Heineken N.V. reports on 2020 first quarter trading

Amsterdam, 22 April 2020 - Heineken N.V. (EURONEXT: HEIA; OTCQX: HEINY) today publishes its trading update for the first quarter of 2020.

KEY HIGHLIGHTS

- Beer volume -2.1% organically for the quarter.
- Heineken® volume +5.0% in the quarter.
- March volume significantly impacted by Covid-19.

Jean-François van Boxmeer, Chairman of the Executive Board / CEO, commented:

"During the first quarter of 2020, the Covid-19 outbreak has evolved into a pandemic. By now, most countries where we operate have reacted by taking far-reaching containment measures such as restrictions of movement for populations and outlet closures, sometimes combined with the mandatory lockdown of production facilities. Our performance for the first quarter reflects the initial impact of those measures, and volumes in March were obviously heavily affected.

In these very trying times, our thoughts remain with all those affected by Covid-19 and the people working tirelessly to care for them. In addition to our actions with local communities which are now approaching a value of €5 million, on April 8th we announced our decision to donate €15 million to the International Red Cross and I am pleased to report that the de Carvalho-Heineken family together with their holding company will donate €10 million to eight charities providing support to communities most affected and fragile, to medical health systems and to medical research.

HEINEKEN has entered the crisis with strong brands and a strong balance sheet. In the past few weeks we have taken necessary measures to reduce our costs, secure additional financing and adapt to the fast changes we see in our markets.

I am proud of the leadership, the commitment and the courage of our teams and I fully trust their talent, creativity and energy to steer HEINEKEN through this unprecedented situation and protect as well as develop our brands and businesses."

FIRST QUARTER VOLUME BREAKDOWN

Beer volume[1] *(in mhl or %)*	**1Q20**	Organic growth %	March organic growth %	Total growth %	**1Q19**
Heineken N.V.	**51.6**	-2.1%	-14.0%	-2.1%	**52.7**
Africa, Middle East & Eastern Europe	**9.4**	-6.9%	-14.5%	-6.9%	**10.1**
Americas	**19.3**	-2.5%	-13.8%	-2.6%	**19.8**
Asia Pacific	**7.4**	4.4%	-10.6%	-1.3%	**7.5**
Europe	**15.4**	-1.4%	-15.3%	1.2%	**15.3**

Heineken® volume[1] *(in mhl or %)*	**1Q20**	Organic growth %
Heineken N.V.	**9.4**	5.0%
Africa, Middle East & Eastern Europe	**1.3**	-13.6%
Americas	**3.7**	24.5%
Asia Pacific	**1.5**	-5.7%
Europe	**2.9**	0.4%

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

FIRST QUARTER VOLUME REVIEW

With the spread of the Covid-19 crisis to all geographies, multiple countries have taken far-reaching containment measures such as restrictions of movement for populations and outlet closures, sometimes combined with the mandatory lockdown of production facilities. This is having a significant impact on HEINEKEN's markets and on its business in 2020 and is already visible in the volume reported for the first quarter. In most cases these measures were implemented in the last weeks of March. By exception, specific reference is made to the volume performance in March per Region to improve transparency.

Heineken® brand

- **Heineken®** volume grew by 5.0% in the quarter, with a decline of 2.4% in March.
- Volume grew double digit in Brazil, China, Mexico, the UK, Poland, Mozambique, Ivory Coast and South Korea among other markets.
- Heineken® 0.0 was introduced in Vietnam in March and is now present in 58 countries.

Africa, Middle East & Eastern Europe

- Beer volume declined organically by 6.9% in the quarter, with a decline of 14.5% in March.
- In **Nigeria**, beer volume was broadly flat in the quarter and declined high-single digit in March, following a price increase in February and the ban on distribution of alcoholic beverages late March. The alcohol ban is applicable in some states where we continue to sell non-alcoholic malt drinks.
- In **South Africa**, total consolidated volume declined in the low-twenties in the quarter due to destocking from last year and the ban on sales, production and distribution of alcoholic beverages starting the last week of March. Total consolidated volume declined in the mid-twenties in March.
- In **Russia**, beer volume declined in the mid-teens due to destocking relative to last year.
- In **Ethiopia**, beer volume declined in the mid-teens, following a steep price increase in mid-February to offset an increase in excise duties.
- In **Egypt**, beer volume declined in the low-teens in the quarter and by about one half in March following a drop in tourism.
- In the **DRC**, beer volume declined by low-single digit due to a decline in the mid-teens in March.

