

**Heineken Holding N.V. reports 2016 half year results**

Amsterdam, 1 August 2016 – Heineken Holding N.V. (EURONEXT: HEIO; OTCQX: HKHHY) today announced:

- The net result of Heineken Holding N.V.'s participating interest in Heineken N.V. for the first half year of 2016 amounts to €296 million
- Organic revenue +4.7% with revenue per hectolitre up +0.8%
- Consolidated beer volume +4.1% with growth in Americas, Asia Pacific and Europe offsetting weaker volume in Africa Middle East & Eastern Europe
- Heineken® volume in premium segment +2.6%
- Operating profit (beia) +12.6% organically
- Net profit (beia) of €977 million, up 11.2% organically
- FY 2016 margin expansion expected to be in line with medium term guidance

**FINANCIAL SUMMARY**

<b>Key financials</b> <sup>1,2</sup> <i>(in mhl or € million unless otherwise stated)</i>	<b>HY16</b>	<b>HY15</b>	<b>Total growth %</b>	<b>Organic growth %</b>
Revenue	<b>10,094</b>	9,896	2.0	4.7
Revenue/hl (in €)	<b>91</b>	96	-4.9	0.8
Operating profit (beia)	<b>1,705</b>	1,549	10.1	12.6
Operating profit (beia) margin	<b>16.9%</b>	15.7%	124 bps	
Net profit (beia)	<b>977</b>	915	6.8	11.2
Net profit of Heineken Holding N.V.	<b>296</b>	576	-49	
EPS (in €)	<b>1.03</b>	2.00	-49	
Free operating cash flow	<b>541</b>	486	11.3	
Net debt/ EBITDA (beia) <sup>3,4</sup>	<b>2.4</b>	2.3		

<sup>1</sup> Consolidated figures are used throughout this report, unless otherwise stated; please refer to the Glossary section for an explanation of terms used throughout this report

<sup>2</sup> A reconciliation between non-GAAP measures and IFRS measures is included in note 10 on page 22

<sup>3</sup> Includes acquisitions and excludes disposals on a 12 month pro-forma basis

<sup>4</sup> Net debt definition was revised in December 2015 and HY15 restated to reflect this

Heineken Holding N.V. engages in no activities other than its participating interest in Heineken N.V. and the management or supervision of and provision of services to that company.

## FULL YEAR 2016 OUTLOOK STATEMENT

- For 2016 HEINEKEN expects to deliver further organic revenue and profit growth, with margin expansion in line with the medium term margin guidance of a year on year improvement in operating profit (beia) margin of around 40bps. This takes into account the tough comparatives and increasing currency headwinds in the second half of the year.
- HEINEKEN expects an average interest rate of c.3.1%, and an effective tax rate (beia) broadly in line with 2015 (2015: 27.8%).
- Capital expenditure related to property, plant and equipment is expected to be slightly below €2 billion (2015: €1.6 billion).

## INTERIM DIVIDEND

According to the Articles of Association of Heineken Holding N.V. both Heineken Holding N.V. and Heineken N.V. pay an identical dividend per share.

In accordance with its dividend policy, HEINEKEN fixes the interim dividend at 40% of the total dividend of the previous year. As a result, an interim dividend of €0.52 per share of €1.60 nominal value will be paid on 11 August 2016. Both the Heineken Holding N.V. ordinary shares and the Heineken N.V. shares will trade ex-dividend on 3 August 2016.

## ENQUIRIES

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**INVESTOR CALENDAR HEINEKEN N.V.**

*(events also accessible for Heineken Holding N.V. shareholders)*

Trading Update for Q3 2016	26 October 2016
What's Brewing Seminar, London	25 November 2016
Full Year 2016 Results	15 February 2017

**Conference call details**

Heineken N.V. will host an analyst and investor conference call in relation to its 2016 HY results today at 10:00 CET/ 9:00 BST. This call will also be accessible for Heineken Holding N.V. shareholders. The call will be audio cast live via the 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:

<b>Netherlands</b>	<b>United Kingdom</b>
Local line: +31(0)20 716 8295	Local line: +44(0)20 3427 1918
National free phone: 0800 020 2576	National free phone: 0800 279 4841

**United States of America**  
Local line: +1646 254 3365  
National free phone: 1877 280 1254

Participation/ confirmation code for all countries: 2472691

**Editorial information:**

HEINEKEN is the world's most international brewer. It is the leading developer and marketer of premium beer and cider brands. Led by the Heineken® brand, the Group has a powerful portfolio of more than 250 international, regional, local and specialty beers and ciders. HEINEKEN is committed to innovation, long-term brand investment, disciplined sales execution and focused cost management. Through "Brewing a Better World", sustainability is embedded in the business and delivers value for all stakeholders. HEINEKEN has a well-balanced geographic footprint with leadership positions in both developed and developing markets. HEINEKEN employs approximately 73,000 people and operates 167 breweries, malteries, cider plants and other production facilities in more than 70 countries. Heineken N.V. and Heineken Holding N.V. shares trade on the Euronext in Amsterdam. Prices for the ordinary shares may be accessed on Bloomberg under the symbols HEIA NA and HEIO NA and on Reuters under HEIN.AS and HEIO.AS. HEINEKEN has two sponsored level 1 American Depositary Receipt (ADR) programmes: Heineken N.V. (OTCQX: HEINY) and Heineken Holding N.V. (OTCQX: HKHHY). Most recent information is available on the website: [www.theHEINEKENcompany.com](http://www.theHEINEKENcompany.com) and follow HEINEKEN via @HEINEKENCorp.

