

HEINEKEN intends to acquire control of Distell and Namibia Breweries to create a regional beverage champion for Southern Africa

- HEINEKEN intends to acquire control of Distell and NBL, which will be combined with HEINEKEN South Africa into a new HEINEKEN majority owned business with a total valuation of approximately €4 billion
- Distell is Africa's leading producer and marketer of ciders, flavoured alcoholic beverages, wines and spirits, and NBL is the beer market leader in Namibia
- Better able to serve consumers and customers with a unique multi-category portfolio, led by iconic brands Heineken®, Savanna, Windhoek, 4th Street wine and Amarula
- Combination will have a significantly strengthened and complementary route to market in South Africa and Namibia with further growth opportunities across Southern Africa
- EPS accretion expected within one year and operating profit margin accretion over the medium term on realisation of significant synergies

Amsterdam, 15 November 2021 – HEINEKEN N.V. ('HEINEKEN') (EURONEXT: HEIA; OTCQX: HEINY) today announced that it has entered into an implementation agreement with Distell Group Holdings Limited ('Distell'), Namibia Breweries Limited ('NBL') and Ohlthaver & List Group of Companies ('O&L') to integrate their respective and relevant businesses in Southern Africa into one enlarged company ("the Transaction").

The Transaction will be implemented through a number of simultaneous and inter-conditional steps, and will involve:

- A recommended offer by HEINEKEN for Distell, which values the businesses¹ to be acquired at approximately €2.2 billion and is subject to, *inter alia*, Distell shareholder approval;
- The proposed acquisition from NBL of its 25% shareholding in HEINEKEN South Africa ('HSA'), which values the whole of HSA at approximately €1.5 billion, and is subject to, *inter alia*, NBL shareholder approval; and
- The acquisition of O&L's 50.01% interest in NBL Investment Holdings (Proprietary) Limited ('NBLIH'), the controlling shareholder with a 59.4% shareholding in NBL. HEINEKEN already owns a 49.99% interest in NBLIH. NBL's current market valuation is approximately €400 million.

At completion, HEINEKEN will contribute these acquired assets plus its 75% directly owned shareholding in HSA and certain other fully owned export operations in Africa, into an unlisted public holding company (referred to as Newco). HEINEKEN will own a minimum of 65% of Newco, with the remainder held by Distell shareholders who elect to reinvest.

HEINEKEN's CEO and Chairman of the Executive Board Dolf van den Brink said:

"We are very excited to bring together three strong businesses to create a regional beverage champion, perfectly positioned to capture significant growth opportunities in Southern Africa.

Distell is a highly regarded, resilient business with leading brands, a talented workforce and a strong track record of innovation and growth in Africa. With NBL, there are exciting opportunities to expand premium beer and cider in Namibia and grow the iconic Windhoek brand beyond its home market. Together we will be able to better serve our consumers and customers through a unique combination of multi-category leading brands and a strengthened route-to-market. The businesses share common

¹ Representing the In-Scope Assets only as outlined in the Distell Firm Intention Announcement

values derived from their family heritage, long-term perspectives, entrepreneurial spirit, and care for people and planet.

We have successfully built our business in Africa over 100 years. Today's announcement is a vote of confidence in the long-term prospects of South Africa and Namibia and we commit to being a strong partner for growth and to make a positive impact in the communities in which we operate."

Distell CEO Richard Rushton said:

"Together, this partnership has the potential to leverage the strength of HEINEKEN's global footprint with our leading brands to create a formidable, diverse beverage company for Africa. I am excited for what lies ahead as we look to combine our strong and popular brands and highly complementary geographical footprints to create a world class African company in the alcohol beverage sector. Our combined entity will grow our local expertise and insights to better serve consumers across the region."

NBL Chairman Sven Thieme said:

"What we have achieved with NBL is truly amazing, but the time has come to unleash its full potential, by giving NBL access to the world. Having worked with HEINEKEN for many years and knowing that they too are passionate about beer and share similar family values and culture to that of O&L, we are confident that HEINEKEN is best placed to do just that."

