Heineken N.V. reports 2020 full year results and shares updates on "EverGreen" strategic review

Amsterdam, 10 February 2021 - Heineken N.V. (EURONEXT: HEIA; OTCQX: HEINY) announces:

2020 full year results highlights:

- Net revenue (beia) organic growth -11.9%; per hectolitre -2.4%
- Consolidated beer volume -8.1% organically
- Heineken® volume resilient -0.4%
- Operating profit (beia) organic growth -35.6%, margin 12.3% (-455 bps)
- Net profit (beia) €1,154 million, -49.4% organically
- Diluted EPS (beia) €2.00 (2019: €4.38)

EverGreen strategic review update:

- Deliver superior and profitable growth in a fast-changing world
- Placing consumers and customers at the core, enhance our portfolio and strengthen our digital route to consumer
- Raise the bar on sustainability and on our people agenda
- Step up in productivity starting with €2 billion gross savings through 2023 to fund our journey
- Restore operating profit margin (beia) to around 17% by 2023 and gear for operating leverage beyond

CEO STATEMENT

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

"In a year of unprecedented disruption and transition, our teams rose to the occasion and quickly adapted while not losing sight of the need to continue investing for the future. The impact of the pandemic on our business was amplified by our on-trade and geographic exposure. We took diligent cost mitigation actions balanced with continued investment behind our growth platforms. We gained share in most of our key operations, a testimony to our ability to adapt and stay close to our customers and consumers in these turbulent times. The Heineken® brand was a bright star, with a continued outstanding performance in Brazil. I applaud the dedication and resilience of our employees and their commitment to support each other, our customers and communities over the past year.

While navigating the crisis, we are building our future. EverGreen leverages both our strengths and new opportunities to chart our next chapter of growth. We aspire to deliver superior and profitable growth in a fast changing world. Firmly putting customers and consumers at the core we aim to continually enhance and expand our portfolio and footprint. We are stepping up our focus on continuous productivity improvements and raising our environmental and social sustainability ambitions. All of this gives us confidence that we will continue to deliver long-term value for all our stakeholders."

FINANCIAL SUMMARY[1]

IFRS Measures	€ million	Total growth	BEIA Measures	€ million	Organic growth[2]
Revenue	23,770	-16.7%	Revenue (beia)	23,770	-11.3%
Net revenue	19,715	-17.7%	Net revenue (beia)	19,724	-11.9%
Operating profit	778	-78.6%	Operating profit (beia)	2,421	-35.6%
			Operating profit (beia) margin (%)	12.3%	
Net (loss)	(204)	-109.4%	Net profit (beia)	1,154	-49.4%
Diluted EPS (in €)	(0.36)	-109.5%	Diluted EPS (beia) (in €)	2.00	-54.3%
			Free operating cash flow	1,513	
			Net debt / EBITDA (beia)[3]	3.4x	

[1] Consolidated figures are used throughout this report, unless otherwise stated; please refer to the Glossary for an explanation of non-GAAP measures and other terms used throughout this report.
[2] Organic growth shown, except for Diluted EPS (beia) which is total growth.
[3] Includes acquisitions and excludes disposals on a 12 month pro-forma basis.

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NAVIGATING THE CRISIS WHILE BUILDING THE FUTURE

From the onset of the pandemic, people's health and safety have been our highest priority. To support our employees in doing their jobs safely, we established robust COVID-19 preventive measures including working from home where possible, social distancing, strict personal hygiene and disinfection protocols, and providing adequate personal protective equipment.

We also supported our customers, suppliers and the communities most impacted by the pandemic. We assisted customers with advice, re-opening tools, stock returns and helped them set up online delivery. We supported them financially, for example, by waiving close to €50 million in rental payments. We raised over €10 million to support 50,000 outlets across 21 countries through our Back the Bars initiative. We continued to pay all suppliers on time and reduced payment terms to various small suppliers.

We provided twenty-three million Euros worth of pandemic relief to support front-line medical workers in the communities where we operate, including drinking water, non-alcoholic beverages, hand sanitiser, and monetary contributions. These included a €15 million donation to the International Red Cross. In Mexico, we announced a dry ice donation of 55 tons to help safely transport vaccines at low-temperatures. The de Carvalho-Heineken family together with their holding company donated €10 million to eight charities supporting the COVID-19 relief efforts.

