	6.5	10
Third party products volume	2.5		-	-0.2	2.3	-9.4	0.2	0.2	2.7	2.5	-8.6

**Condensed consolidated interim financial statements for the six month period ended  
30 June 2014**

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## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

*For the six-month period ended 30 June*

*In millions of EUR*

	<b>Note</b>	<b>2014</b>	<b>2013</b>
<b>Revenue</b>	5	<b>9,274</b>	<b>9,354</b>
<b>Other income</b>	5	<b>20</b>	<b>141</b>
Raw materials, consumables and services	7	(5,795)	(5,957)
Personnel expenses		(1,563)	(1,591)
Amortisation, depreciation and impairments		(699)	(723)
<b>Total expenses</b>		<b>(8,057)</b>	<b>(8,271)</b>
<b>Result from operating activities</b>	5	<b>1,237</b>	<b>1,224</b>
Interest income	8	20	24
Interest expenses	8	(229)	(286)
Other net finance income/ (expenses)	9	(37)	(25)
<b>Net finance expenses</b>		<b>(246)</b>	<b>(287)</b>
Share of profit of associates and joint ventures and impairments thereof (net of income tax)		55	71
<b>Profit before income tax</b>		<b>1,046</b>	<b>1,008</b>
Income tax expenses	10	(325)	(274)
<b>Profit</b>		<b>721</b>	<b>734</b>
Attributable to:			
Equity holders of the Company (net profit)		631	639
Non-controlling interests		90	95
<b>Profit</b>		<b>721</b>	<b>734</b>
Weighted average number of shares – basic	16	575,071,363	575,135,235
Weighted average number of shares – diluted	16	576,002,613	576,002,613
Basic earnings per share (EUR)		1.10	1.11
Diluted earnings per share (EUR)		1.10	1.11

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

*For the six-month period ended 30 June*

*In millions of EUR*

	Note	2014	2013
<b>Profit</b>		<b>721</b>	<b>734</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial gains and losses		(81)	177
<b>Items that may be subsequently reclassified to profit or loss:</b>			
Currency translation differences		203	(305)
Effective portion of net investment hedges		(5)	(1)
Effective portion of changes in fair value of cash flow hedges		(16)	(13)
Effective portion of cash flow hedges transferred to profit or loss		(14)	11
Net change in fair value available-for-sale investments		(9)	25
Share of other comprehensive income of associates/joint ventures		–	(4)
<b>Other comprehensive income, net of tax</b>	15	<b>78</b>	<b>(110)</b>
<b>Total comprehensive income</b>		<b>799</b>	<b>624</b>
 <b>Attributable to:</b>			
Equity holders of the Company		712	536
Non-controlling interests		87	88
<b>Total comprehensive income</b>		<b>799</b>	<b>624</b>

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

*As at*

*In millions of EUR*

	Note	30 June 2014	31 December 2013
<b>Assets</b>			
Property, plant & equipment	11	8,516	8,454
Intangible assets		16,022	15,934
Investments in associates and joint ventures		1,855	1,883
Other investments and receivables		728	762
Advances to customers		286	301
Deferred tax assets		483	508
<b>Total non-current assets</b>		<b>27,890</b>	<b>27,842</b>
Inventories		1,736	1,512
Other investments		13	11
Trade and other receivables		3,023	2,427
Prepayments and accrued income		334	218
Cash and cash equivalents		825	1,290
Assets classified as held for sale	12	45	37
<b>Total current assets</b>		<b>5,976</b>	<b>5,495</b>
<b>Total assets</b>		<b>33,866</b>	<b>33,337</b>

*As at*

*In millions of EUR*

	<b>Note</b>	<b>30 June 2014</b>	<b>31 December 2013</b>
<b>Equity</b>			
Share capital		922	922
Share premium		2,701	2,701
Reserves		(719)	(858)
Retained earnings		8,754	8,637
<b>Equity attributable to equity holders of the Company</b>	<b>16</b>	<b>11,658</b>	<b>11,402</b>
Non-controlling interests		914	954
<b>Total equity</b>		<b>12,572</b>	<b>12,356</b>
<b>Liabilities</b>			
Loans and borrowings	17	9,606	9,853
Tax liabilities		120	112
Employee benefits	18	1,296	1,202
Provisions		357	367
Deferred tax liabilities		1,359	1,444
<b>Total non-current liabilities</b>		<b>12,738</b>	<b>12,978</b>
Bank overdrafts	17	202	178
Loans and borrowings	17	2,005	2,195
Trade and other payables		5,742	5,131
Tax liabilities		437	317
Provisions		159	171
Liabilities classified as held for sale	12	11	11
<b>Total current liabilities</b>		<b>8,556</b>	<b>8,003</b>
<b>Total liabilities</b>		<b>21,294</b>	<b>20,981</b>
<b>Total equity and liabilities</b>		<b>33,866</b>	<b>33,337</b>