Strategic rationale

HEINEKEN's global EverGreen strategy places consumers and customers at its core whilst continually enhancing and expanding its portfolio and footprint. The Transaction will create a Southern Africa champion and an important gateway to Africa, the next frontier of growth, and will:

- Strengthen its #2 position in **South Africa**, the largest market in Africa, with a unique multi-category portfolio
 - Bring together the leading portfolios in premium beer, cider, flavoured alcoholic beverages (FABs), wine, and #2 in spirits, with iconic brands such as Heineken®, Savanna, Hunters, 4th Street wine, and Amarula
 - Beer to benefit from increased scale and continued premiumisation
 - Acquire the leading Cider & FAB portfolio
 - Wine and spirits offering complementarity and optionality
 - Combine two highly complementary route-to-markets, reaching more consumers and customers, more often.
- Acquire control of the beer market leader in **Namibia**, providing premiumisation and other growth opportunities whilst benefitting from cost efficiencies when becoming part of the HEINEKEN group.
- Strengthen and optimise its footprint across **Southern Africa** to accelerate growth:
 - Combine route-to-markets and portfolios in export countries, to increase efficiency and capture additional growth, especially in attractive markets like Kenya and Tanzania;
 - Explore wider opportunities to grow the acquired cider and beer brands, such as Savanna and Windhoek, outside their home markets.

HEINEKEN anticipates that the Transaction will generate significant synergies, in line with comparable in-market transactions.

Financial impact for HEINEKEN

- HEINEKEN's total investment in Newco will be approximately €2.5 billion, in return for a 65% shareholding. The total investment comprises:

- A cash pay-out of approximately €1.3 billion for the transactions involving Distell and NBL above; and
- The contribution of its currently owned assets, including 75% of HSA, 100% of its export businesses in certain other African markets, and its minority interest in NBL.
- On realisation of significant revenue and cost synergies, the Transaction is expected to be margin accretive over the medium term.
- The Transaction is expected to be EPS (beia) accretive within the first year post completion.
- Upon completion HEINEKEN's pro-forma net debt/EBITDA (beia) ratio is expected to increase marginally. HEINEKEN remains committed to return to the long-term target of below 2.5x.

Brew a Better World

HEINEKEN is committed to be a partner for growth in Southern Africa and aims to make a positive impact on the environment, social sustainability, and responsible consumption in the communities in which it operates. Headquartered in South Africa, the new business is ambitious for growth and will engage positively and proactively with stakeholders on measures demonstrating its long-term commitment to the region. This will include ongoing investment in the business, employment, localisation and supplier development, talent development, and contribution to the economic development of the region.

HEINEKEN is keenly aware of the importance of economic transformation in South Africa through Broad-Based Black Economic Empowerment ("B-BBEE") and intends to enhance the enlarged business' empowerment ownership post completion of the Transaction.

Newco will implement HEINEKEN's Brew a Better World 2030 commitments, which include an ambitious agenda aligned to the UN Sustainable Development Goals to achieve carbon neutrality, waste reduction, water efficiency and address harmful use of alcohol. This will include projects and partnerships with proven impact on behavioural change and reducing alcohol related harm, alongside investment in responsible consumption campaigns and ensuring that consumers always have a choice through broadening the availability of zero alcohol beverages.

Next steps

Completion of the Transaction between HEINEKEN, Distell and NBL is subject to customary and applicable (including regulatory and shareholder) approvals. Expressions of support for the transaction have been received from shareholders representing c.56% of the votes of Distell and c.68% of the votes of minority shareholders of NBL. If regulatory and shareholder approvals are successfully obtained, the Transaction is expected to complete in the course of 2022. Further announcements will be made as and when appropriate.