Our people adapted quickly and took decisive actions to guarantee business continuity. We entered the crisis with a strong balance sheet and took immediate steps to strengthen our liquidity. We took action to swiftly reduce discretionary expenses and mitigate the impact on our business performance while protecting the future. Our commercial teams reallocated resources across channels and brands, increasing their focus on off-trade customers. We accelerated the deployment of our e-commerce platforms, capitalising on digitalisation trends as consumers and customers shopped online. Our supply chain teams demonstrated great agility to adapt to a radically different and volatile environment with excellent efficiency and minimum disruptions. As a result, we outperformed the market in most of our key markets.

In parallel, our colleagues in support functions adapted quickly to working from home, produced timely rolling-forecasts to inform decisions and managed eight, remotely supported, deployments of our standardised ERP platforms in Africa, Asia and the Caribbean.

Finally, we continued to shape our business for growth, with our entry into Peru, the acquisition of Strongbow in Australia, and the restructuring of our Philippines' business.

TOP-LINE PERFORMANCE

COVID-19 continues to have a material impact on our top-line performance, affecting all geographies and markets as governments across the world took measures to mitigate the contagion including restricted population movement, social distancing, outlet closures and temporary lockdowns of production facilities.

Net revenue (beia) declined 11.9% organically, with a 9.8% decrease in total consolidated volume and a 2.4% decrease in net revenue (beia) per hectolitre due to country mix effects and non-volume related revenue decline. The underlying price mix on a constant geographic basis was broadly flat for the full year. Currency translation negatively impacted net revenue (beia) by €1,259 million or 5.3%, mainly driven by the Brazilian Real, the Mexican Peso, the Nigerian Naira, the Russian Rouble and the South African Rand.

The second half of the year benefited from a good summer with some easing of operating constraints including in the European on-trade. Net revenue (beia) decreased 7.8%. Total consolidated volume declined 6.4% and net revenue (beia) per hectolitre was down 1.5% (2H19:

3.6% up). Underlying price mix was up 1.0% (2H19: 3.2%) driven by Brazil, Mexico, Ethiopia and Nigeria more than offsetting the negative channel mix in Europe.

Consolidated beer volume decreased 8.1% organically for the full year. Our premium beer volume outperformed the broader portfolio in the majority of our markets with a mid-single digit decline overall. The fourth quarter reflects the impact of renewed restrictions in all regions, especially in Europe with the closing of the on-trade.

Consolidated beer volume *(in mhl)*	**4Q20**	4Q19	Organic growth	**FY20**	FY19	Organic growth
Heineken N.V.	**56.2**	61.1	-7.9%	**221.6**	241.4	-8.1%
Africa Middle East & Eastern Europe	**11.2**	11.5	-2.9%	**39.6**	43.7	-9.2%
Americas	**22.5**	23.3	-3.5%	**79.1**	85.6	-7.5%
Asia Pacific	**7.6**	8.4	-9.6%	**28.1**	31.1	-7.9%
Europe	**14.8**	17.8	-16.3%	**74.8**	81.0	-8.2%

Heineken® volume declined marginally by 0.4%, significantly outperforming the total market and our overall beer portfolio. The brand grew double-digits in 25 markets including Brazil, China, the UK, Poland, Singapore, Nigeria, Germany, Chile, Ivory Coast, Laos, and South Korea. **Heineken® 0.0** grew strong double-digits with growth in all regions and an outstanding performance in Brazil, Mexico, and the USA. Heineken® 0.0 is now rolled-out in 84 markets.

Heineken® volume *(in mhl)*	**4Q20**	Organic growth	**FY20**	Organic growth
Total	**10.7**	-4.3%	**41.8**	-0.4%
Africa Middle East & Eastern Europe	**1.7**	-20.2%	**5.6**	-23.0%
Americas	**4.4**	15.6%	**15.9**	18.7%
Asia Pacific	**1.9**	-0.1%	**6.4**	0.6%
Europe	**2.7**	-19.1%	**13.9**	-7.1%

The **international brand portfolio** had a mixed performance across brands and markets. Desperados grew double-digits driven by France, Poland, the Netherlands and Ivory Coast. Birra Moretti grew slightly as strong growth in the UK and Romania more than offset the decrease in Italy. Tiger volume was soft in Vietnam, outperforming the total market, and the brand grew strongly in Nigeria and South Korea. Amstel declined driven by Europe and South Africa despite double-digit growth in Brazil and Mexico. Sol declined driven by Mexico but grew double-digits in the UK, Chile and Argentina. Edelweiss declined in Europe but showed strong growth in South Korea.

