Heineken NV

Press release

Heineken N.V. trading update third quarter 2010

Amsterdam, 27 October 2010 – Heineken N.V. today announced its trading update for the third quarter of 2010. Compared with the same quarter in 2009:

- Organically, EBIT (beia) grew mid-single digits driven by a strong performance in Africa and Asia and ongoing cost savings. EBIT (beia) grew significantly;
- Volume of the Heineken brand in the international premium segment grew 2.2% to 6.9 million hectolitres;
- Consolidated beer volume grew 24% to 43.8 million hectolitres, due primarily to the consolidation of FEMSA Cerveza. Organically, volume declined 2.2%;
- Revenue grew 13%, due to the changes in consolidation scope. Organically, revenue was 2.1% lower;
- Organic growth in net profit (beia) was slightly above 10%.

Revenue and results

In the quarter, revenue totalled €4,619 million (+13%). Organically, the effect of lower volume (-3.1%) was offset by better prices and an improved sales mix (+1%). Net changes in consolidation scope added €466 million to revenue whilst exchange rate changes added €152 million.

Organic EBIT (beia) growth benefited from selling price increases in the first half of 2010, volume growth in Asia and Africa and ongoing Total Cost Management (TCM) savings. Heineken's share of net profit of associates and joint ventures grew, albeit at a slightly lower rate than in the first six months. EBIT (beia) grew significantly, with net changes in the scope of the consolidation adding 14%. Currency fluctuations contributed €35 million to EBIT.

Exceptional costs of €49 million, mostly related to TCM and integration activities partially offset the exceptional book gains realised in the first half of 2010. Organically, interest costs decreased significantly due to strong net debt reduction. As forecast, the effective tax rate (beia) was higher than in the same quarter of 2009.

Net profit for the third quarter amounted to €520 million. Organic growth in net profit (beia) was slightly above 10%.

Changes in the consolidation scope

Changes affecting volume, revenue and results:

- UBL in India included in group beer volume as of 1 January 2010;
- Shift from export to local production by the joint venture in South Africa as of 1 January 2010;
- Multi Bintang Indonesia and Grande Brasserie de Nouvelle Caledonie transferred to the APB joint venture as of 1 February 2010;
- FEMSA Cerveza in Mexico and Brazil included as of 1 May 2010;
- Waverley TBS in the UK deconsolidated as of 1 July 2010. Waverley reduced revenue by €135 million in the quarter, whilst the effect on EBIT was negligible.

Outlook

Heineken confirms its forecast as published on 25 August 2010 of an organic increase in net profit (beia) of at least low double digits for the full year 2010. Including FEMSA Cerveza, Heineken reiterates its estimates of an effective tax rate (beia) of 27-29% and an average interest rate of approximately 6% for 2010.

Group beer volume – 9 months 2010

Million hectolitres	2010 9 months	2009 9 months	Change	Organic change
Western Europe	35.4	36.5	-3.1%	-3.0%
Central and Eastern Europe	38.8	43.7	-11%	-7.7%
Africa and Middle East	18.5	16.9	9.1%	8.7%
The Americas	30.9	13.4	131%	1.0%
Asia Pacific	18.3	10.8	70%	5.6%
Group beer volume	**141.9**	**121.3**	**17%**	**-1.9%**
Heineken® premium volume	**19.7**	**19.1**	**3.4%**	**3.4%**

Consolidated beer volume – 9 months 2010

Million hectolitres	2010 9 months	2009 9 months	Change	Organic change
Western Europe	35.1	36.3	-3.3%	-3.1%
Central and Eastern Europe	33.1	36.3	-8.7%	-8.9%
Africa and Middle East	13.8	14.3	-3.5%	8.3%
The Americas	24.6	7.1	248%	-0.7%
Asia Pacific	1.1	2.0	-46%	4.0%
Consolidated beer volume	**107.7**	**96.0**	**12.2%**	**-3.3%**

Group beer volume – third quarter 2010

Million hectolitres	2010 Q3	2009 Q3	Change	Organic change
Western Europe	13.0	13.6	-4.2%	-3.9%
Central and Eastern Europe	15.3	16.0	-4.8%	-4.8%
Africa and Middle East	6.2	5.5	12%	12%
The Americas	14.7	4.3	239%	2.3%
Asia Pacific	6.3	3.7	69%	3.0%
Group beer volume	**55.5**	**43.2**	**28%**	**-1.0%**
Heineken® premium volume	**6.9**	**6.8**	**2.2%**	**2.2%**