-ENDS-

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CONFERENCE CALL DETAILS

HEINEKEN will host an analyst and investor conference call in relation to its Southern African Transaction today at 13:00 CET/ 12:00 GMT. The call will be audio cast live via the company's website: www.theheinekencompany.com. 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:

United Kingdom: 0800 640 6441

United Kingdom (Local): 020 3936 2999

Netherlands (Local): 085 888 7233

USA (Local): 1 646 664 1960

USA: 1 855 9796 654

All other locations: +44 203 936 2999

Participation password for all countries: 894933

About HEINEKEN

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. Follow us on [LinkedIn](#), [Twitter](#) and [Instagram](#).

About Distell

Distell is Africa's leading producer of spirits, wines, ciders and ready-to-drinks (RTDs) as well as the world's second-biggest producer of ciders. Some of the company's top brands include Amarula, Hunter's, Savanna, 4th Street, Klipdrift, Nederburg, Richelieu, Viceroy, and J.C. Le Roux. Distell employs 4500 people worldwide.

About Namibia Breweries Limited

Established on 29 October 1920, NBL is one of the leading beverage manufacturing companies in Namibia and indeed in Southern Africa. Based in Windhoek, and employing more than 800 people, NBL leads the domestic beer market in Namibia and has significant share of the premium beer category in Southern Africa. Its portfolio includes a range of soft beverages, as well as low and non-alcoholic products. NBL's beer brands are brewed in strict accordance with the Reinheitsgebot "Purity Law" – which only uses three ingredients: malted barley, hops and water. Its brands Windhoek Lager, Tafel Lager, Windhoek Draught and Windhoek Light have earned international recognition for quality and purity. NBL's products are exported to 17 countries outside of Namibia and South Africa.

Market Abuse Regulation

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

Appendix: Summary of the Transaction

The Transaction entails a scheme of arrangement between Distell and its shareholders and a series of preliminary steps to be undertaken *inter alia* by Distell and HEINEKEN, respectively.

1. Formation of Newco, an unlisted company, head-quartered in South Africa

At the outset of the Transaction, HEINEKEN will contribute to Newco:

- 75% of HEINEKEN South Africa (HSA);
- HEINEKEN South Africa Export Company (HSAEC), including its businesses in Botswana, Zambia, Zimbabwe, eSwatini, Lesotho, Tanzania, Uganda, Kenya and South Sudan;
- Its 49.99% shareholding in NBLIH, which in turn owns a 59.4% shareholding in NBL; and
- Sufficient cash in order to implement the offer for Distell, acquire NBL's 25% stake in HSA, and acquire O&L's controlling interest in NBLIH

2. Acquire controlling share in NBL and its 25% shareholding in HSA

Inter-conditional with the proposed offer for Distell, HEINEKEN:

- Will acquire NBL's 25% shareholding in HSA for cash to increase its shareholding to 100%, which will be contributed to Newco
- Will acquire from O&L its 50.01% stake in NBLIH (an additional effective 29.7% holding in NBL) for cash, with such stake also being contributed to Newco.

NBL will remain listed on the Namibian Stock Exchange, with public shareholders in NBL continuing to hold the remaining 40.6%.

NBL will potentially acquire Distell's business in Namibia in a parallel, but separate transaction, in order to combine both businesses in Namibia under NBL. This potential transaction will be detailed in due course and will be subject to NBL shareholder approval.

3. Recommended offer by HEINEKEN for Distell

An internal restructuring of Distell will create two separate businesses, one containing the cider, FABs, wine and spirits business (In-Scope) and the other consisting of Distell's remaining assets, including its Scotch whisky business which will be housed in a Distell subsidiary named Capevin (Out-of-Scope).

