

Heineken N.V. reports on 2021 third-quarter trading

Amsterdam, 27 October 2021 – Heineken N.V. (EURONEXT: HEIA; OTCQX: HEINY) today publishes its trading update for the third quarter of 2021.

KEY HIGHLIGHTS

- Beer volume –5.1% organically for the quarter; +4.0% for the first nine months
- Heineken® volume +8.0% in the quarter; +15.1% for the first nine months
- Full year expectations unchanged

Dolf van den Brink, Chairman of the Executive Board / CEO, commented:

"As anticipated, our Asia Pacific region was deeply impacted by the pandemic in the third-quarter. We see first signs of recovery and I admire the resilience and solidarity of our people as we navigate these challenges.

Our new EverGreen strategy is gathering momentum across the organisation. We continue to revitalise our portfolio with emphasis on premium, low- and no-alcohol and beyond beer. The Heineken® brand sustained its strong growth, +15.1% for the first nine months. Our B2B digital platforms more than doubled in digital sales value.

We began the integration of United Breweries in India and continue to be enthusiastic about the long-term opportunities ahead.

Yet the macro environment remains volatile and we are responding accordingly. We are taking an assertive approach to pricing and cost across all of our markets to meet this challenge. Therefore, our expectations stay unchanged, with full year results remaining below 2019."

THIRD QUARTER VOLUME BREAKDOWN

Beer volume¹ <i>(in mhl or %)</i>	3Q21	Organic growth	Total growth	YTD 3Q21	Organic growth	Total growth
Heineken N.V.	60.2	-5.1%	-4.3%	170.1	4.0%	2.8%
Africa, Middle East & Eastern Europe	9.6	5.5%	-6.6%	28.8	12.7%	1.1%
Americas	21.2	-3.4%	-3.7%	61.5	8.9%	8.6%
Asia Pacific	5.9	-37.4%	-10.2%	19.5	-12.7%	-4.7%
Europe	23.5	-2.3%	-2.1%	60.3	1.0%	0.7%

Heineken® volume¹ <i>(in mhl or %)</i>	3Q21	Organic growth	YTD 3Q21	Organic growth
Heineken N.V.	12.8	8.0%	35.5	15.1%
Africa, Middle East & Eastern Europe	1.7	22.6%	4.7	26.7%
Americas	4.9	10.2%	13.6	18.5%
Asia Pacific	1.8	5.3%	5.2	18.8%
Europe	4.5	1.8%	12.0	6.0%

¹ Refer to the Definitions section for an explanation of organic growth and volume metrics.

Heineken® brand

- **Heineken®** continued its strong momentum and grew volume by 8.0% in the quarter and 15.1% for the first nine months of the year. Volume grew double-digits year to date in more than 50 markets, including Brazil, China, South Africa, Nigeria, Italy, Spain, Vietnam, and Mexico. Relative to 2019, volume grew by 15.6% in the third quarter and by 16.3% in the first nine months.
- **Heineken® 0.0** grew in the low-twenties, with a particularly strong performance in Brazil, Mexico, the USA and the UK.
- **Heineken® Silver** continued its strong growth momentum in China.

E-Commerce

- Our **business-to-business (B2B) digital platforms** accelerated further and captured €1.9 billion in digital sales value in the first nine months, adding €1 billion compared to last year. Close to 300k customers from traditional channels are now connected to our B2B digital platforms.
- Our **direct-to-consumer (D2C) platforms** continue to grow strongly. Beerwulf, in Europe, grew its net revenue by more than half in the first nine months of the year.