Heineken Holding N.V. engages in no activities other than its participating interest in Heineken N.V. and the management or supervision of and provision of services to that company.

**Market Abuse Regulation**

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

**Disclaimer:**

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

## INTRODUCTION

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

The interim financial report for the six months ending 30 June 2016 consists of the report of the Board of Directors, the statement of the Board and the condensed consolidated interim financial statements.

## REPORT OF THE BOARD OF DIRECTORS

Heineken Holding N.V. has a 50.005% interest in the issued share capital (being 50.549% of the outstanding share capital) of Heineken N.V. Standing at the head of the HEINEKEN group, Heineken Holding N.V. is not an ordinary holding company. Since its formation in 1952, Heineken Holding N.V.'s object pursuant to its Articles of Association has been to manage or supervise the management of the HEINEKEN group and to provide services for Heineken N.V. Within the HEINEKEN group, the primary duties of Heineken N.V.'s Executive Board are to initiate and implement corporate strategy and to manage Heineken N.V. and its related enterprise. It is supervised in the performance of its duties by Heineken N.V.'s Supervisory Board. Because Heineken N.V. manages the HEINEKEN group companies, Heineken Holding N.V., unlike Heineken N.V., does not have an internal risk management and control system. Heineken Holding N.V. does not engage in any operational activities and employs no staff.

Further information regarding the developments during the financial half year 2016 of Heineken N.V. and its related companies, and the material risks Heineken N.V. is facing is given in Heineken N.V.'s half year report.

Pursuant to Article 5:25d Paragraph 4 Dutch Financial Markets Supervision Act ("Wet op het financieel toezicht") we mention that Heineken Holding N.V.'s half year report has not been audited nor reviewed.

## STATEMENT OF THE BOARD OF DIRECTORS

Statement ex Article 5:25d Paragraph 2 sub c Dutch 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 2016, which have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, give a true and fair view of the assets, liabilities, financial position, and profit of Heineken Holding N.V. and the undertakings included in the consolidation as a whole;
2. The report of the Board of Directors for the six-month period ended 30 June 2016 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”).

## Board of Directors

M. Das (non-executive chairman)  
C.L. de Carvalho-Heineken (executive member)  
M.R. de Carvalho (executive member)  
J.A. Fernández Carbajal (non-executive member)  
C.M. Kwist (non-executive member)  
A.A.C. de Carvalho (non-executive member)

Amsterdam, 29 July 2016

Condensed consolidated interim financial statements  
for the six-month period ended 30 June 2016

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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>2016</b>	<b>2015</b>
<b>Revenue</b>	5	<b>10,094</b>	<b>9,896</b>
<b>Other income</b>	5	<b>23</b>	<b>398</b>
Raw materials, consumables and services		(6,270)	(6,201)
Personnel expenses		(1,613)	(1,660)
Amortisation, depreciation and impairments		(980)	(735)
<b>Total expenses</b>		<b>(8,863)</b>	<b>(8,596)</b>
<b>Result from operating activities</b>	5	<b>1,254</b>	<b>1,698</b>
Interest income		27	28
Interest expenses		(207)	(195)
Other net finance income/ (expenses)		(92)	(36)
<b>Net finance expenses</b>		<b>(272)</b>	<b>(203)</b>
Share of profit of associates and joint ventures and impairments thereof (net of income tax)	5	74	83
<b>Profit before income tax</b>		<b>1,056</b>	<b>1,578</b>
Income tax expenses		(363)	(328)
<b>Profit</b>		<b>693</b>	<b>1,250</b>
Attributable to:			
Equity holders of Heineken Holding N.V. (net profit)		296	576
Non-controlling interests in Heineken N.V.		290	568
Non-controlling interests in Heineken N.V. group companies		107	106
<b>Profit</b>		<b>693</b>	<b>1,250</b>
Weighted average number of ordinary shares - basic	11	288,030,168	288,030,168
Weighted average number of ordinary shares - diluted	11	288,030,168	288,030,168
Basic earnings per ordinary share (EUR)		1.03	2.00
Diluted earnings per ordinary share (EUR)		1.03	2.00

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME**
*For the six-month period ended 30 June*
*In millions of EUR*