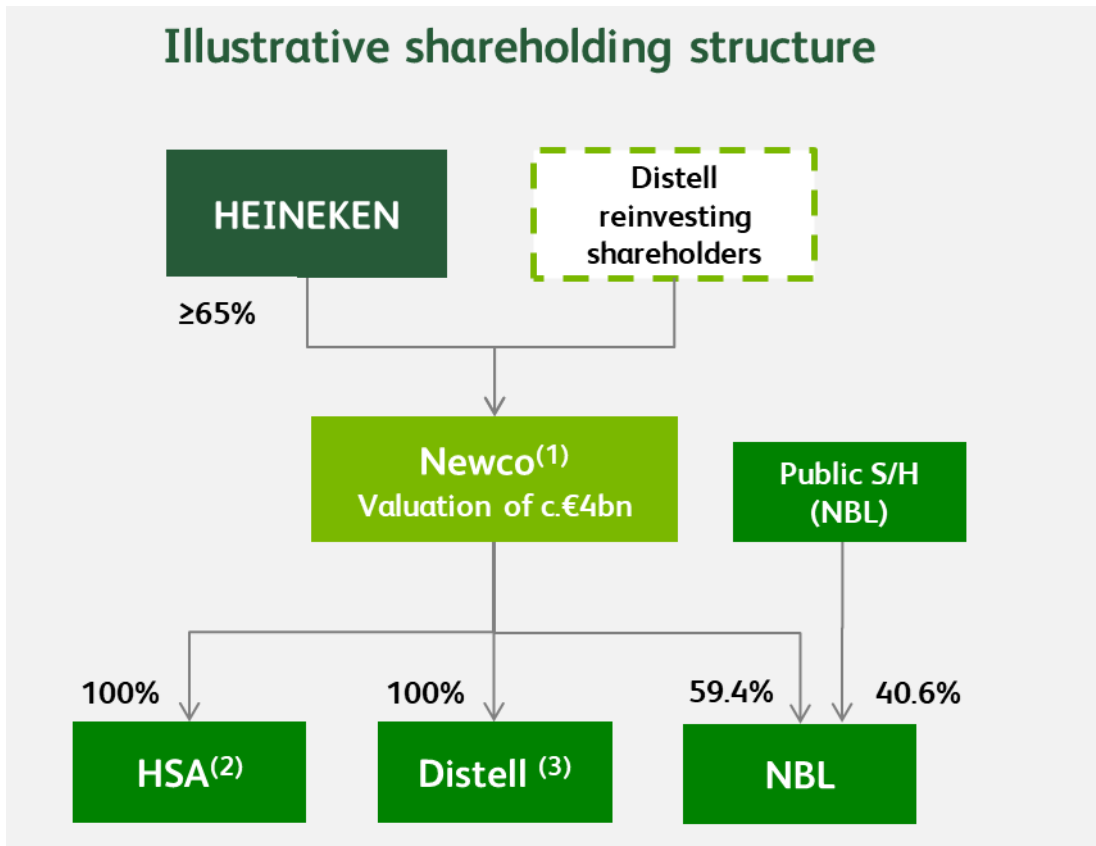
HEINEKEN will make a recommended cash offer of R180 per Distell share, equating to a total valuation of R40.1 billion (€ 2,292 million), comprising two separate but inter-conditional offers:

- A cash offer, with partial share alternative, by Newco of R165 per share to acquire Distell's In-Scope cider, FABs, wine and spirit business
- A cash offer by HEINEKEN of R15 per share to acquire Distell's Out-of-Scope business consisting of Distell's remaining assets, including its Scotch whisky business; where HEINEKEN will hold a minority stake.

Following the transactions outlined above, HEINEKEN will own a controlling shareholding in Newco of a minimum of 65%. Minority shareholders of Newco will include such Distell shareholders that elect for the full or partial share alternative.

Further details on Newco's offer for Distell and proposed acquisition of NBL's 25% stake in HEINEKEN South Africa, including the terms and conditions thereof, are published at:

- Firm Intention Announcement <https://www.distell.co.za/Investor-Centre/Home/#sensCoverage>
- Transaction Announcement <https://nambrew.com/news/>



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- (1) New unlisted company incorporated and head quartered in South Africa
 - (2) Including HEINEKEN's wholly owned export arrangements to Botswana, Zambia, Zimbabwe, eSwatini, Lesotho, Tanzania, Uganda, Kenya and South Sudan
 - (3) Excluding Capevin – a business consisting of Distell's remaining assets, including its Scotch whisky business