Africa, Middle East & Eastern Europe

- **Total consolidated volume** grew organically by 8.6% in the quarter, driven by South Africa, Nigeria and the Democratic Republic of Congo (DRC). The premium portfolio grew in the high-teens, led by South Africa, Russia and Nigeria. Total consolidated volume year to date came ahead of 2019 in many markets across the region, including Nigeria, the DRC, Russia, Ivory Coast, Burundi and Rwanda.
- In **Nigeria**, total volume grew by a mid-single-digit. The premium portfolio grew in the low-teens, led by Tiger. The low-and non-alcoholic portfolio grew in the high-twenties, led by Maltina. Tensions in Eastern Nigeria are causing some disruptions and impacting our volume.
- In **Russia**, beer volume was up, behind the market, due to a decline in the economy portfolio. The premium portfolio grew in the mid-twenties and outperformed the market, led by Heineken®, Miller and Staropramen. Cider volume grew in the high-twenties, driven by Mister Lis.
- In **South Africa**, total volume grew by close to a half, ahead of the market, following a strong recovery from the alcohol sales ban in July. Growth was led by Heineken®, Amstel and Windhoek.
- In **Ethiopia**, beer volume grew by a mid-single-digit, ahead of the market, led by the growth of Harar and Bedele. The country continues to face ongoing tension and conflict affecting our volume.
- In **Egypt**, total volume grew in the low-teens, driven by the gradual recovery of the domestic and tourism markets.

Americas

- **Beer volume** declined organically by 3.4% in the quarter. The premium beer portfolio grew in the low-teens, led by Heineken® growing 10.2%. The de-prioritisation of our economy portfolio to focus on premium and mainstream brands in Brazil continues to

impact overall volume. New entry markets Ecuador and Peru observed strong growth. Beer volume year to date is ahead of 2019 in several markets of the region, including Mexico, the USA, Panama, Ecuador and Jamaica. **Non-beer volume** declined 50.9% following the de-listing of low-margin soft drink pack types in Brazil.

- In **Mexico**, beer volume increased by a mid-single-digit, ahead of the market. The premium portfolio grew in the low-teens, led by Amstel Ultra and Bohemia. SIX continues to grow strongly, expanding into new stores and growing same-store sales.
- In **Brazil**, beer volume declined in the mid-teens in the quarter. The premium and mainstream portfolios grew strongly, outperforming the market, driven by the continued momentum of Heineken®, Eisenbahn, Devassa and Amstel and the launch of Tiger. The economy portfolio declined in the forties, as we continue to rebalance the portfolio. During the quarter we executed the transition of our dual route to market structure without major disruptions, in close cooperation with the Coca-Cola System. The first phase of the Ponta Grossa brewery capacity expansion, dedicated to premium volume, has been successfully completed.
- In the **USA**, total volume decreased by a mid-single-digit, as last year's third quarter benefited from the replenishment of inventories at distributors; however, sales from distributors to retailers were up in the quarter. Heineken® and Dos Equis continue to outperform the market, boosted by innovations like Dos Equis Ranch Water and Lime & Salt.

Asia Pacific

- **Beer volume** declined organically by 37.4%, reflecting the impact from lockdowns and restrictions to contain COVID-19 in Vietnam, Cambodia, Indonesia and Malaysia. We see the first signs of recovery, with differences across markets. Beer volume has recovered ahead of 2019 in some markets of the region, like Singapore, South Korea and Laos.
- In **Vietnam**, beer volume declined by more than a half, following a strict lockdown during the quarter, with the most stringent measures in our strongholds in major cities and in the South. We see a gradual lifting of restrictions since mid-September. In Ho Chi Minh City, off-trade outlets are permitted to operate from 1 October, but on-trade outlets remain closed.
- In **Cambodia**, beer volume was down in the high-teens due to lockdown restrictions, including alcohol sales bans.
- In **Malaysia**, beer volume declined close to 20%, as our brewery was suspended from 1 June to 16 August to comply with the Movement Control Order issued by the government. In September, beer volume grew strongly, ahead of 2019, following the reopening of the economic and social sectors.
- In **Indonesia**, total volume grew by a high-single-digit, with some restaurants opening up but international tourism still absent. On 14 October, Bali began a gradual but restricted re-opening to international tourism from a few countries in the region.
- In **China**, Heineken® grew by more than one third, led by the strong momentum of Heineken® Silver.
- In **India**, beer volume grew by close to 50% in this quarter, following a progressive recovery and gradual lifting of restrictions. HEINEKEN consolidates United Breweries (UBL) as of 29 July 2021 and reports it as a consolidation change.