	Note	2016	2015
<b>Profit</b>		<b>693</b>	<b>1,250</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial gains and losses		(238)	(97)
<b>Items that may be subsequently reclassified to profit or loss:</b>			
Currency translation differences		(792)	599
Recycling of currency translation differences to profit or loss		—	14
Effective portion of net investment hedges		32	(17)
Effective portion of changes in fair value of cash flow hedges		19	40
Effective portion of cash flow hedges transferred to profit or loss		14	5
Net change in fair value available-for-sale investments		(8)	23
Share of other comprehensive income of associates/joint ventures		—	8
<b>Other comprehensive income, net of tax</b>		<b>(973)</b>	<b>575</b>
<b>Total comprehensive income</b>		<b>(280)</b>	<b>1,825</b>
Attributable to:			
Equity holders of Heineken Holding N.V.		(169)	854
Non-controlling interests in Heineken N.V.		(164)	843
Non-controlling interests in Heineken N.V. group companies		53	128
<b>Total comprehensive income</b>		<b>(280)</b>	<b>1,825</b>

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

<i>As at</i>			<b>31 December</b>
<i>In millions of EUR</i>	<b>Note</b>	<b>30 June 2016</b>	<b>2015*</b>
<b>Assets</b>			
Property, plant and equipment	7	8,872	9,552
Intangible assets		17,477	18,183
Investments in associates and joint ventures		2,044	1,985
Other investments and receivables		862	856
Advances to customers		265	266
Deferred tax assets		925	958
<b>Total non-current assets</b>		<b>30,445</b>	<b>31,800</b>
Inventories		1,797	1,702
Other investments		10	16
Trade and other receivables		3,456	2,873
Prepayments		391	343
Income tax receivables		35	33
Cash and cash equivalents	8	2,556	3,232
Assets classified as held for sale		38	123
<b>Total current assets</b>		<b>8,283</b>	<b>8,322</b>
<b>Total assets</b>		<b>38,728</b>	<b>40,122</b>
<b>Equity</b>			
Share capital		461	461
Share premium		1,257	1,257
Reserves		(406)	(111)
Retained earnings		4,932	5,143
Equity attributable to equity holders of Heineken Holding N.V.	11	<b>6,244</b>	<b>6,750</b>
Non-controlling interests in Heineken N.V.		6,297	6,785
Non-controlling interests in Heineken N.V. group companies		1,243	1,535
<b>Total equity</b>		<b>13,784</b>	<b>15,070</b>
<b>Liabilities</b>			
Loans and borrowings	12	11,356	10,658
Tax liabilities		3	3
Employee benefits		1,479	1,289
Provisions		311	320
Deferred tax liabilities		1,697	1,858
<b>Total non-current liabilities</b>		<b>14,846</b>	<b>14,128</b>
Bank overdrafts and commercial papers	8/12	1,757	2,950
Loans and borrowings	12	1,496	1,397
Trade and other payables		6,301	6,013
Tax liabilities		410	379
Provisions		134	154
Liabilities classified as held for sale		—	31
<b>Total current liabilities</b>		<b>10,098</b>	<b>10,924</b>
<b>Total liabilities</b>		<b>24,944</b>	<b>25,052</b>
<b>Total equity and liabilities</b>		<b>38,728</b>	<b>40,122</b>

\*Revised to reflect the change in accounting policy on netting cash and overdraft balances in cash pooling arrangements with legally enforceable rights to offset. Refer to note 3 Significant accounting policies and note 8 Cash and cash equivalents for further details.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six-month period ended 30 June

In millions of EUR

	Note	2016	2015
<b>Operating activities</b>			
Profit		693	1,250
Adjustments for:			
Amortisation, depreciation and impairments		980	735
Net interest expenses		180	167
Gain on sale of property, plant and equipment, intangible assets and subsidiaries, joint ventures and associates		(23)	(398)
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		(82)	(85)
Income tax expenses		363	328
Other non-cash items		194	23
<b>Cash flow from operations before changes in working capital and provisions</b>		<b>2,305</b>	<b>2,020</b>
Change in inventories		(182)	(181)
Change in trade and other receivables		(745)	(495)
Change in trade and other payables		425	235
<b>Total change in working capital</b>		<b>(502)</b>	<b>(441)</b>
Change in provisions and employee benefits		(47)	(47)
<b>Cash flow from operations</b>		<b>1,756</b>	<b>1,532</b>
Interest paid		(196)	(212)
Interest received		41	46
Dividends received		54	109
Income taxes paid		(320)	(335)
<b>Cash flow related to interest, dividend and income tax</b>		<b>(421)</b>	<b>(392)</b>
<b>Cash flow from operating activities</b>		<b>1,335</b>	<b>1,140</b>
<b>Investing activities</b>			
Proceeds from sale of property, plant and equipment and intangible assets		46	35
Purchase of property, plant and equipment		(698)	(602)
Purchase of intangible assets		(42)	(30)
Loans issued to customers and other investments		(104)	(83)
Repayment on loans to customers		4	26
<b>Cash flow (used in)/from operational investing activities</b>		<b>(794)</b>	<b>(654)</b>
<b>Free operating cash flow</b>		<b>541</b>	<b>486</b>