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

*For the six-month period ended 30 June*

*In millions of EUR*

	Note	2014	2013
<b>Operating activities</b>			
Profit		721	734
Adjustments for:			
Amortisation, depreciation and impairments		699	723
Net interest expenses	8	209	262
Gain on sale of property, plant & equipment, intangible assets and subsidiaries, joint ventures and associates		(20)	(141)
Investment income and share of profit and impairments of associates and joint ventures and dividend income on available-for-sale and held-for-trading investments		(62)	(77)
Income tax expenses	10	325	274
Other non-cash items		56	123
<b>Cash flow from operations before changes in working capital and provisions</b>		<b>1,928</b>	<b>1,898</b>
Change in inventories		(208)	(243)
Change in trade and other receivables		(644)	(538)
Change in trade and other payables		556	125
<b>Total change in working capital</b>		<b>(296)</b>	<b>(656)</b>
Change in provisions and employee benefits		(69)	(57)
<b>Cash flow from operations</b>		<b>1,563</b>	<b>1,185</b>
Interest paid		(276)	(280)
Interest received		30	30
Dividend received		64	93
Income taxes paid		(258)	(303)
<b>Cash flow related to interest, dividend and income tax</b>		<b>(440)</b>	<b>(460)</b>
<b>Cash flow from operating activities</b>		<b>1,123</b>	<b>725</b>
<b>Investing activities</b>			
Proceeds from sale of property, plant & equipment and intangible assets		46	79
Purchase of property, plant & equipment	11	(549)	(536)
Purchase of intangible assets		(18)	(35)
Loans issued to customers and other investments		(49)	(76)
Repayment on loans to customers		18	21
<b>Cash flow (used in)/from operational investing activities</b>		<b>(552)</b>	<b>(547)</b>
<b>Free operating cash flow</b>		<b>571</b>	<b>178</b>

*For the six-month period ended 30 June*

*In millions of EUR*

	<b>Note</b>	<b>2014</b>	<b>2013</b>
Acquisition of subsidiaries, net of cash acquired	6	–	(17)
Acquisition of/additions to associates, joint ventures and other investments		(2)	(20)
Disposal of subsidiaries, net of cash disposed of		1	90
Disposal of associates, joint ventures and other investments		–	148
<b>Cash flow (used in)/from acquisitions and disposals</b>		<b>(1)</b>	<b>201</b>
<b>Cash flow (used in)/from investing activities</b>		<b>(553)</b>	<b>(346)</b>
<b>Financing activities</b>			
Proceeds from loans and borrowings		547	1,204
Repayment of loans and borrowings		(1,042)	(1,311)
Dividends paid		(433)	(448)
Purchase own shares		–	(21)
Acquisition of non-controlling interests		(134)	(200)
Disposal of interests without a change in control		–	–
Shares issued within the Group		–	–
Other		–	(1)
<b>Cash flow (used in)/from financing activities</b>		<b>(1,062)</b>	<b>(777)</b>
<b>Net cash flow</b>		<b>(492)</b>	<b>(398)</b>
Cash and cash equivalents as at 1 January		1,112	846
Effect of movements in exchange rates		2	(3)
<b>Cash and cash equivalents as at 30 June</b>		<b>622</b>	<b>445</b>

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

<i>In millions of EUR</i>	Share capital	Share Premium	Translation reserve	Hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
<b>Balance as at 1 January 2013</b>	<b>922</b>	<b>2,701</b>	<b>(527)</b>	<b>(11)</b>	<b>150</b>	<b>779</b>	<b>(26)</b>	<b>7,746</b>	<b>11,734</b>	<b>1,071</b>	<b>12,805</b>
Profit	–	–	–	–	–	–	–	639	639	95	734
Other comprehensive income	–	–	(299)	(1)	25	(1)	–	173	(103)	(7)	(110)
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>(299)</b>	<b>(1)</b>	<b>25</b>	<b>(1)</b>	<b>–</b>	<b>812</b>	<b>536</b>	<b>88</b>	<b>624</b>
Transfer to retained earnings	–	–	–	–	–	4	–	(4)	–	–	–
Dividends to shareholders	–	–	–	–	–	–	–	(323)	(323)	(150)	(473)
Purchase/reissuance own/non-controlling shares	–	–	–	–	–	–	(21)	–	(21)	–	(21)
Own shares delivered	–	–	–	–	–	–	6	(6)	–	–	–
Share-based payments	–	–	–	–	–	–	–	12	12	–	12
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	–	–	(129)	(129)	(58)	(187)
<b>Balance as at 30 June 2013</b>	<b>922</b>	<b>2,701</b>	<b>(826)</b>	<b>(12)</b>	<b>175</b>	<b>782</b>	<b>(41)</b>	<b>8,108</b>	<b>11,809</b>	<b>951</b>	<b>12,760</b>