Cider volume declined in the high-teens to 4.6 million hectolitres (2019: 5.6 million), due to pub closures in the UK and alcohol sales restrictions in South Africa. Strongbow grew double-digits in Mexico and Russia.

Low & No-Alcohol (LONO) volume decreased slightly, delivering 14.0 million hectolitres (2019: 14.1 million) and outperforming the overall portfolio in most of our markets. The no-alcohol portfolio grew mid-single-digit, driven by Heineken® 0.0 globally and Maltina in Nigeria.

We entered the **Hard Seltzer** category with Pure Piraña in Mexico and New Zealand in September and more launches will come in 2021. In Mexico, Pure Piraña is the first nationwide seltzer brand available across all channels, complemented by Amstel Ultra Seltzer, launched in January 2021. In the USA, together with AriZona we announced the launch of AriZona SunRise Hard Seltzer in 2021.

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Our **e-commerce platforms** showed strong growth as digitalisation trends accelerated, consumers changed shopping patterns and customers adapted to new realities.

- **Beerwulf**, our direct-to-consumer platform in Europe, nearly doubled its revenues. All markets grew strongly, most notably the UK where revenues tripled. Online sales of our home-draught systems the Sub and Blade grew in the mid-double-digits.
- All together our **direct-to-consumer platforms** Beerwulf, Six2Go and Drinkies tripled the number of orders from consumers in the year.
- We continued to deploy our **business-to-business digital platforms** at speed. We are operational in 25 markets covering more than €1 billion of our net revenue as we connect more than 100,000 customers in traditional channels.
- Our platforms also include **digital connections** to cashier systems and on-trade equipment, including fridges and draught beer columns. By the end of 2020, we connected to more than 130,000 customers globally.

SUSTAINABILITY AND RESPONSIBILITY

2020 was an unprecedented year in which we continued to advance against all our sustainable development ambitions, with people's health and safety at the heart of our response to the pandemic. 2020 also marked an inflexion point as we concluded our decade-long **Brewing a Better World** commitments and paved the way for our next phase of sustainability and responsibility ambitions.

Over the last decade we made significant progress on all six of our focus areas, designed to support the UN Sustainable Development Goals, including to promote health and safety in our operations, protect our water resources, reduce CO_2 emissions, source sustainably, advocate responsible consumption, and grow with the communities where we operate.

For years, we have been a staunch advocate for making moderate consumption cool by targeting an investment of 10% of Heineken® media spend to support **responsible consumption** campaigns in every market where we sell and advertise Heineken®. One of our key platforms is the Heineken® Formula 1 partnership to promote "When You Drive, Never Drink". In 2020, we complemented this campaign with Heineken® 0.0, offering consumers an alternative no-alcohol option if they do need to drive. Given the exceptional circumstances in 2020, we redirected part of our 10% Heineken® media investments from 'responsible consumption' to 'socialise responsibly' campaigns, reminding consumers to embrace social distancing and other safety measures.

Our **carbon emissions** in production reduced a further 3.0% in 2020 to 5.1 kilograms of CO_2 per hectolitre produced bringing the total reduction to 51% since 2008. After meeting our targetted carbon emission reduction in production early, we launched our 'Drop the C' programme in 2018 to reduce CO_2 emissions with a target to power our production facilities with 70% renewable thermal and electrical energy by 2030. In 2020, we reached 22% renewable energy in our production facilities, through wind and solar power, and sustainable biomass projects. Heineken® is now brewed with 100% green energy in the Netherlands and Brazil for the domestic markets.

We reduced **water usage** by a third since 2008 to 3.4 hectolitres of water per hectolitre produced and 3.1 hectolitres in water-stressed areas, two years ahead of plan. In March 2019, we introduced our 2030 water ambition 'Every Drop', which looks beyond traditional water efficiency metrics to put the health of local watersheds front and centre. Ten production sites located in Mexico, Spain and Egypt replenished more water in the respective watersheds than used in their final products through nature-based solutions and infrastructure improvement projects.