*For the six-month period ended 30 June*

*In millions of EUR*

	<b>Note</b>	<b>2016</b>	<b>2015</b>
Acquisition of subsidiaries, net of cash acquired	6	—	79
Acquisition of/additions to associates, joint ventures and other investments		(47)	(6)
Disposal of subsidiaries, net of cash disposed of		16	979
Disposal of associates, joint ventures and other investments		(2)	29
<b>Cash flow (used in)/from acquisitions and disposals</b>		<b>(33)</b>	<b>1,081</b>
<b>Cash flow (used in)/from investing activities</b>		<b>(827)</b>	<b>427</b>
<b>Financing activities</b>			
Proceeds from loans and borrowings		994	324
Repayment of loans and borrowings		(98)	(823)
Dividends paid		(676)	(554)
Purchase own shares and share issuance by Heineken N.V.		(17)	(193)
Acquisition of non-controlling interests	6	(268)	(22)
Other		7	(2)
<b>Cash flow (used in)/from financing activities</b>		<b>(58)</b>	<b>(1,270)</b>
<b>Net cash flow</b>		<b>450</b>	<b>297</b>
Cash and cash equivalents as at 1 January <sup>1</sup>		282	72
Effect of movements in exchange rates		67	(1)
<b>Cash and cash equivalents as at 30 June<sup>1</sup></b>		<b>799</b>	<b>368</b>

<sup>1</sup> Cash and cash equivalents less bank overdrafts and commercial papers.

## 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	Retained Earnings	Equity <sup>1</sup>	Non-controlling interests in Heineken N.V.	Non-controlling interests in Heineken N.V. group companies	Total equity
<b>Balance as at 1 January 2016</b>	<b>461</b>	<b>1,257</b>	<b>(509)</b>	<b>(23)</b>	<b>61</b>	<b>360</b>	<b>5,143</b>	<b>6,750</b>	<b>6,785</b>	<b>1,535</b>	<b>15,070</b>
Profit	—	—	—	—	—	39	257	296	290	107	693
Other comprehensive income	—	—	(357)	16	(4)	—	(120)	(465)	(454)	(54)	(973)
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>(357)</b>	<b>16</b>	<b>(4)</b>	<b>39</b>	<b>137</b>	<b>(169)</b>	<b>(164)</b>	<b>53</b>	<b>(280)</b>
Transfer to retained earnings	—	—	—	—	—	11	(11)	—	—	—	—
Dividends to shareholders	—	—	—	—	—	—	(247)	(247)	(243)	(209)	(699)
Purchase/reissuance own shares by Heineken N.V.	—	—	—	—	—	—	(15)	(15)	(15)	13	(17)
Dilution	—	—	—	—	—	—	(3)	(3)	3	—	—
Share-based payments by Heineken N.V.	—	—	—	—	—	—	(8)	(8)	(7)	—	(15)
Acquisition of non-controlling interests in Heineken N.V. group companies without a change in control	—	—	—	—	—	—	(64)	(64)	(62)	(149)	(275)
Changes in consolidation	—	—	—	—	—	—	—	—	—	—	—
<b>Balance as at 30 June 2016</b>	<b>461</b>	<b>1,257</b>	<b>(866)</b>	<b>(7)</b>	<b>57</b>	<b>410</b>	<b>4,932</b>	<b>6,244</b>	<b>6,297</b>	<b>1,243</b>	<b>13,784</b>

<sup>1</sup> Equity attributable to equity holders of Heineken Holding N.V.

<i>In millions of EUR</i>	Share capital	Share Premium	Translation reserve	Hedging reserve	Fair value reserve	Other legal reserves	Retained Earnings	Equity <sup>1</sup>	Non-controlling interests in Heineken N.V.	Non-controlling interests in Heineken N.V. group companies	Total equity
<b>Balance as at 1 January 2015</b>	<b>461</b>	<b>1,257</b>	<b>(549)</b>	<b>(49)</b>	<b>48</b>	<b>372</b>	<b>4,585</b>	<b>6,125</b>	<b>6,284</b>	<b>1,043</b>	<b>13,452</b>
Profit	—	—	—	—	—	44	532	576	568	106	1,250
Other comprehensive income	—	—	290	23	12	—	(47)	278	275	22	575
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>290</b>	<b>23</b>	<b>12</b>	<b>44</b>	<b>485</b>	<b>854</b>	<b>843</b>	<b>128</b>	<b>1,825</b>
Transfer to retained earnings	—	—	—	—	—	(44)	44	—	—	—	—
Dividends to shareholders	—	—	—	—	—	—	(213)	(213)	(213)	(172)	(598)
Purchase/reissuance own shares by Heineken N.V.	—	—	—	—	—	—	(73)	(73)	(122)	3	(192)
Share-based payments by Heineken N.V.	—	—	—	—	—	—	8	8	8	(1)	15
Acquisition of non-controlling interests in Heineken N.V. group companies without a change in control	—	—	—	—	—	—	1	1	1	(1)	1
Changes in consolidation	—	—	8	(9)	(4)	—	13	8	6	—	14
<b>Balance as at 30 June 2015</b>	<b>461</b>	<b>1,257</b>	<b>(251)</b>	<b>(35)</b>	<b>56</b>	<b>372</b>	<b>4,850</b>	<b>6,710</b>	<b>6,807</b>	<b>1,000</b>	<b>14,517</b>

<sup>1</sup> Equity attributable to equity holders of Heineken Holding N.V.