Americas

- Beer volume declined organically by 2.5% in the quarter, with a decline of 13.8% in March.
- In **Brazil**, beer volume declined mid-single digit. Our premium and mainstream portfolios grew double digit, led by Heineken® growing by more than 50%. The economy portfolio declined in the mid-twenties. In March, beer volume declined in the mid-twenties. Non-beer volume declined by one-third due to the de-listing of a low-margin brand in some regions last year.
- In **Mexico**, beer volume increased low-single digit. Our premium portfolio increased double digit, led by Heineken® and Amstel Ultra. Following government orders, our breweries have been suspended for the month of April. At that moment we estimate our customers held 2 to 3 weeks of inventory.
- In the **USA**, beer volume declined mid-single digit, with Heineken® growing low-single digit driven by Heineken® 0.0. Lagunitas declined high-single digit. Together with our

distributors, we held inventory to supply around two months of our Mexican brands portfolio at the end of March.

Asia Pacific

- Beer volume grew organically by 4.4% despite a decline of 10.6% in March.
- In **Vietnam**, beer volume grew in the low-teens, underpinned by the continuing expansion of Tiger into secondary cities and rural areas. We launched Heineken® 0.0 and Bia Viet, a new national brand. In March beer volume declined mid-single digit.
- In **Indonesia**, beer volume declined in the mid-teens due to a drop in tourism in Bali and on-trade restrictions to contain the outbreak.
- In **Cambodia**, beer volume increased high-single digit driven by our local brand Anchor.
- In **Malaysia**, beer volume declined mid-single digit in the quarter and by more than half in March, following the suspension of brewery operations under the government's Movement Control Order.

Europe

- Beer volume declined organically by 1.4% in the quarter, with a decline of 15.3% in March. Third party volume declined 17.8% in the quarter and 49.2% in March as on-trade outlets closed impacting our wholesale operations.
- In **Italy**, beer volume declined by low-single digit in the quarter. Most of the month of March was under lockdown and beer volume declined by one-third, with volume to on-trade customers declining by three-quarters and volume to off-trade customers up low-single digit.
- In **Spain**, beer volume declined mid-single digit in the quarter. In March, total volume declined around one-quarter, with volume to on-trade customers down by almost half and volume to off-trade customers up in the low-teens.
- In the **UK**, total consolidated volume was down mid-single digit for the quarter and in March, due to record rains in February and the lockdown in late March. Our pub estate has been closed since the last week of March.
- In **France**, beer volume was up low-single digit. During March, volume declined mid-single digit, as the decline in volume to on-trade customers of close to a half was partially offset by the high-single digit volume growth to off-trade customers.
- In **Poland**, beer volume was up high-single digit driven by the mainstream and premium portfolios and a return to normal stock levels at our largest distributor. In March, volume declined high-single digit.
- In the **Netherlands**, beer volume was down mid-single digit, with a decline in the mid-teens in March.

HEALTH AND SAFETY OF EMPLOYEES

During these trying times, HEINEKEN has set as first priority the health and safety of its people. HEINEKEN ensures that employees working in production and distribution follow strict hygiene and social distancing guidelines and receive support to do their jobs safely.

In order to provide security to its employees, HEINEKEN has committed that until the end of 2020, it will not carry out structural layoffs, as a consequence of Covid-19. As a message of solidarity with the company and the employees who are affected by this crisis, the Executive Board and Executive Team have also collectively agreed to reduce their base salary by 20% between May and December 2020.

DONATIONS

In addition to the actions with local communities which are now approaching a value of €5 million, on April 8 HEINEKEN announced a donation of €15 million to support the International Federation of Red Cross and Red Crescent Societies (IFRC) relief efforts for the most vulnerable people affected by Covid-19, in particular in Africa, Asia and Latin America.

Today, HEINEKEN is pleased to report that the de Carvalho-Heineken family together with their holding company have decided to donate €10 million to eight charities supporting the Covid-19 relief efforts, four in the Netherlands and four international. These organisations cover a number of different needs, from support to affected communities to support of medical health systems and medical research.

BUSINESS IMPACT AND MITIGATING ACTIONS

The initial impact of the Covid-19 crisis is visible in the volume performance of this quarter and is expected to worsen in the second quarter of 2020. The second half of the year is also expected to be impacted, as lockdowns may be lifted but the impact on the economy is likely to remain. Our results in 2020 will be impacted by lower volumes and other effects, including:

- A significant risk of negative transactional and translational currency impacts due to the devaluation of emerging markets currencies versus the US dollar and the Euro.
- The increased risks on credit losses from customers, business continuity of small suppliers, impairments and non-effective hedge contracts.

Since the beginning, crisis management teams have been in place at a global, regional and local level, to ensure a coordinated response in regards to the health & safety of our employees, business continuity and the implementation of mitigating actions.

All discretionary expenses are being reduced. In particular, international travel, corporate events and hiring for all positions have been suspended. All non-committed CAPEX has also been suspended, unless absolutely necessary for the immediate business continuity or safety. Projects and technology upgrade programmes are being temporarily paused or scaled down and will be revaluated. Furthermore, bonuses for 2020 will be cancelled for Senior Managers, including the Executive Board and the Executive Team.

Operating companies are reducing and reallocating marketing expenses and continuously assessing effectiveness under the current environment. Consumer communication is being adapted to support activities that help on-trade customers and reflect social distancing.