Europe

- **Beer volume** declined organically by 2.3%, impacted by poor weather across most of the region. The off-trade declined by a high-single-digit in the quarter versus last year, normalising to the 2019 level. In the on-trade, beer volume grew by a high-single-digit versus last year. Compared to 2019, on-trade performance was still well behind for the quarter, with September showing a mid-single-digit decline. The premium portfolio grew solidly, led by Heineken®, Desperados and Birra Moretti.
- In the **UK**, total volume was down by a low-single-digit, in line with the market, impacted by logistics disruptions. The on-trade grew double digit, while the off-trade declined in the low-teens. The premium portfolio continued its growth momentum, driven by Birra Moretti and Desperados.
- In **France**, beer volume declined by a high-single-digit, outperforming the market impacted by continued restrictions in the on-trade. The premium portfolio was flat, outperforming the broader portfolio.
- In **Spain**, beer volume grew in line with the market. The on-trade grew in the low-teens, more than offsetting a mid-single-digit decline in the off-trade. The premium portfolio grew strongly, led by El Aguila, Cruzcampo Especial and Heineken®.
- In **Italy**, beer volume increased ahead of the market. The on-trade grew by a mid-single-digit versus last year and a low-single-digit relative to 2019. The off-trade volume was broadly stable, outperforming the category. The premium portfolio performed strongly driven by Messina and Birra Moretti Filtrata a Freddo.
- In **Poland**, beer volume declined in the low-teens, underperforming the market, in particular, in the economy lager segment.
- In the **Netherlands**, beer volume was down by a high-single-digit, driven by a decline in the low twenties in the off-trade, in a market adjusting to newly introduced legal promotional standards. The on-trade grew in the low-twenties, benefitting from the channel reopening. The premium portfolio grew by a high-single-digit, led by Affligem, Birra Moretti and Texels.

REPORTED NET PROFIT

The reported net profit for the first nine months was €3,082 million (2020: €396 million; 2019: €1,667 million). This includes an exceptional gain of €1.3 billion from the remeasurement to fair value of the previously held equity interest in United Breweries in India, which was recognised on 29 July 2021 when HEINEKEN obtained control.

TRANSLATIONAL CURRENCY CALCULATED IMPACT

Based on the impact to date, and applying spot rates of 25 October 2021 to the 2020 financial results as a baseline for the remainder of the year, the calculated negative translational impact for the full year would be approximately €450 million in net revenue (beia), €90 million at consolidated operating profit (beia), and €40 million at net profit (beia).

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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 portfolio of more than 300 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. HEINEKEN has a well-balanced geographic footprint with leadership positions in both developed and developing markets. We employ over 80,000 employees and operate 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 on Twitter via @HEINEKENCorp.

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, developments in the ongoing COVID-19 pandemic and related government measures, 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.

GLOSSARY

®

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

Brand specific volume (Heineken® Volume, Amstel Volume, etc.)

Brand volume produced and sold by consolidated companies, plus 100% of brand volume sold under licence agreements by joint ventures, associates and third parties.

Beer Volume

Beer volume produced and sold by consolidated companies.

Consolidation changes

Changes as a result of acquisitions and disposals.

Non-Beer Volume

Cider, soft drinks and other non-beer volume produced and sold by consolidated companies.

Third-Party Products Volume

Volume of third-party products (beer and non-beer) resold by consolidated companies.

Total Consolidated Volume / Total Volume

The sum of Beer Volume, Non-Beer Volume and Third-Party Products Volume.

Licensed Beer Volume

100% of volume from HEINEKEN's beer brands sold under licence agreements by joint ventures, associates and third parties.

Group Beer Volume

The sum of Beer Volume, Licensed Beer Volume and attributable share of beer volume from joint ventures and associates.

Organic Growth

Organic growth in volume excludes the effect of consolidation changes.