## Notes to the condensed consolidated interim financial statements

**1. REPORTING ENTITY**

Heineken Holding 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 2016 comprise Heineken Holding N.V., Heineken N.V., its subsidiaries (together referred to as 'HEINEKEN') and HEINEKEN's interest in jointly controlled entities and associates.

The consolidated financial statements of Heineken Holding N.V. as at and for the year ended 31 December 2015 are available upon request from the Company's registered office at Tweede Weteringplantsoen 5, Amsterdam or at [www.heinekenholding.com](http://www.heinekenholding.com).

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

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted 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 Holding N.V. as at and for the year ended 31 December 2015.

These condensed consolidated interim financial statements were approved by the Board of Directors of the Company on 29 July 2016.

**(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 International Financial Reporting Standards (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 Holding N.V.'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 2015.

### 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 Holding N.V.'s consolidated financial statements as at and for the year ended 31 December 2015, except for netting cash and overdraft balances in cash pooling arrangements with legally enforceable rights to offset.

#### **Netting cash pooling arrangements with legally enforceable rights to offset**

HEINEKEN previously presented the cash and overdraft balances within cash pooling arrangements on a net basis in the statement of financial position, based on the legally enforceable right to offset and the intention to settle on a net basis. In March 2016 the IFRS Interpretations Committee (IFRIC) decided on when and whether entities are able to offset balances in accordance with IAS 32. HEINEKEN has revised its accounting policy accordingly, by applying the stricter IFRIC interpretation on the intention to settle on a net basis.

This change in accounting policy has been accounted for retrospectively and as a result of this, the amount of 'Cash and cash equivalents' and 'Bank overdrafts and commercial papers' increased by EUR2,408 million as per 31 December 2015. Legal offset rights for the cash pooling arrangements continue to be in place. The amount subject to legal offset rights, but not netted in the statement of financial position is EUR1,519 million per 30 June 2016. If netted, 'Cash and cash equivalents' would amount to EUR1,037 million and 'Bank overdrafts and commercial papers' to EUR238 million. Refer to note 8 for further details. The Net interest-bearing debt position remains unchanged.

#### **(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 seasons (May through to August and December). 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 2016 and 30 June 2015**

<i>In millions of EUR</i>	Europe		Americas		Africa, Middle East & Eastern Europe		Asia Pacific		Heineken N.V. Head Office & Other/ Eliminations		Consolidated	
	2016	2015 <sup>1</sup>	2016	2015	2016	2015 <sup>1</sup>	2016	2015	2016	2015 <sup>1</sup>	2016	2015
<b>Revenue</b>												
Third party revenue	4,581	4,501	2,483	2,519	1,644	1,626	1,343	1,169	43	81	10,094	9,896
Interregional revenue	352	378	2	3	2	3	2	3	(358)	(387)	—	—
<b>Total revenue</b>	<b>4,933</b>	<b>4,879</b>	<b>2,485</b>	<b>2,522</b>	<b>1,646</b>	<b>1,629</b>	<b>1,345</b>	<b>1,172</b>	<b>(315)</b>	<b>(306)</b>	<b>10,094</b>	<b>9,896</b>
Other income	19	14	3	4	1	1	—	—	—	379 <sup>4</sup>	23	398
<b>Result from operating activities</b>	<b>538</b>	<b>464</b>	<b>406</b>	<b>369</b>	<b>24</b>	<b>305</b>	<b>332</b>	<b>218</b>	<b>(46)</b>	<b>342</b>	<b>1,254</b>	<b>1,698</b>
Net finance expenses											(272)	(203)
Share of profit of associates and joint ventures and impairments thereof	4	6	33	37	23	25	14	15	—	—	74	83
Income tax expenses											(363)	(328)
<b>Profit</b>											<b>693</b>	<b>1,250</b>
<b>EBIT reconciliation</b>												
EBIT <sup>2</sup>	542	470	439	406	47	330	346	233	(46)	342	1,328	1,781
Eia <sup>2</sup>	44	32	56	44	244	25	87	86	25	(334)	456	(147)
<b>EBIT (beia)<sup>2</sup></b>	<b>586</b>	<b>502</b>	<b>495</b>	<b>450</b>	<b>291</b>	<b>355</b>	<b>433</b>	<b>319</b>	<b>(21)</b>	<b>8</b>	<b>1,784</b>	<b>1,634</b>
<b>As at 30 June 2016 and 31 December 2015</b>												
<b>Total segment assets<sup>3</sup></b>	<b>13,702</b>	<b>14,187</b>	<b>8,513</b>	<b>8,789</b>	<b>4,218</b>	<b>4,826</b>	<b>9,508</b>	<b>9,566</b>	<b>1,852</b>	<b>1,778</b>	<b>37,793</b>	<b>39,146</b>
Unallocated assets											935	976
<b>Total assets</b>											<b>38,728</b>	<b>40,122</b>

<sup>1</sup> 2015 numbers have been revised to reflect the new regional segmentation as implemented in July 2015.