*In millions of EUR*

	Share capital	Share Premium	Translation reserve	Hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
<b>Balance as at 1 January 2014</b>	<b>922</b>	<b>2,701</b>	<b>(1,721)</b>	<b>2</b>	<b>97</b>	<b>805</b>	<b>(41)</b>	<b>8,637</b>	<b>11,402</b>	<b>954</b>	<b>12,356</b>
Profit	–	–	–	–	–	78	–	553	631	90	721
Other comprehensive income	–	–	201	(30)	(9)	–	–	(81)	81	(3)	78
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>201</b>	<b>(30)</b>	<b>(9)</b>	<b>78</b>	<b>–</b>	<b>472</b>	<b>712</b>	<b>87</b>	<b>799</b>
Transfer to retained earnings	–	–	–	–	–	(104)	–	104	–	–	–
Dividends to shareholders	–	–	–	–	–	–	–	(305)	(305)	(152)	(457)
Purchase/reissuance own/non-controlling shares	–	–	–	–	–	–	–	–	–	4	4
Own shares delivered	–	–	–	–	–	–	3	(3)	–	–	–
Share-based payments	–	–	–	–	–	–	–	4	4	–	4
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	–	–	(155)	(155)	21	(134)
<b>Balance as at 30 June 2014</b>	<b>922</b>	<b>2,701</b>	<b>(1,520)</b>	<b>(28)</b>	<b>88</b>	<b>779</b>	<b>(38)</b>	<b>8,754</b>	<b>11,658</b>	<b>914</b>	<b>12,572</b>

**Notes to the condensed consolidated interim financial statements****1. REPORTING ENTITY**

Heineken N.V. (the 'Company') is a company domiciled in the Netherlands. The condensed consolidated interim financial statements of the Company as at and for the six-month period ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as 'HEINEKEN' and individually as 'HEINEKEN entities') and HEINEKEN's interest in jointly controlled entities and associates.

The consolidated financial statements of HEINEKEN as at and for the year ended 31 December 2013 are available upon request from the Company's registered office at Tweede Weteringplantsoen 21, Amsterdam or at [www.theheinekencompany.com](http://www.theheinekencompany.com).

**2. BASIS OF PREPARATION****(a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 'Interim Financial Reporting' as endorsed by the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of HEINEKEN as at and for the year ended 31 December 2013.

These condensed consolidated interim financial statements were approved by the Executive Board of the Company on 19 August 2014.

**(b) Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest million unless stated otherwise.

**(c) Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying HEINEKEN's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### **(a) General**

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in HEINEKEN's consolidated financial statements as at and for the year ended 31 December 2013.

#### **(b) Income tax**

Income tax expenses are recognised based on management's best estimate of the weighted average expected full year income tax rate per country.

### 4. SEASONALITY

The performance of HEINEKEN is subject to seasonal fluctuations as a result of weather conditions. HEINEKEN's full year results and volumes are dependent on the performance in the peak-selling season (May through to August and December), typically resulting in higher revenue and profitability in the second half year for the regions Western Europe, Central and Eastern Europe and Americas. The impact from this seasonality is also noticeable in several working capital related items such as inventory, trade receivables and payables.

## 5. OPERATING SEGMENTS

For the six-month period ended 30 June 2014 and 30 June 2013

In millions of EUR	Western Europe		Central and Eastern Europe		The Americas		Africa and the Middle East		Asia Pacific		Head Office & Other/Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Revenue</b>														
Third party revenue	3,297	3,255	1,418	1,520	2,209	2,202	1,293	1,278	931	979	126	120	9,274	9,354
Interregional revenue	353	340	9	7	4	6	–	–	1	–	(367)	(353)	–	–
<b>Total revenue</b>	<b>3,650</b>	<b>3,595</b>	<b>1,427</b>	<b>1,527</b>	<b>2,213</b>	<b>2,208</b>	<b>1,293</b>	<b>1,278</b>	<b>932</b>	<b>979</b>	<b>(241)</b>	<b>(233)</b>	<b>9,274</b>	<b>9,354</b>
Other Income	8	36	4	97	3	6	5	–	–	–	–	2	20	141
<b>Result from operating activities</b>	<b>310</b>	<b>329</b>	<b>102</b>	<b>194</b>	<b>336</b>	<b>276</b>	<b>315</b>	<b>304</b>	<b>163</b>	<b>170</b>	<b>11</b>	<b>(49)</b>	<b>1,237</b>	<b>1,224</b>
Net finance expenses													(246)	(287)
Share of profit of associates and joint ventures and impairments thereof	(1)	1	6	4	30	37	6	16	14	16	–	(3)	55	71
Income tax expenses													(325)	(274)
<b>Profit</b>													<b>721</b>	<b>734</b>

