HEINEKEN

MEDIA RELEASE

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

Amsterdam, 28 October 2020 – Heineken N.V. (EURONEXT: HEIA; OTCQX: HEINY) 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

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

"Our performance during the third-quarter continued to be impacted by the COVID-19 crisis. As many lockdowns eased, our volumes improved sequentially compared to the last quarter.

We outperformed the category across most of our key markets, with Heineken® showcasing a stellar performance. We continued strict cost mitigation actions whilst balancing investments behind our brands and future growth opportunities.

The situation remains highly volatile and uncertain. We expect rolling outbreaks of COVID-19 to continue to meaningfully impact many of our markets in addition to rising recessionary pressures.

As we navigate the crisis, we are deliberately shaping how to adapt and emerge stronger from the pandemic. I am proud of the relentless drive of our employees and the agility they continue to demonstrate, taking care of one another, our customers, suppliers and communities."

THIRD QUARTER VOLUME BREAKDOWN

Beer volume[1] *(in mhl or %)*	**3Q20**	Organic growth	Total growth	**YTD 3Q20**	Organic growth	Total growth
Heineken N.V.	**62.9**	-1.9%	-2.1%	**165.4**	-8.1%	-8.3%
Africa, Middle East & Eastern Europe	**10.3**	-2.5%	-2.5%	**28.4**	-11.5%	-11.5%
Americas	**22.0**	2.5%	2.1%	**56.6**	-9.0%	-9.1%
Asia Pacific	**6.6**	-12.3%	-12.3%	**20.5**	-7.3%	-9.7%
Europe	**24.0**	-2.4%	-2.4%	**59.9**	-5.9%	-5.3%

Heineken® volume[1] *(in mhl or %)*	**3Q20**	Organic growth	**YTD 3Q20**	Organic growth
Heineken N.V.	**11.9**	7.1%	**31.0**	1.0%
Africa, Middle East & Eastern Europe	**1.5**	-20.8%	**3.9**	-24.2%
Americas	**4.4**	28.8%	**11.5**	20.0%
Asia Pacific	**1.8**	15.4%	**4.5**	1.0%
Europe	**4.3**	-1.4%	**11.1**	-3.6%

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

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

We continue to support our customers, suppliers and the communities most impacted by the pandemic. We continue to assist our customers with advice and tools, pay all our suppliers on time and reduce payment terms to some small suppliers. Additionally, we provide pandemic relief to support front-line medical facilities in the communities where we operate, 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. Our performance was ahead of the market in most of our 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.

Africa, Middle East & Eastern Europe

- Beer volume declined organically by 2.5% in the quarter, a sequential improvement across all key markets versus the previous quarter. The premium portfolio declined by a high-single-digit as the decline in South Africa off-set growth across most markets.
- In **Nigeria**, beer volume grew in the high-teens, ahead of the market. The non-alcoholic portfolio grew in the mid-twenties and the premium portfolio grew by more than half.
- In **Russia**, beer volume increased by a low-single-digit and cider volume by double-digits. The low- and non-alcoholic portfolio grew by a mid-single-digit.
- In **South Africa**, total consolidated volume declined in the forties due to a nearly five-week ban on selling alcoholic beverages. Heineken® 0.0 continued to grow strongly.
- In **Ethiopia**, beer volume declined in the high-teens, following the steep price increase in mid-February after the tripling of excise duty. Premium volumes continued to grow double-digits driven by Bedele Special.
- In **Egypt**, beer volume declined in the mid-teens, driven by lower tourism.

Americas

- Beer volume increased organically by 2.5% in the quarter due to our premium portfolio's strong performance, partially off-set by the impact of government measures in some regions and cities.

- In **Mexico**, beer volume declined by a mid-single-digit due to the dry laws, particularly in the Southeast, and stock-outs caused by restrictions on brewing operations at the start of the quarter. The premium and low- and non-alcoholic portfolios increased by double-digits, led by Amstel Ultra and Heineken® 0.0 respectively.
- In **Brazil**, beer volume grew in the low-teens. The premium and mainstream portfolios grew by double-digits, with Heineken® growing by more than half and the continued momentum of Devassa and Amstel. The economy portfolio grew slightly. Non-beer volume declined in the low-twenties.
- In the **USA**, beer volume increased in the low-teens as distributors replenished inventories and the on-trade showed some signs of recovery. Sales-to-retailers of Heineken® were back to growth driven by both Heineken® Original and Heineken® 0.0. Lagunitas declined in the low-teens due to its high exposure to the on-trade.