Volume Metrics: Third Quarter 2021

	3Q21				
<i>In mhl unless otherwise stated & consolidated figures unless otherwise stated</i>	3Q20	Consolidation Impact	Organic Growth	3Q21	Organic Growth %
Africa, Middle East & Eastern Europe					
Total Consolidated Volume	12.0	-0.3	1.0	12.8	8.6%
Beer Volume	10.3	-1.2	0.6	9.6	5.5%
Non-Beer Volume	1.7	1.0	0.5	3.2	27.4%
Third-Party Products Volume	—	—	—	—	—
<i>Licensed Beer Volume</i>	0.5			0.6	
<i>Group Beer Volume</i>	10.9			10.3	
Americas					
Total Consolidated Volume	23.6	—	-1.6	22.1	-6.7%
Beer Volume	22.0	-0.1	-0.8	21.2	-3.4%
Non-Beer Volume	1.6	0.1	-0.8	0.9	-50.9%
Third-Party Products Volume	—	—	—	0.0	—
<i>Licensed Beer Volume</i>	0.5			0.8	
<i>Group Beer Volume</i>	23.9			23.9	
Asia Pacific					
Total Consolidated Volume	6.8	1.8	-2.5	6.1	-36.6%
Beer Volume	6.6	1.8	-2.5	5.9	-37.4%
Non-Beer Volume	0.2	—	—	0.2	-10.5%
Third-Party Products Volume	—	—	—	—	—
<i>Licensed Beer Volume</i>	0.8			1.1	
<i>Group Beer Volume</i>	16.8			15.2	
Europe					
Total Consolidated Volume	28.8	0.1	-0.6	28.3	-2.2%
Beer Volume	24.0	—	-0.5	23.5	-2.3%
Non-Beer Volume	2.9	—	-0.1	2.8	-3.6%
Third-Party Products Volume	2.0	—	—	2.0	0.7%
<i>Licensed Beer Volume</i>	0.2			0.2	
<i>Group Beer Volume</i>	24.9			24.4	
Heineken N.V.					
Total Consolidated Volume	71.3	1.6	-3.6	69.2	-5.1%
Beer Volume	62.9	0.5	-3.2	60.2	-5.1%
Non-Beer Volume	6.4	1.1	-0.5	7.0	-7.6%
Third-Party Products Volume	2.0	—	—	2.1	1.9%
<i>Licensed Beer Volume</i>	2.1			2.7	
<i>Group Beer Volume</i>	76.6			73.8	

Volume Metrics: First nine months 2021

	YTD 3Q21				
<i>In mhl unless otherwise stated & consolidated figures unless otherwise stated</i>	YTD 3Q20	Consolidation Impact	Organic Growth	YTD 3Q21	Organic Growth %
Africa, Middle East & Eastern Europe					
Total Consolidated Volume	32.7	-0.5	5.0	37.3	15.4%
Beer Volume	28.4	-3.3	3.6	28.8	12.7%
Non-Beer Volume	4.2	2.8	1.4	8.4	33.1%
Third-Party Products Volume	0.0	—	—	0.1	43.0%
<i>Licensed Beer Volume</i>	1.5			1.7	
<i>Group Beer Volume</i>	30.3			30.8	
Americas					
Total Consolidated Volume	61.6	—	3.1	64.6	5.0%
Beer Volume	56.6	-0.2	5.0	61.5	8.9%
Non-Beer Volume	4.8	0.2	-1.9	3.1	-39.7%
Third-Party Products Volume	0.1	—	—	0.1	-11.0%
<i>Licensed Beer Volume</i>	1.3			2.1	
<i>Group Beer Volume</i>	62.3			69.7	
Asia Pacific					
Total Consolidated Volume	21.0	1.8	-2.5	20.2	-12.1%
Beer Volume	20.5	1.6	-2.6	19.5	-12.7%
Non-Beer Volume	0.5	0.1	—	0.6	7.4%
Third-Party Products Volume	0.0	—	—	0.1	144.4%
<i>Licensed Beer Volume</i>	2.0			2.8	
<i>Group Beer Volume</i>	42.4			42.8	
Europe					
Total Consolidated Volume	71.2	-0.1	0.1	71.2	0.2%
Beer Volume	59.9	-0.2	0.6	60.3	1.0%
Non-Beer Volume	7.1	—	-0.3	6.9	-3.5%
Third-Party Products Volume	4.2	—	-0.2	3.9	-5.4%
<i>Licensed Beer Volume</i>	0.6			0.6	
<i>Group Beer Volume</i>	62.1			62.6	
Heineken N.V.					
Total Consolidated Volume	186.4	1.1	5.7	193.3	3.1%
Beer Volume	165.4	-2.0	6.6	170.1	4.0%
Non-Beer Volume	16.7	3.1	-0.7	19.1	-4.4%
Third-Party Products Volume	4.3	—	-0.2	4.1	-4.2%
<i>Licensed Beer Volume</i>	5.4			7.1	
<i>Group Beer Volume</i>	197.1			205.9	