<sup>2</sup> For definitions see 'Glossary'. Note that these are non-GAAP measures. For further detail please refer to note 10.

<sup>3</sup> 2015 numbers for Total segment assets have been revised for the change in accounting policies. For further details please refer to note 3 and note 8.

<sup>4</sup> In 2015, the disposal gain in relation to EMPAQUE is included in Other income.

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

### Acquisitions and disposals of subsidiaries

There were no individually material acquisitions or disposals of subsidiaries during the six-month period ended 30 June 2016.

### Acquisitions of non-controlling interests

During the six-month period ended 30 June 2016 HEINEKEN paid total cash consideration of EUR150 million for 22.46 per cent of Desnoes & Geddes ('D&G') shares outstanding in the market. HEINEKEN owned a 95.8 per cent stake in D&G as at 30 June 2016.

During the six-month period ended 30 June 2016 HEINEKEN paid total cash consideration of EUR104 million for the remaining Pivovarna Lasko ('Lasko') shares outstanding in the market.

The value of non-controlling interests and equity impact (result buy-out) are disclosed in the table below:

<i>In millions of EUR</i>	Consideration paid	Value of non-controlling interest	Result buy-out
Desnoes & Geddes (Jamaica)	150	82	68
Pivovarna Lasko (Slovenia)	104	58	46
Other	14	2	12

## 7. PROPERTY, PLANT AND EQUIPMENT

### Impairment loss

A slowdown of the expected future economic growth in The Democratic Republic of the Congo (DRC) due to lower commodity prices, power constraints and lower investments and consumption resulting from political uncertainties, resulted in an impairment of assets in the cash generating unit (CGU) DRC of EUR233 million post tax.

The CGU DRC is part of the Africa and Middle East and Eastern Europe segment. The impairment primarily relates to property, plant and equipment and has been recorded on the line 'Amortisation, depreciation and impairments' in the Income Statement. The determination of the recoverable amount of these assets is based on a fair value less cost of disposal (FVLCD) valuation. The FVLCD is based on a discounted cash flow approach, using 10 years of forecasts (level 3). The key assumptions used to determine the cash flows are based on market expectations and management's best estimates. See the table below with the key assumptions.

<i>in per cent</i>	2017-2026	After that
Sales volume growth (CAGR)	4.9	0.0
Cost inflation	3.9	4.2
Discount rate - post tax	15.8	15.8

**8. CASH AND CASH EQUIVALENTS**

<i>In millions of EUR</i>	30 June 2016	31 December 2015*
Cash and cash equivalents	2,556	3,232
Bank overdrafts and commercial papers	(1,757)	(2,950)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>799</b>	<b>282</b>

\*Revised to reflect the change in accounting policy on netting cash and overdraft balances in cash pooling arrangements with legally enforceable rights to offset.

HEINEKEN has cash pooling arrangements with legally enforceable rights to offset cash and overdraft balances. Where there is an intention to settle on a net basis, cash and overdraft balances relating to the cash pooling arrangements are reported on a net basis in the statement of financial position.

The following table presents the recognised 'Cash and cash equivalents' and 'Bank overdrafts and commercial papers' and the impact of netting on the gross amounts. The column 'Net amount' shows the impact on HEINEKEN's balance sheet if all amounts subject to legal offset rights had been netted.

<i>as at 30 June 2016</i>		Gross amounts offset in statement of financial position	Net amounts presented in the statement of financial position	Amounts subject to legal offset rights	Net amount
<i>In millions of EUR</i>	Gross amounts				
<b>Assets</b>					
Cash and cash equivalents	4,524	(1,968)	2,556	(1,519)	1,037
<b>Liabilities</b>					
Bank overdrafts and commercial papers	(3,725)	1,968	(1,757)	1,519	(238)
<i>as at 31 December 2015</i>		Gross amounts offset in statement of financial position	Net amounts presented in the statement of financial position	Amounts subject to legal offset rights	Net amount
<i>In millions of EUR</i>	Gross amounts				
<b>Assets</b>					
Cash and cash equivalents	3,677	(445)	3,232	(2,408)	824
<b>Liabilities</b>					
Bank overdrafts and commercial papers	(3,395)	445	(2,950)	2,408	(542)

## 9. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

**Financial risk management**

The aspects of HEINEKEN'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 2015.