Asia Pacific

- Beer volume declined organically by 12.3% due to lower volume in Vietnam and the continued declines in other key markets affected by recurring lockdowns, the lack of international tourism and increasingly negative consumer sentiment. The premium portfolio declined in line with the overall portfolio in most markets.
- In **Vietnam**, we continue to outpace the market while beer volume declined by a high-single-digit following the second wave of COVID-19 restrictions and the price increase at the end of June. We have reached the position of market leader this year, driven by the success of our expansion strategy and the solid momentum of our innovations including Heineken® Silver, Heineken® 0.0 and local beer brand Bia Viet.
- In **Cambodia**, beer volume declined in the high-thirties following a steep increase of promotional activity in the market and by economic conditions affected by the rise in unemployment from the tourism, garment export and construction industries.
- In **Malaysia**, beer volume declined in the mid-teens, an improvement versus the previous quarter as the on-trade gradually recovered. Since mid-October the government has imposed new movement restrictions and closed part of the on-trade again.
- In **Indonesia** beer volume declined in the mid-double-digits as a second lockdown was imposed impacting the on-trade and consumption from international tourism remained absent. Beer volume in Bali declined by close to 80%.
- In **South Korea**, beer volume increased in the mid-thirties driven by improved penetration and distribution of new brands and line extensions.
- In **China**, we are into the second year of our strategic partnership with China Resources Beer (CRB). Heineken® grew by strong double-digits as it continues to be rolled-out throughout CRB's strong route-to-market, entering new channels and the successful introduction of Heineken® Silver.

Europe

- Beer volume declined organically by 2.4%, driven by a decline of around 20% in the on-trade. The off-trade grew by a high-single-digit, ahead of the market across most countries. Third-party volume declined by 16.1% as wholesale operations continued to be impacted by outlet closures. The premium portfolio continued to outperform in the off-trade. Non-alcoholic propositions grew low-single-digit driven by Heineken® 0.0.
- In the **UK**, total consolidated volume was down by a low-single-digit. Beer volume returned to low-single-digit growth with double-digit growth in Heineken®, Birra Moretti

and Sol. Beer volume declined in the high-twenties in the on-trade overall with a similar performance in our Pub estate. Beer volume grew in the high-twenties in the off-trade, ahead of the market.
- In **France**, beer volume was flat during the quarter as the mid-teens decline in the on-trade was off-set by mid-single-digit growth in the off-trade. The premium portfolio grew in the low-teens driven by Desperados and Affligem.
- In **Spain**, beer volume declined in the low-teens driven by a decline in the on-trade in the mid-twenties, partially off-set by high-single-digit growth in the off-trade. Low tourism and regional lockdowns impacted the summer months.
- In **Italy**, beer volume increased by a mid-single-digit, outperforming the market, with high-single-digit growth in the off-trade partially compensated for by a low-single-digit decline in the on-trade. The premium portfolio grew around 10% with a continued strong performance from Ichnusa and Messina.
- In **Poland**, beer volume grew by a mid-single-digit, ahead of the market, supported by the strong growth of Heineken® and Desperados.
- In the **Netherlands**, beer volume was down by a mid-single-digit driven by a decline in the high-twenties in the on-trade. The off-trade grew by a high-single-digit driven by Heineken® and Affligem, outperforming the market.

REPORTED NET PROFIT

The reported net profit for 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 our markets and wider business in 2020. In April, we 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 we have 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. We are reducing all discretionary expenses while providing sufficient support behind our 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 our non-committed supply chain CAPEX remains suspended, while commercial CAPEX has resumed where it is required to support our 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

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

As part of this ambition, while maintaining our commitment to no restructuring related to COVID-19 in 2020, we will streamline our 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 our local operations will vary depending on the specific circumstances of each operating company. The process will be in close collaboration with our Employee Representatives (HEINEKEN's Group Works Council and Labour Unions).

RECENT ANNOUNCEMENTS

On 9 September, HEINEKEN announced its entry into the Peruvian beer market by acquiring local beer brand Tres Cruces and incorporating its local operating team in Lima. To support its strategy in Peru, HEINEKEN entered into a strategic partnership with AJE Group to be its local sales and distribution partner in the traditional channel.

On 17 September, HEINEKEN announced it is exploring the Hard Seltzer category with the launch of Pure Piraña in Mexico and New Zealand. It will be available in a range of up to nine different flavours to test local preferences. HEINEKEN is also exploring additional market introductions into this category.

Earlier today, HEINEKEN announced the acquisition of cider brand Strongbow from Asahi Group Holdings Limited (Asahi) in Australia, along with two other cider brands, Little Green and Bonamy's. The company will also gain the perpetual licenses on beer brands Stella Artois and Beck's in Australia. The acquisition is subject to regulatory approval and comes after a successful bid for these brands when Asahi put them up for sale as a condition from the Australian Competition and Consumer Commission for their acquisition of Carlton & United Breweries. The acquisition brings the Strongbow brand in Australia home to HEINEKEN and scales up our beer and cider portfolio in one of the world's leading beer and cider markets.