5. OPERATING SEGMENTS (CONTINUED)

	Western Europe		Central and Eastern Europe		The Americas		Africa and the Middle East		Asia Pacific		Head Office & Other/Eliminations		Consolidated	
In millions of EUR	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>EBIT reconciliation</b>														
EBIT <sup>1</sup>	309	330	108	198	366	313	321	320	177	186	11	(52)	1,292	1,295
Eia <sup>1</sup>	62	33	14	(69)	40	44	23	1	73	81	7	15	219	105
<b>EBIT (beia)<sup>1</sup></b>	<b>371</b>	<b>363</b>	<b>122</b>	<b>129</b>	<b>406</b>	<b>357</b>	<b>344</b>	<b>321</b>	<b>250</b>	<b>267</b>	<b>18</b>	<b>(37)</b>	<b>1,511</b>	<b>1,400</b>
<b>As at 30 June 2014 and 31 December 2013</b>														
<b>Total segment assets</b>	<b>9,821</b>	<b>9,341</b>	<b>4,554</b>	<b>4,304</b>	<b>7,542</b>	<b>7,252</b>	<b>3,545</b>	<b>3,393</b>	<b>7,515</b>	<b>7,487</b>	<b>394</b>	<b>1,034</b>	<b>33,371</b>	<b>32,811</b>
Unallocated assets													495	526
<b>Total assets</b>													<b>33,866</b>	<b>33,337</b>

<sup>1</sup> For definitions see 'Glossary'. Note that these are non-GAAP measures. For further detail please refer to note 14.

## 6. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

### Acquisitions of non-controlling interests

In the six-month period ended 30 June 2014 HEINEKEN acquired various stakes from minority interest holders. As a result, equity attributable to equity holders of HEINEKEN decreased by EUR140 million. This mainly relates to our Asia Pacific region.

## 7. RAW MATERIALS, CONSUMABLES AND SERVICES

*For the six-month period ended 30 June*

*In millions of EUR*

	2014	2013
Raw materials	888	980
Non-returnable packaging	1,263	1,267
Goods for resale	692	739
Inventory movements	(82)	(198)
Marketing and selling expenses	1,247	1,220
Transport expenses	501	510
Energy and water	271	292
Repair and maintenance	227	250
Other expenses	788	897
	<b>5,795</b>	<b>5,957</b>

Other expenses mainly include rentals of EUR145 million (2013: EUR146 million), consultant expenses of EUR58 million (2013: EUR81 million), telecom and office automation of EUR95 million (2013: EUR84 million) and travel expenses of EUR67 million (2013: EUR79 million).

## 8. INTEREST INCOME AND EXPENSES

Net interest income and expenses for the six-month period ended 30 June 2014 amounted to EUR209 million (six-month period ended 30 June 2013: EUR262 million) reflecting a lower debt level and a lower average effective interest rate on outstanding debts. The average effective interest rate in the first half of 2014 was 4.0 per cent (first half of 2013: 4.5 per cent).

## 9. OTHER NET FINANCE INCOME AND EXPENSES

Other net finance expenses for the six-month period ended 30 June 2014 amounted to EUR37 million (six-month period ended 30 June 2013: EUR25 million expenses). The interest expense on the net pension liability for the period ended 30 June 2014 amounted to EUR25 million (six-month period ended 30 June 2013 EUR27 million).

## 10. INCOME TAX EXPENSES

HEINEKEN's consolidated effective tax rate in respect of continuing operations for the six-month period ended 30 June 2014 was 32.8 per cent (for the six-month period ended 30 June 2013: 29.3 per cent). The six-month period ended 30 June 2013 included the tax exempt gain on sale regarding our stake in Efes Kazakhstan.

## 11. PROPERTY PLANT AND EQUIPMENT

### Acquisitions

During the six-month period ended 30 June 2014 HEINEKEN acquired property, plant and equipment with a cost of EUR549 million (six-month period ended 30 June 2013: EUR536 million).

### Capital commitments

As at 30 June 2014, HEINEKEN's capital expenditure commitments for property, plant and equipment amounted to EUR238 million (30 June 2013: EUR239 million).