**Fair value**

For bank loans and finance lease liabilities the carrying amount is a reasonable approximation of fair value. The fair value of the unsecured bond issued as at 30 June 2016 was EUR10,733 million (31 December 2015: EUR10,025 million) and the carrying amount was EUR10,399 million (31 December 2015: EUR9,669 million). The fair value of the other interest bearing liabilities as at 30 June 2016 was EUR1,874 million (31 December 2015: EUR1,870 million) and the carrying amount was EUR1,780 million (31 December 2015: EUR1,759 million).

**Fair value hierarchy**

The tables below present the financial instruments accounted for or disclosed 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)

*As at 30 June 2016*

*In millions of EUR*

	Level 1	Level 2	Level 3
Available-for-sale investments	90	104	82
Non-current derivative assets	—	204	—
Current derivative assets	—	37	—
Investments held for trading	10	—	—
	<b>100</b>	<b>345</b>	<b>82</b>
Non-current derivative liabilities	—	(16)	—
Loans and borrowings	(10,733)	(1,874)	—
Current derivative liabilities	—	(70)	—
	<b>(10,733)</b>	<b>(1,960)</b>	—

As at 31 December 2015

<i>In millions of EUR</i>	Level 1	Level 2	Level 3
Available-for-sale investments	98	105	84
Non-current derivative assets	—	210	—
Current derivative assets	—	52	—
Investments held for trading	16	—	—
	<b>114</b>	<b>367</b>	<b>84</b>
Non-current derivative liabilities	—	(32)	—
Loans and borrowings	(10,025)	(1,870)	—
Current derivative liabilities	—	(89)	—
	<b>(10,025)</b>	<b>(1,991)</b>	—

There were no transfers between level 1 and level 2 of the fair value hierarchy during the six-month period ended 30 June 2016.

### 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 are set out below.

<i>As at</i>	30 June 2016	31 December 2015
<b>Available-for-sale-investments based on level 3</b>		
<b>Balance as at 1 January</b>	<b>84</b>	<b>68</b>
Fair value adjustments recognised in other comprehensive income	(7)	16
Disposals	—	—
Transfers	5	—
<b>Balance as at end of period</b>	<b>82</b>	<b>84</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.

## 10. 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 which are not calculated in accordance with IFRS, but are measures that are considered to be useful to investors and other users of the financial information to understand HEINEKEN's business performance. These metrics are not necessarily comparable with other companies.

The table below presents the relationship between IFRS measures, being results from operating activities and net profit of Heineken N.V., and the following non-GAAP measures: EBIT, EBIT (beia), Operating profit (beia) and Net profit (beia), for the six-month period ended 30 June.

<i>In millions of EUR</i>	2016	2015
<b>Results from operating activities</b>	<b>1,254</b>	<b>1,698</b>
Share of profit of associates and joint ventures and impairments thereof (net of income tax)	74	83
<b>EBIT</b>	<b>1,328</b>	<b>1,781</b>
Exceptional items and amortisation of acquisition-related intangible assets included in EBIT	456	(147)
<b>EBIT (beia)</b>	<b>1,784</b>	<b>1,634</b>
<b>Results from operating activities</b>	<b>1,254</b>	<b>1,698</b>
Exceptional items and amortisation of acquisition-related intangible assets included in result from operating activities	451	(149)
<b>Operating profit (beia)</b>	<b>1,705</b>	<b>1,549</b>
<b>Profit attributable to equity holders of Heineken Holding N.V. (net profit)</b>	<b>296</b>	<b>576</b>
Non-controlling interests in Heineken N.V.	290	568
Exceptional items and amortisation of acquisition-related intangible assets included in EBIT	456	(147)
Exceptional items included in finance costs	18	—
Exceptional items included in income tax expense	(55)	(62)
Exceptional items included in non-controlling interest	(28)	(20)
<b>Net profit (beia)</b>	<b>977</b>	<b>915</b>

Exceptional items and amortisation of acquisition-related intangible assets for the six-month period ended 30 June 2016 on EBIT level amounted to a loss of EUR456 million (six-month period ended 30 June 2015: gain of EUR147 million), mainly relating to the impairment of assets in The Democratic Republic of the Congo of EUR233 million, restructuring expenses of EUR52 million and amortisation of acquisition-related intangible assets amounting to EUR160 million (six-month period ended 30 June 2015: EUR150 million). Last year EIA included an exceptional gain on the divestment of Empaque, the Mexican packaging business of EUR379 million.

The exceptional items in tax mainly relate to the tax impact of exceptional items in EBIT.

