

Heineken N.V. enters into agreement to acquire Brasil Kirin Holding S.A.

Amsterdam, 13 February 2017 – Heineken N.V. (“HEINEKEN”) announces today that it has entered into an agreement with Kirin Holdings Company, Limited (“Kirin”) to acquire Brasil Kirin Holding S.A. (“Brasil Kirin”), one of the largest beer and soft drinks producers in Brazil. The transaction will transform HEINEKEN’s existing business across the country by extending its footprint, increasing scale and further strengthening its brand portfolio. On closing, HEINEKEN will become the second largest beer company in Brazil, with a stronger commercial platform from which to capture future profitable growth in an exciting beer market.

Market background

Brazil is the fifth largest country in the world with over 200 million people. Beer volume in 2015¹ was 139 million hectolitres, making it the third largest market globally.

Whilst the macroeconomic environment has been challenging over the last few years, the longer term fundamentals of the Brazilian beer market are highly attractive supported by a growing population and a positive GDP outlook. In addition, the premium segment of the beer market, which has outperformed the broader beer market in recent years, has a relatively low share compared to many other markets, providing a compelling and attractive opportunity for future growth.

About Brasil Kirin

Brasil Kirin is a large beer producer in Brazil, operating 12 production facilities with its own distribution network. It has a particularly strong presence in the North and North East, where HEINEKEN currently has less exposure. It owns an extensive portfolio of beer brands and its share of the Brazilian beer market in 2015 was c.9%¹. The portfolio includes Schin, one of Brazil’s largest brands covering the mainstream and value segments, as well as the Devassa brand. Furthermore, it owns the speciality brands Baden Baden and Eisenbahn, which will complement HEINEKEN’s existing premium portfolio.

Brasil Kirin also has a soft drinks business comprised of carbonated drinks, bottled water and other beverages. The soft drinks portfolio, which has around 2%¹ market share, includes the iconic Itubaína brand.

About HEINEKEN Brazil

HEINEKEN expanded its footprint in Brazil through the acquisition of the beer operations of Fomento Económico Mexicano, S.A.B. de C.V (“FEMSA”) in 2010. Since then, HEINEKEN has

¹ Source: Canadean.

increased its market share to c.10%², led by Heineken® in the outperforming premium segment. At the same time, HEINEKEN has continued to build scale with the Kaiser and Bavaria brands, and has recently seen strong success with the roll out of Amstel in the mainstream segment. HEINEKEN currently operates 5 breweries in Brazil and has a strategic distribution partnership with the Coca-Cola bottlers.

Compelling strategic rationale

HEINEKEN believes that the transaction delivers compelling strategic benefits for its Brazilian business. In particular it:

- Consolidates HEINEKEN's existing position in the Brazilian market, broadening its reach across the country;
- Strengthens HEINEKEN's platform to accelerate further premiumisation, particularly with Heineken® and Sol;
- Provides significant scale from which to drive future growth. The Brasil Kirin portfolio is highly complementary to HEINEKEN's existing beer business, and will enable further growth of the well-established Schin, Bavaria, Kaiser, Amstel and Devassa brands in the mainstream and value segments; and
- Further increases HEINEKEN's exposure to growth from developing markets and will enable HEINEKEN to create long term value as a stronger #2 market player in Brazil.

HEINEKEN Brazil is in the process of reviewing its future route to market and will provide further detail when appropriate.

Financial highlights

The total consideration to be paid to Kirin for the shares is EUR 664 million, corresponding to an estimated enterprise value of EUR 1,025 million for HEINEKEN. Upon completion of the transaction Brasil Kirin will be consolidated with HEINEKEN.

Brasil Kirin today reported FY results for the year ended 31 December 2016 with revenue of BRL 3,706 million (2015: BRL 3,698 million) and an operating loss before amortisation of goodwill, etc. of BRL 262 million (2015: BRL 322 million).

HEINEKEN expects to deliver significant cost synergies from the acquisition through production efficiencies, including logistics and brewery optimisation, and through optimising selling, general and administrative expenses.

² Source: Canadean.

This transaction is expected to be dilutive to HEINEKEN's margin in 2017. We will provide more detailed transaction guidance including the necessary accounting adjustments when appropriate.

Completion of the acquisition is subject to customary regulatory approvals and is expected in the first half of 2017.

Commenting on the transaction, Jean-François van Boxmeer, Chairman & CEO of HEINEKEN, said:

"This transaction marks a step-change in scale in an exciting beer market, building on our success to date in the premium segment and strengthening our platform for future growth. It reiterates our commitment to the Brazilian market and confidence in our ability to generate attractive returns over the long-term across all segments of the market. I look forward to welcoming our new colleagues from Brasil Kirin into HEINEKEN and working with them to take the combined business forward."

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Editorial information:

HEINEKEN is the world's most international brewer. It is the leading developer and marketer of premium beer and cider brands. Led by the Heineken® brand, the Group has a powerful portfolio of more than 250 international, regional, local and specialty beers and ciders. We are committed to innovation, long-term brand investment, disciplined sales execution and focused cost management.

Through "Brewing a Better World", sustainability is embedded in the business and delivers value for all stakeholders. HEINEKEN has a well-balanced geographic footprint with leadership positions in both developed and developing markets. We employ approximately 73,000 people and operate 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 HEINEKEN's website: www.theHEINEKENcompany.com and follow us via @HEINEKENCorp.

Market Abuse Regulation

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