## 12. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Assets and liabilities classified as held for sale follow the commitment of HEINEKEN to a plan to sell certain assets and liabilities. Efforts to sell these assets and liabilities have commenced and are expected to be completed within one year from the date of classification as held for sale.

## 13. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### Financial risk management

The aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2013.

### Carrying amount versus fair value

The carrying amount of financial assets and liabilities shown in the statement of financial position and their fair values are as follows:

<i>In millions of EUR</i>	Carrying amount HY 2014	Fair value HY 2014	Carrying amount YE 2013	Fair value YE 2013
Bank Loans	(756)	(759)	(711)	(711)
Unsecured bond issue	(8,488)	(8,832)	(8,987)	(8,951)
Finance Lease liabilities	(9)	(9)	(9)	(9)
Other interest-bearing liabilities	(1,795)	(1,795)	(1,742)	(1,742)

For all other financial instruments carrying amount is a reasonable approximation of fair value.

**Fair value hierarchy**

The tables below present the financial instruments accounted for at fair value by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

30 June 2014

*In millions of EUR*

	Level 1	Level 2	Level 3	Total
Available-for-sale investments	126	71	43	240
Non-current derivatives	–	41	–	41
Current derivative assets	–	58	–	58
Investments held for trading	13	–	–	13
	<b>139</b>	<b>170</b>	<b>43</b>	<b>352</b>
Non-current derivative liabilities	–	(48)	–	(48)
Current derivative liabilities	–	(155)	–	(155)
	–	<b>(203)</b>	–	<b>(203)</b>

31 December 2013

*In millions of EUR*

	Level 1	Level 2	Level 3	Total
Available-for-sale investments	134	68	45	247
Non-current derivatives	–	67	–	67
Current derivative assets	–	45	–	45
Investments held for trading	11	–	–	11
	<b>145</b>	<b>180</b>	<b>45</b>	<b>370</b>
Non-current derivative liabilities	–	(47)	–	(47)
Current derivative liabilities	–	(149)	–	(149)
	–	<b>(196)</b>	–	<b>(196)</b>

There were no transfers between level 1 and level 2 of the fair value hierarchy during the six-month period ended 30 June 2014.

**Level 2**

HEINEKEN determines level 2 fair values for over-the-counter securities based on broker quotes. The fair values of simple over-the-counter derivative financial instruments are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where available.

The fair value of derivatives is calculated as the present value of the estimated future cash flows based on observable interest yield curves, basis spread and foreign exchange rates. These calculations are tested for reasonableness by comparing the outcome of the internal valuation with the valuation received from the counterparty. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of HEINEKEN and counterparty when appropriate.

### Level 3

Details of the determination of level 3 fair value measurements as at 30 June 2014 and 31 December 2013 are set out below.

	HY 2014	2013
<b>Available-for-sale-investments based on level 3</b>		
<b>Balance as at 1 January</b>	<b>45</b>	<b>134</b>
Fair value adjustments recognised in other comprehensive income	(2)	8
Disposals	–	(1)
Transfers	–	(96)
<b>Balance as at end of period</b>	<b>43</b>	<b>45</b>

The fair values for the level 3 available for sale investments are based on the financial performance of the investments and the market multiples of comparable equity securities.

#### 14. NON-GAAP MEASURES

In the internal management reports HEINEKEN measures its performance primarily based on EBIT and EBIT beia (before exceptional items and amortisation of acquisition-related intangible assets). Both are non-GAAP measures not calculated in accordance with IFRS. Exceptional items are defined as items of income and expense of such size, nature or incidence, that in the view of management their disclosure is relevant to explain the performance of HEINEKEN for the period. Beia adjustments are also applied on operating profit and net profit metrics.

The table below presents the relationship between IFRS measures, being results from operating activities and net profit, and HEINEKEN non-GAAP measures, being EBIT, EBIT (beia), Consolidated operating profit (beia), Group operating profit (beia) and Net profit (beia), for the six-month period ended 30 June.

<i>In millions of EUR</i>	HY 2014*	HY 2013*
<b>Result from operating activities (or consolidated operating profit)</b>	<b>1,237</b>	<b>1,224</b>
Share of profit of associates and joint ventures and impairments thereof (net of income tax)	55	71
<b>EBIT</b>	<b>1,292</b>	<b>1,295</b>
Exceptional items and amortisation of acquisition-related intangible assets included in EBIT	219	105
<b>EBIT (beia)</b>	<b>1,511</b>	<b>1,400</b>
Share of profit of associates and joint ventures and impairments thereof (beia) (net of income tax)	(57)	(73)
<b>Consolidated operating profit (beia)</b>	<b>1,454</b>	<b>1,327</b>
Attributable share of operating profit from joint ventures and associates and impairments thereof	106	121
<b>Group operating profit (beia)</b>	<b>1,560</b>	<b>1,448</b>
 <b>Profit attributable to equity holders of the Company (net profit)</b>	 <b>631</b>	 <b>639</b>
Exceptional items and amortisation of acquisition-related intangible assets included in EBIT	219	105
Exceptional items included in finance costs	(1)	(6)
Exceptional items included in income tax expense	(55)	(46)
Exceptional items included in non-controlling interest	(22)	(13)
<b>Net profit (beia)</b>	<b>772</b>	<b>679</b>