## 11. EQUITY

**Reserves**

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

**Weighted average number of ordinary shares**

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

	2016	2015
Weighted average number of ordinary shares – basic	288,030,168	288,030,168
Weighted average number of ordinary shares – diluted	288,030,168	288,030,168

**Dividends**

The following dividends were declared and paid by Heineken Holding N.V.:

<i>In millions of EUR</i>	2016	2015
Prior year final dividend declared and paid in 2016 EUR0.86 (2015: EUR0.74)	247	213

After the balance sheet date the Board of Directors announced the following interim dividend that has not been provided for:

<i>In millions of EUR</i>	2016	2015
EUR0.52 per ordinary share (2015: EUR0.44)	150	127

## 12. NET INTEREST-BEARING DEBT POSITION

<i>In millions of EUR</i>	30 June 2016	31 December 2015 <sup>1</sup>
Non-current interest-bearing liabilities	11,317	10,626
Current portion of non-current interest-bearing liabilities	861	802
Deposits from third parties (mainly employee loans)	635	595
	<b>12,813</b>	<b>12,023</b>
Bank overdrafts and commercial papers	1,757	2,950
Market value of cross-currency interest rate swaps	(196)	(215)
	<b>14,374</b>	<b>14,758</b>
Cash, cash equivalents and current other investments	(2,566)	(3,248)
<b>Net interest-bearing debt position<sup>2</sup></b>	<b>11,808</b>	<b>11,510</b>

<sup>1</sup> Revised to reflect the change in accounting policy on netting cash and overdraft balances in cash pooling arrangements with legally enforceable rights to offset.

<sup>2</sup> Non-GAAP measure.

**New financing**

On 4 May 2016, HEINEKEN placed 10-year Notes with a coupon of 1.0 per cent for a principal amount of EUR800 million. The notes are issued under the HEINEKEN's Euro Medium Term Note Programme and are listed on the Luxembourg Stock Exchange.

**Financing headroom\***

As at 30 June 2016, no amounts were drawn on the existing revolving credit facility of EUR2,500 million. This revolving credit facility was extended by one year in May 2016 and matures in 2021. The committed financing headroom at Group level was approximately EUR2,876 million as at 30 June 2016 and consisted of the undrawn revolving credit facility and centrally available cash.

**Incurrence covenant\***

HEINEKEN has an incurrence covenant in some of its financing facilities. This incurrence covenant is calculated by dividing net debt by EBITDA (beia) (both based on proportional consolidation of joint ventures and including acquisitions and excluding disposals on a 12-month pro-forma basis). As at 30 June 2016 this ratio was 2.4 (as at 30 June 2015: 2.3). If the ratio would be beyond a level of 3.5, the incurrence covenant would prevent HEINEKEN from conducting further significant debt financed acquisitions.

\* Non-GAAP measure.

**13. RELATED PARTY TRANSACTIONS**

Heineken Holding N.V. has a related party relationship with its Board of Directors, the Executive Board and Supervisory Board of Heineken N.V., L'Arche Green N.V., Stichting Administratiekantoor Piores, Stichting Beheer Prioriteitsaandelen Heineken Holding N.V., Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA), associates and joint ventures, HEINEKEN pension funds and employees. Transactions are conducted on terms comparable to transactions with third parties.

The related party transactions in the six-month period ended 30 June 2016 do not significantly deviate from the transactions as reflected in the financial statements as at and for the year ended 31 December 2015.

**14. SUBSEQUENT EVENTS**

No subsequent events occurred that are material to HEINEKEN.

**Board of Directors**

M. Das (non-executive chairman)  
C.L. de Carvalho-Heineken (executive member)  
M.R. de Carvalho (executive member)  
J.A. Fernández Carbajal (non-executive member)  
C.M. Kwist (non-executive member)  
A.A.C. de Carvalho (non-executive member)

Amsterdam, 29 July 2016

## 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, among 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.

### **Cash flow (used in)/from operational investing activities**

This represents the total of cash flow from sale and purchase of property, plant and equipment and intangible assets, proceeds and receipts of loans to customers and other investments.

### **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 ordinary shares – basic – during the year.

#### **Diluted**

Net profit divided by the weighted average number of ordinary 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 expense 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.

**HEINEKEN or "the Group"**

Heineken Holding N.V., Heineken N.V., its subsidiaries and interest in joint ventures and associates.

**Innovation rate**

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, bank overdrafts and commercial papers and market value of cross-currency interest rate swaps less investments held for trading and cash.

**Net profit**

Profit after deduction of non-controlling interests (profit attributable to equity holders of Heineken Holding N.V.).

**Operating profit****Operating profit (beia)**

Results from operating activities (beia).

**Group operating profit (beia)**

Results from operating activities (beia) plus attributable share of operating profit (beia) from joint ventures and associates.

**Organic growth**

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

**Organic volume growth**

Growth in volume, excluding the effect of consolidation changes.

**Profit**

Total profit of HEINEKEN before deduction of non-controlling interests.

®

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.

**Group revenue**

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.

**Heineken® volume in premium segment**

Heineken® volume excluding Heineken® volume in the Netherlands.

**Licensed & non-beer volume**

HEINEKEN's brands produced and sold under licence by third parties as well as cider, soft drinks and other non-beer volume sold in consolidated companies.

**Third party products volume**

Volume of third party products sold through consolidated companies.

**Total 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 licence by third parties.

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

Weighted average number of outstanding ordinary shares.

**Diluted**

Weighted average number of outstanding ordinary shares.