

Heineken Holding N.V. reports on 2020 third-quarter trading

Amsterdam, 28 October 2020 – Heineken Holding N.V. (EURONEXT: HEIO; OTCQX: HKHHY) today publishes its trading update for the third quarter of 2020.

KEY HIGHLIGHTS

- Beer volume –1.9% organically for the quarter; –8.1% for the first nine months
- Heineken® volume +7.1% in the quarter; +1.0% for the first nine months
- HEINEKEN's current strategic review aims to accelerate a return to profitable growth in a fast-changing post-COVID world, including simplifying and right-sizing its cost base

Heineken Holding N.V. engages in no activities other than its participating interest in Heineken N.V. and the management or supervision of and provision of services to that company.

THIRD QUARTER VOLUME BREAKDOWN

Beer volume¹ <i>(in mhl or %)</i>	3Q20	Organic growth	Total growth	YTD 3Q20	Organic growth	Total growth
Consolidated beer volume	62.9	-1.9%	-2.1%	165.4	-8.1%	-8.3%

Heineken® volume¹ <i>(in mhl or %)</i>	3Q20	Organic growth
Heineken N.V.	11.9	7.1%

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

From the onset of the COVID-19 crisis, HEINEKEN's first priority has been its people's health and safety. HEINEKEN has ensured that employees follow strict hygiene and physical distancing guidelines and receive support to do their jobs safely. To provide security to HEINEKEN's employees, HEINEKEN has committed to no structural lay-offs because of COVID-19 during 2020.

HEINEKEN continues to support its customers, suppliers and the communities most impacted by the pandemic. HEINEKEN continues to assist its customers with advice and tools, pays all suppliers on time and reduces payment terms to some small suppliers. Additionally, HEINEKEN provides pandemic relief to support front-line medical facilities in the communities where HEINEKEN operates, including water, non-alcoholic beverages, hand sanitiser, and monetary contributions.

The COVID-19 crisis continued to affect all geographies during the third quarter. Beer volume declined organically by 1.9% in the third quarter, a sequential improvement relative to the previous quarter across all regions. The on-trade remained affected by restrictions to operate and some important markets like South Africa and parts of Mexico faced bans on the sale of alcoholic beverages. HEINEKEN performance was ahead of the market in most of its key markets.

Heineken® brand

- **Heineken®** volume continued to outperform the overall category and grew by 7.1% in the quarter and 1.0% for the first nine months of the year.
- Volume grew double-digits in more than 25 markets including Brazil, China, the USA, Nigeria, Singapore, Poland and the UK.
- Heineken® 0.0 grew double-digits with a particularly strong performance in Brazil, Mexico and the USA. This year Heineken® 0.0 was introduced to 11 new markets, including Vietnam, and is currently being sold in 69 markets.

REPORTED NET PROFIT OF HEINEKEN N.V.

The reported net profit of Heineken N.V. the first nine months was €396 million (2019: €1,667 million). Continued cost mitigation actions partially mitigated the impact from lower volume, adverse product and channel mix and incremental expenses driven by the crisis, including credit losses and impairments on tangible and intangible assets.

BUSINESS OUTLOOK

The COVID-19 pandemic is having a significant impact on HEINEKEN's markets and wider business in 2020. In April, HEINEKEN withdrew all guidance for 2020, given the lack of visibility on the duration of the pandemic's impact. Consequently, HEINEKEN is only able to share directional information for the remainder of the year.

Although HEINEKEN has observed a recovery over the summer, continued volatility is expected for the fourth quarter, as many markets experience additional waves and the corresponding restrictions, including on-trade closures and crisis-related economic consequences. Currently, new restrictions have been imposed by governments across many countries in Europe, including a full closure of the on-trade. In Asia Pacific, new restrictions are also in place in Malaysia, Myanmar and Sri Lanka.

Product and channel mix is expected to continue to adversely impact results, especially in Europe, as the on-trade remains more affected than the off-trade. Input costs per hectolitre are expected to be significantly higher than last year.

Mitigation actions will continue for the remainder of 2020. HEINEKEN is reducing all discretionary expenses while providing sufficient support behind its brands and route to markets. In the second half of last year costs were skewed towards the third quarter, so the benefits of the mitigation actions will be lower in the fourth quarter.

Most of HEINEKEN's non-committed supply chain CAPEX remains suspended, while commercial CAPEX has resumed where it is required to support HEINEKEN's current and future top-line growth.

The relative effect of permanent items in the income tax line will be less adverse in the second half than in the first half due to a higher profit before tax base.

Given the uncertainty in profit estimations for this year it is not possible to provide a reliable estimate of the translational currency impact. This year many currencies have depreciated versus the Euro, most notably the Mexican Peso and the Brazilian Real.

STRATEGIC REVIEW

HEINEKEN's current strategic review efforts are focused on shaping the company to emerge stronger from the COVID-19 crisis. HEINEKEN aims to increase adaptability with a clear focus on customers and consumers to regain and sustain future growth. HEINEKEN is exploring how to accelerate and expand its sources of growth while simplifying and right-sizing its cost base. To improve agility and speed in an increasingly dynamic environment, HEINEKEN is reviewing the effectiveness and efficiency of its organisations at head office, regional offices and each of its local operations.

As part of this ambition, while maintaining its commitment to no restructuring related to COVID-19 in 2020, HEINEKEN will streamline its head office and regional offices with an expected reduction of around 20% in related personnel costs. Implementation will begin in the first quarter of 2021. The impact and timelines of restructuring in the local operations will vary depending on the specific circumstances of each operating company. The process will be in close collaboration with HEINEKEN's Employee Representatives (HEINEKEN's Group Works Council and Labour Unions).

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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. HEINEKEN employs over 85,000 employees and operates breweries, malteries, cider plants and other production facilities in more than 70 countries. Heineken Holding N.V. and Heineken N.V. shares trade on the Euronext in Amsterdam. Prices for the ordinary shares may be accessed on Bloomberg under the symbols HEIO NA and HEIA NA and on Reuters under HEIO.AS and HEIN.AS. HEINEKEN has two sponsored level 1 American Depositary Receipt (ADR) programmes: Heineken Holding N.V. (OTCQX: HKHHY) and Heineken N.V. (OTCQX: HEINY). Most recent information is available on the websites: www.HeinekenHolding.com and www.theHEINEKENcompany.com and follow HEINEKEN 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.

DEFINITIONS

®

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)

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

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

HEINEKEN or "the Group"

Heineken Holding N.V., Heineken N.V., its subsidiaries and interests in joint ventures and associates.

Organic Growth

Organic growth in volume excludes the effect of consolidation changes.