\* Not subject to review by external auditor

Exceptional items and amortisation of acquisition-related intangible assets for the six-month period ended 30 June 2014 on EBIT level amounted to a loss of EUR219 million (six-month period ended 30 June 2013: loss of EUR105 million), mainly relating to restructuring programs in Western Europe of EUR39 million, brewery optimization and restructuring in Nigeria of EUR21 million and amortisation of acquisition-related intangible assets amounting to EUR144 million (six-month period ended 30 June 2013: EUR167 million). The exceptional items in tax mainly relate to the tax impact on amortisation of acquisition-related intangible assets amounting to EUR36 million.

**Reconciliation of reported to consolidated (beia) financial measures**

	Half year ended 30 June 2014			
		EIA*		
	Reported	Amortisation of acquisition related intangible assets	Exceptional Items	(beia)*
<i>In millions of EUR, except per share data</i>				
Result from operating activities (or consolidated operating profit)	1,237	142	75	1,454
Attributable share of net profit from associates and joint ventures	55	2	–	57
<b>EBIT</b>	<b>1,292</b>	<b>144</b>	<b>75</b>	<b>1,511</b>
Net Profit	631	108	33	772
Diluted EPS (EUR)	1.10	0.19	0.05	1.34

\* Not subject to review by external auditor

	Half year ended 30 June 2013			
		EIA*		
	Reported	Amortisation of acquisition related intangible assets	Exceptional Items	(beia)*
<i>In millions of EUR, except per share data</i>				
Result from operating activities (or consolidated operating profit)	1,224	165	(62)	1,327
Attributable share of net profit from associates and joint ventures	71	2	–	73
<b>EBIT</b>	<b>1,295</b>	<b>167</b>	<b>(62)</b>	<b>1,400</b>
Net Profit	639	125	(85)	679
Diluted EPS (EUR)	1.11	0.22	(0.15)	1.18

\* Not subject to review by external auditor

**15. TAX EFFECTS RELATING TO EACH COMPONENT OF OTHER COMPREHENSIVE INCOME**

<i>For the six-month period ended 30 June</i> <i>In millions of EUR</i>	2014			2013		
	Amount		Amount	Amount		Amount
	before		net of	before		net of
	tax	tax	tax	tax	tax	tax
Actuarial gains and losses	(107)	26	(81)	235	(58)	177
Currency translation differences	196	7	203	(311)	6	(305)
Effective portion of net investment hedges	(7)	2	(5)	(1)	–	(1)
Effective portion of changes in fair value of cash flow hedges	(17)	1	(16)	(21)	8	(13)
Effective portion of cash flow hedges transferred to profit or loss	(18)	4	(14)	14	(3)	11
Net change in fair value available-for-sale investments	(10)	1	(9)	26	(1)	25
Share of other comprehensive income of associates/joint ventures	–	–	–	(4)	–	(4)
<b>Total other comprehensive income</b>	<b>37</b>	<b>41</b>	<b>78</b>	<b>(62)</b>	<b>(48)</b>	<b>(110)</b>

**16. EQUITY**
**Reserves**

The reserves consist of translation reserve, hedging reserve, fair value reserve, other legal reserve and reserve for own shares. The main variance in comparison to prior year is driven by foreign currency translation in translation reserve.

**Weighted average number of shares**

*For the six-month period ended 30 June*  
*In shares*

	2014	2013
Weighted average number of shares – basic	575,071,363	575,135,235
Effect of Long-Term Variable awards shares held	931,250	867,378
Weighted average number of shares – diluted	576,002,613	576,002,613

## Dividends

The following dividends were declared and paid by Heineken:

*For the six-month period ended 30 June*

*In millions of EUR*

	2014	2013
Final dividend declared and paid previous year EUR0.53 (to reach the total of EUR0.89 per qualifying ordinary share)	305	323

After the balance sheet date the Executive Board announced the following interim dividend that has not been provided for.