Teams are quickly reacting to business changes. Service levels to modern retailers have increased, focusing on key SKUs and shelf replenishment, including outside-store hours service and direct store delivery. Business-to-consumer initiatives are accelerated to capture the growth of e-commerce channels.

The lack of visibility on the end date of the Covid-19 pandemic and the duration of its impact on the economy has led HEINEKEN to withdraw all guidance for 2020.

FINANCING UPDATE

HEINEKEN entered the crisis with a strong balance sheet and an undrawn committed revolving credit facility of €3.5 billion maturing in 2024. There are no financial covenants in the outstanding debt. In recent weeks, HEINEKEN has successfully secured additional financing by issuing new bonds.

- On 18 March 2020, Heineken N.V. placed CHF 100 million of 5-year Notes with a coupon of 0.6375% privately.
- On 25 March 2020, HEINEKEN placed €600 million of 5-year Notes with a coupon of 1.625% and €800 million of 10-year Notes with a coupon of 2.25%. The notes were issued under the Company's Euro Medium Term Note Programme and are listed on the Luxembourg Stock Exchange. The proceeds from the Notes issuance will be used for general corporate purposes. The maturity dates of the Notes are 30 March 2025 and 30 March 2030.

HEINEKEN is well prepared to meet its financial commitments, including the €1 billion bond maturing on 4 August 2020 and the final dividend for 2019 corresponding to €1.04 per share on 7 May 2020, subject to the approval of the Annual General Meeting on 23 April 2020.

HEINEKEN will deviate from its dividend policy and will not pay an interim dividend following its half year results in August 2020.

REPORTED NET PROFIT

Reported net profit for the first three months of 2020 was €94 million (2019: €299 million), impacted by the volume drop in March due to Covid-19 and limited benefit from the mitigation actions.

TRANSLATIONAL CURRENCY UPDATE

HEINEKEN regularly provides an update of translational currency impacts using its latest estimates available on operating profit (beia) and net profit (beia) for the full year in local currencies and the spot rates close to the date of the publication. Since the latest update on 12 February 2020 many currencies have devaluated significantly versus the Euro, especially the Mexican Peso, Brazilian Real and Indonesian Rupiah. However, given the uncertainty in profit estimations for this year it is not possible to provide a reliable estimate of the translational currency impact.

ENQUIRIES

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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. 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. HEINEKEN has a well-balanced geographic footprint with leadership positions in both developed and developing markets. It employs over 85,000 employees and operates 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 may contain 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.

DEFINITIONS

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.

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
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: First Quarter 2020

	1Q20				
In million hectolitres	1Q19	Consolidation Impact	Organic Growth	1Q20	Organic Growth %
Africa, Middle East & Eastern Europe					
Beer Volume	10.1	—	-0.7	9.4	-6.9%
Non-Beer Volume	1.3	—	-0.1	1.2	-4.9%
Third Party Products Volume	—	—	—	—	—%
Total Consolidated Volume	**11.5**	**—**	**-0.8**	**10.7**	**-6.7%**
Licensed Beer Volume	*0.6*			*0.5*	
Group Beer Volume	*10.8*			*10.1*	
Americas					
Beer Volume	19.8	—	-0.5	19.3	-2.5%
Non-Beer Volume	2.6	—	-0.9	1.8	-32.3%
Third Party Products Volume	—	—	—	0.1	34.2%
Total Consolidated Volume	**22.5**	**—**	**-1.3**	**21.1**	**-6.0%**
Licensed Beer Volume	*0.4*			*0.5*	
Group Beer Volume	*21.4*			*21.0*	
Asia Pacific					
Beer Volume	7.5	-0.4	0.3	7.4	4.4%
Non-Beer Volume	0.2	—	—	0.2	7.5%
Third Party Products Volume	—	—	—	—	—%
Total Consolidated Volume	**7.6**	**-0.4**	**0.3**	**7.6**	**4.5%**
Licensed Beer Volume	*0.2*			*0.7*	
Group Beer Volume	*9.2*			*13.8*	
Europe					
Beer Volume	15.3	0.4	-0.2	15.4	-1.4%
Non-Beer Volume	2.1	—	-0.1	2.0	-3.8%
Third Party Products Volume	1.7	—	-0.3	1.4	-17.8%
Total Consolidated Volume	**19.0**	**0.4**	**-0.6**	**18.8**	**-3.1%**
Licensed Beer Volume	*0.1*			*0.1*	
Group Beer Volume	*15.8*			*15.9*	
Heineken N.V.					
Beer Volume	52.7	—	-1.1	51.6	-2.1%
Non-Beer Volume	6.2	—	-1.0	5.2	-16.0%
Third Party Products Volume	1.8	—	-0.3	1.5	-16.5%
Total Consolidated Volume	**60.6**	**—**	**-2.4**	**58.2**	**-3.9%**
Licensed Beer Volume	*1.4*			*1.9*	
Group Beer Volume	*57.3*			*60.8*	