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 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
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 2020

	3Q20				
In mhl unless otherwise stated & consolidated figures unless otherwise stated	3Q19	Consolidation Impact	Organic Growth	3Q20	Organic Growth %
Africa, Middle East & Eastern Europe					
Total Consolidated Volume	12.4	—	-0.3	12.0	-2.8%
Beer Volume	10.6	—	-0.3	10.3	-2.5%
Non-Beer Volume	1.8	—	-0.1	1.7	-4.3%
Third-Party Products Volume	—	—	—	—	—
Licensed Beer Volume	*0.5*			*0.5*	
Group Beer Volume	*11.2*			*10.9*	
Americas					
Total Consolidated Volume	23.6	-0.1	0.1	23.6	0.6%
Beer Volume	21.5	-0.1	0.5	22.0	2.5%
Non-Beer Volume	2.0	—	-0.4	1.6	-18.4%
Third-Party Products Volume	0.1	—	—	0.0	-50.4%
Licensed Beer Volume	*0.3*			*0.5*	
Group Beer Volume	*23.2*			*23.9*	
Asia Pacific					
Total Consolidated Volume	7.7	—	-0.9	6.8	-12.1%
Beer Volume	7.5	—	-0.9	6.6	-12.3%
Non-Beer Volume	0.2	—	—	0.2	-2.8%
Third-Party Products Volume	—	—	—	—	—
Licensed Beer Volume	*0.7*			*0.8*	
Group Beer Volume	*18.1*			*16.8*	
Europe					
Total Consolidated Volume	30.0	—	-1.2	28.8	-4.0%
Beer Volume	24.6	—	-0.6	24.0	-2.4%
Non-Beer Volume	3.1	—	-0.3	2.9	-8.1%
Third-Party Products Volume	2.3	—	-0.4	2.0	-16.1%
Licensed Beer Volume	*0.2*			*0.2*	
Group Beer Volume	*25.5*			*24.9*	
Heineken N.V.					
Total Consolidated Volume	73.7	-0.1	-2.3	71.3	-3.2%
Beer Volume	64.2	-0.1	-1.2	62.9	-1.9%
Non-Beer Volume	7.1	—	-0.7	6.4	-9.9%
Third-Party Products Volume	2.4	—	-0.4	2.0	-16.8%
Licensed Beer Volume	*1.7*			*2.1*	
Group Beer Volume	*78.0*			*76.6*	

Volume Metrics: First nine months 2020

	YTD 3Q20				
In mhl unless otherwise stated & consolidated figures unless otherwise stated	YTD 3Q19	Consolidation Impact	Organic Growth	YTD 3Q20	Organic Growth %
Africa, Middle East & Eastern Europe					
Total Consolidated Volume	36.8	—	-4.1	32.7	-11.2%
Beer Volume	32.1	—	-3.7	28.4	-11.5%
Non-Beer Volume	4.6	—	-0.4	4.2	-8.7%
Third-Party Products Volume	0.1	—	—	0.0	-37.3%
Licensed Beer Volume	*1.7*			*1.5*	
Group Beer Volume	*34.1*			*30.3*	
Americas					
Total Consolidated Volume	69.1	-0.1	-7.5	61.6	-10.9%
Beer Volume	62.3	-0.1	-5.6	56.6	-9.0%
Non-Beer Volume	6.7	—	-1.9	4.8	-28.2%
Third-Party Products Volume	0.1	—	—	0.1	-20.3%
Licensed Beer Volume	*1.0*			*1.3*	
Group Beer Volume	*67.1*			*62.3*	
Asia Pacific					
Total Consolidated Volume	23.2	-0.6	-1.7	21.0	-7.2%
Beer Volume	22.7	-0.6	-1.6	20.5	-7.3%
Non-Beer Volume	0.5	—	—	0.5	-3.9%
Third-Party Products Volume	—	—	—	—	—
Licensed Beer Volume	*1.2*			*2.0*	
Group Beer Volume	*37.5*			*42.4*	
Europe					
Total Consolidated Volume	77.6	0.4	-6.8	71.2	-8.8%
Beer Volume	63.2	0.4	-3.7	59.9	-5.9%
Non-Beer Volume	8.2	—	-1.1	7.1	-12.8%
Third-Party Products Volume	6.2	—	-2.1	4.2	-33.2%
Licensed Beer Volume	*0.6*			*0.6*	
Group Beer Volume	*65.5*			*62.1*	
Heineken N.V.					
Total Consolidated Volume	206.8	-0.2	-20.1	186.4	-9.7%
Beer Volume	180.3	-0.2	-14.6	165.4	-8.1%
Non-Beer Volume	20.1	—	-3.4	16.7	-16.8%
Third-Party Products Volume	6.4	—	-2.1	4.3	-32.9%
Licensed Beer Volume	*4.5*			*5.4*	
Group Beer Volume	*204.3*			*197.1*	