*In millions of EUR*

	2014	2013
EUR0.36 per qualifying ordinary share (2013: EUR0.36)	207	207

## 17. NET INTEREST-BEARING DEBT POSITION

<i>In millions of EUR</i>	30 June 2014	31 December 2013
Non-current interest-bearing liabilities	9,550	9,797
Current portion of interest-bearing liabilities	1,443	1,652
Deposits from third parties (mainly employee loans)	562	543
	<b>11,555</b>	<b>11,992</b>
Bank overdrafts	202	178
	<b>11,757</b>	<b>12,170</b>
Cash, cash equivalents and current other investments	(838)	(1,302)
<b>Net interest-bearing debt position</b>	<b>10,919</b>	<b>10,868</b>

## New financing

On 30 January 2014, HEINEKEN privately placed 15.5 year Notes for an amount of EUR200 million with a coupon of 3.50 per cent. On 28 March 2014, HEINEKEN privately placed 5.5 year Notes for an amount of USD200 million with a floating rate coupon. Both Notes were issued under HEINEKEN's Euro Medium Term Note Programme. The proceeds of the Notes were used for general corporate purposes.

As at 30 June 2014, the committed financing headroom including cash balances available at Group level was approximately EUR2.2 billion.

**Long term debt maturity profile***Including notes issued after 30 June 2014*

Year	EUR million
HY2 2014	874
2015	1,128
2016	934
2017	1,035
2018	1,003
2019	1,011
2020	1,013
2021	500
2022	553
2023	725
2024	500
2025	750
2029	200
2033	280
2042	363
2043	75

**Incurrence covenant**

HEINEKEN has an incurrence covenant in some of its financing facilities. This incurrence covenant is calculated by dividing Net Debt (calculated in accordance with the consolidation method of the 2007 Annual Accounts) by EBITDA (beia) (also calculated in accordance with the consolidation method of the 2007 Annual Accounts and includes acquisitions and excludes disposals on a 12 month pro-forma basis). As at 30 June 2014 this ratio was 2.5 (first half of 2013: 2.8). If the ratio would be beyond a level of 3.5, the incurrence covenant would prevent HEINEKEN from conducting further significant debt financed acquisitions.

**18. EMPLOYEE BENEFITS**

For the six-month period ended 30 June 2014, actuarial losses recognised in other comprehensive income amounted to EUR107 million (pre-tax) (six-month period ended 30 June 2013: EUR235 million gain) with a corresponding increase in HEINEKEN's defined benefit obligation. The actuarial losses were mainly caused by a decrease in the discount rate in the Netherlands.

**19. CONTINGENCIES****Brazil**

As part of the acquisition of the beer operations of FEMSA in 2010, HEINEKEN inherited existing legal proceedings with labour unions, tax authorities and other parties of its, now wholly-owned, subsidiaries Cervejarias Kaiser Brasil and Cervejarias Kaiser Nordeste (jointly HEINEKEN Brasil). The proceedings have arisen in the ordinary course of business and are common to the current economic and legal environment of Brazil. The proceedings have partly been provided for. The

contingent amount being claimed against HEINEKEN Brasil resulting from such proceedings as at 30 June 2014 is EUR628 million. Such contingencies were classified by legal counsel as less than probable but more than remote of being settled against HEINEKEN Brasil. However, HEINEKEN believes that the ultimate resolution of such legal proceedings will not have a material adverse effect on its consolidated financial position or result of operations. HEINEKEN does not expect any significant liability to arise from these contingencies. A significant part of the aforementioned contingencies (EUR349 million) is tax related and qualifies for indemnification by FEMSA.

As is customary in Brazil, HEINEKEN Brasil has been requested by the tax authorities to collateralise tax contingencies currently in litigation amounting to EUR419 million by either pledging fixed assets or entering into available lines of credit which cover such contingencies.

No other material updates in comparison with 2013 year-end reporting were identified that need to be reported.

## 20. RELATED PARTY TRANSACTIONS

HEINEKEN has related party relationships with its shareholders, associates and joint ventures. These transactions are conducted on terms comparable to transactions with third parties. The related party transactions with associates and joint ventures in the first six-month period ended 30 June 2014 do in substance not deviate from the transactions as reflected in the financial statements as at and for the year ended 31 December 2013.

## 21. SUBSEQUENT EVENTS

### **New financing**

On 1 July 2014, Heineken extended and amended its EUR2 billion revolving credit facility maturing in May 2018. The facility has been increased to EUR2.5 billion and is now set to mature in May 2019. The facility is committed by a group of 19 banks and has two further one-year extension options.

### **Executive Board**

Jean-François van Boxmeer (Chairman/CEO)  
René Hooft Graafland (CFO)

Amsterdam, 19 August 2014

## REVIEW REPORT

To: the Executive Board and Supervisory Board of Heineken N.V.