Consolidated beer volume – third quarter 2010

Million hectolitres	2010 Q3	2009 Q3	Change	Organic change
Western Europe	12.9	13.5	-4.4%	-4.1%
Central and Eastern Europe	13.0	13.8	-5.7%	-5.7%
Africa and Middle East	4.7	4.7	-0.9%	13%
The Americas	12.8	2.5	421%	-3.0%
Asia Pacific	0.4	0.8	-48%	5.3%
Consolidated beer volume	**43.8**	**35.3**	**24%**	**-2.2%**

Group beer volume development in the third quarter

Due to first time consolidation of FEMSA Cerveza, which added 10.4 million hectolitres, volume increased 28%.

Volume of the Heineken brand in the international premium segment grew 2.2%, once again outperforming the Group's average growth rate. Volume growth was mainly driven by Brazil, South Africa, Taiwan, Vietnam, France and Nigeria offsetting lower volume in the USA, Spain, Poland and Greece.

Volume in **Western Europe** was lower due to unfavourable weather conditions and low consumer confidence. Trading was weak in the UK, the Netherlands, Italy and Spain, whilst volume grew in Portugal. Volume in France was stable.

In **Central & Eastern Europe,** excluding Russia, volume decreased 1.0% organically. Growth in Romania, Serbia, Belarus and Austria partly compensated for declines in Poland, the Czech Republic, Hungary and Greece where beer consumption was affected by austerity measures. In Russia, volume declined significantly, albeit at a slower rate than in the first half of 2010.

Volume in **Africa and Middle East** grew 12% organically. Nigeria was the largest contributor. Solid volume growth also occurred in the Democratic Republic of Congo, Egypt, Burundi, Rwanda, South Africa, Lebanon and Tunisia.

In the **Americas**, organic volume growth in Latin America, the Caribbean and Canada, largely compensated for lower volume in the USA, where the economic environment continues to affect beer consumption. The Mexican market was lower due to unfavourable weather conditions, affecting volume of CCM. In Brazil, strong volume growth continues. CCU, the joint venture in Chile and Argentina, achieved strong volume growth.

In **Asia Pacific**, volume grew 69% due primarily to inclusion of the UBL joint venture which added 2.5 million hectolitres. Volume in Vietnam, Mongolia and Taiwan increased substantially.

Financial structure

During the third quarter, continued strong cash flow generation led to a significant decrease in net debt. Heineken confirms its target of a Net debt/EBITDA (beia) ratio of below 2.5 times and a cash conversion rate in 2010 and 2011 above 100%.

On 13 August 2010, the principal amount of an 8-year private placement loan from US institutional investors of $725 million was funded, further improving the maturity profile of long term debt. The fixed Euro coupon (including swap) averages 3.9%.

Until 30 September 2010, Heineken had repurchased 8.6 million Heineken N.V. shares on the market of which 8.0 million shares were delivered to FEMSA. The remainder will be delivered before the end of 2010.

Heineken will host an analyst and investor conference call in relation to this trading update today at 10:00 am CET/ 9:00 am BST. The call will be audiocast live via the company website http://www.heinekeninternational.com/webcast/investors, and will be available afterwards. Analyst and investors can call in using the following telephone numbers:

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Editorial information:
Heineken is one of the world's great brewers and is committed to growth and remaining independent. 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. The Company operates 140 breweries in more than 70 countries and sold 165.7 million hectolitres of beer on a 2009 pro-forma basis. Heineken is Europe's largest brewer and the world's third largest by volume. Heineken is committed to the responsible marketing and consumption of its more than 200 international premium, regional, local and specialty beers and ciders. These include Amstel, Birra Moretti, Cruzcampo, Dos Equis, Foster's, Kingfisher, Newcastle Brown Ale, Ochota, Primus, Sagres, Sol, Star, Strongbow, Tecate, Tiger and Zywiec. On a 2009 pro-forma basis, including FEMSA Cerveza, revenue totalled €16.9 billion and EBIT (beia) was €2.3 billion.
The average number of people employed is more than 75,000. Heineken N.V. and Heineken Holding N.V. shares are listed on the Amsterdam stock exchange. 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. Most recent information is available on Heineken's home page: http://www.heinekeninternational.com.