**Introduction**

We have reviewed the accompanying condensed consolidated interim financial statements as at 30 June 2014 of Heineken N.V., Amsterdam, which comprises the condensed consolidated interim statement of financial position as at 30 June 2014, the condensed consolidated interim income statement and the condensed consolidated interim statements of comprehensive income, changes in equity, and cash flows for the period of six-months ended 30 June 2014, and the notes (the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our review.

**Scope**

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements as at 30 June 2014 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amsterdam, 19 August 2014  
KPMG Accountants N.V.

E.J.L. van Leeuwen RA

## GLOSSARY

**Acquisition-related intangible assets**

Acquisition-related intangible assets are assets that HEINEKEN only recognises as part of a purchase price allocation following an acquisition. This includes amongst others brands, customer-related and certain contract-based intangibles.

**Beia**

Before exceptional items and amortisation of acquisition-related intangible assets.

**Cash conversion ratio**

Free operating cash flow/net profit (beia) before deduction of non-controlling interests.

**Depletions**

Sales by distributors to the retail trade.

**Dividend payout**

Proposed dividend as percentage of net profit (beia).

**Earnings per share***Basic*

Net profit divided by the weighted average number of shares – basic – during the year.

*Diluted*

Net profit divided by the weighted average number of shares – diluted – during the year.

**EBIT**

Earnings before interest, taxes and net finance expenses. EBIT includes HEINEKEN's share in net profit of joint ventures and associates.

**EBITDA**

Earnings before interest, taxes, net finance expenses, depreciation and amortisation. EBITDA includes HEINEKEN's share in net profit of joint ventures and associates.

**Effective tax rate**

Income tax expenses expressed as a percentage of the profit before income tax, adjusted for share of profit of associates and joint ventures and impairments thereof (net of income tax).

**Eia**

Exceptional items and amortisation of acquisition-related intangible assets.

**Free operating cash flow**

This represents the total of cash flow from operating activities, and cash flow from operational investing activities.

**Innovation rate**

The innovation rate is calculated as revenues generated from innovations (introduced in the past 40 quarters for a new category, 20 quarters for a new brand and 12 quarters for all other innovations, excluding packaging renovations) divided by total revenue.

**Net debt**

Non-current and current interest-bearing loans and borrowings and bank overdrafts less investments held for trading and cash.

**Net debt/EBITDA (beia) ratio**

The ratio is based on a 12 month rolling calculation for EBITDA (beia).

**Net profit**

Profit after deduction of non-controlling interests (profit attributable to equity holders of the Company).

**Organic growth**

Growth excluding the effect of foreign currency translational effects, consolidation changes, exceptional items and amortisation of acquisition-related intangible assets.

**Organic volume growth**

Growth in volume, excluding the effect of consolidation changes.

**Operating profit**

*Consolidated operating profit*  
Result from operating activities.

*Group operating profit (beia)*  
Consolidated operating profit (beia) plus attributable share of operating profit (beia) from joint ventures and associates.

**Profit**

Total profit of the Group before deduction of non-controlling interests.

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All brand names mentioned in this report, including those brand names not marked by an ®, represent registered trademarks and are legally protected.

**Region**

A region is defined as HEINEKEN's managerial classification of countries into geographical units.

**Revenue***Consolidated revenue*

Net realised sales proceeds.

*Group revenue (beia)*

Consolidated revenue plus attributable share of revenue from joint ventures and associates.

**Volume***Consolidated beer volume*

100 per cent of beer volume produced and sold by consolidated companies.

*Group beer volume*

Consolidated beer volume plus attributable share of beer volume from joint ventures and associates.

*Group total volume*

Total consolidated volume plus attributable share of volume from joint ventures and associates.

*Heineken® volume*

100 per cent of beer volume sold of the Heineken® brand by consolidated companies, joint ventures and associates and produced and sold under license by third parties.

*Heineken® volume in premium segment*

Heineken® volume excluding Heineken® volume in the Netherlands.

*Licensed beer & non-beer volume*

Cider, soft drink and non-beer volume sold in consolidated companies, joint ventures and associates, as well as HEINEKEN's brands produced and sold under license by third parties.

*Third party products volume*

Volume of third party products sold through consolidated companies, joint ventures and associates.

*Total consolidated volume*

100 per cent of volume produced and sold by consolidated companies (including beer, cider, soft drinks and other beverages), volume of third party products and volume of HEINEKEN's brands produced and sold under license by third parties.

**Weighted average number of shares***Basic*

Weighted average number of outstanding shares.

*Diluted*

Weighted average number of outstanding shares and the number of Long-Term Variable award shares held.