We significantly increased our raw materials from **sustainable sources** to 58% (2019: 37%), exceeding our 2020 target. Although we slightly increased our local sourcing percentage of agricultural supplies in Africa to 45% (2019: 44%), it remained below the 60% target for 2020.

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On **safety**, we further reduced accident frequency by 31% versus last year to 0.58 per 100 FTE, surpassing our 2020 target.

In addition to our Brewing a Better World programme, we use the power of our **diversity** as the most international brewer to create a more **inclusive** work environment. At the end of 2020, there were 61 nationalities (2016: 53) and 23% female representation among our senior managers (2016: 17%). We continue to leverage our brands' strength as a force for good and build strong marketing campaigns to raise awareness on crucial societal issues, such as the Heineken® #CheersToAll campaign addressing gender stereotypes.

In 2021 we will continue to Raise the Bar on responsible consumption, environmental and social sustainability and will announce a new 2030 ambition for Brewing a Better World.

More details on our Sustainability and Responsibility programmes and progress will be available on our website and in our 2020 Annual Report.

OPERATING PROFIT PERFORMANCE

Operating profit was materially impacted by the negative consequences of COVID-19, partially offset by significant mitigation actions.

Operating profit (beia) declined 35.6% organically, with all regions in decline. **Operating profit** declined 78.6%. More than 90% of the organic operating profit (beia) decline was driven by Europe, Mexico, South Africa and Indonesia. Currency translation negatively impacted operating profit (beia) by €129 million or 3.2%, mainly driven by the Brazilian Real and the Mexican Peso.

The operating profit decline in **Europe** was amplified by an over 40% volume decline in the on-trade. HEINEKEN has a strong position in the on-trade channel across Europe, including wholesale in several markets and pubs in the UK.

In **Mexico**, beer volume declined in the mid-teens. Operations were suspended throughout most of the second quarter and faced operating restrictions throughout the year.

In **South Africa**, total volume declined in the thirties as our strong momentum was disrupted by a COVID-related suspension of all alcohol companies in the second quarter, a ban on the sale of alcohol during July and August, and impacts to various supply chain expansion projects that constrained our capacity in the second part of the year.

In **Indonesia**, total volume declined in the forties given the impact of lockdowns throughout most of the year and the absence of international tourism in the key Bali region.

Input costs per hectolitre increased by around 10% essentially driven by the negative impact of channel and product mix and to a lesser extent by transactional currency effects. Commodity prices had a slight positive impact.

Other incremental expenses included higher depreciation from previous year investments, provisions for credit losses, safety & protection equipment, donations and other forms of support to our customers and communities.

We implemented **cost mitigating actions** throughout the year, reducing all discretionary expenses, pausing projects, and cancelling senior managers' bonuses. These actions resulted in a net organic reduction of circa €800 million of other expenses (beia). This excludes the effects on input costs, goods for resale, transport and depreciation. Most of these cost mitigation actions are by nature non-repeating benefits.

For more details, please refer to the Financial Review.

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EXCEPTIONAL ITEMS AND IMPAIRMENTS

The impact of exceptional items and amortisation of acquisition-related intangibles (eia) was €1,643 million (2019: €387 million) on operating profit and €1,358 million (2019: €351 million) on net profit.

This included **impairments** (net of reversal) of €963 million in tangible and intangible assets in operating profit. The impact of the crisis in developing economies and the on-trade restrictions in some developed economies triggered the need for impairment reviews. These resulted in impairments in Papua New Guinea (€246 million), Lagunitas (€230 million), various individual UK pubs (€191 million), Jamaica (€100 million, net of reversal) and various other smaller impairment charges, of which €96 million in Africa, Middle East and Eastern Europe and €61 million in the Americas. For more details on the exceptional items and impairments, please refer to the Financial Review.

Exceptional items also included **restructuring** costs of €331 million, essentially associated with the organisational restructuring being implemented across our markets during 2021.

NET PROFIT AND LOSS

Net profit (beia) decreased 49.4% organically to €1,154 million (2019: €2,517 million). The decrease was higher than the decline in operating profit (beia) due to higher net finance expenses and the lower relative decline in minority interest. Currency translation negatively impacted net profit (beia) by €67 million or 2.7%, mainly driven by the Brazilian Real and the Mexican Peso. **Net loss** after exceptional items and amortisation of acquisition-related intangibles was €204 million (2019: €2,166 million profit).

TOTAL DIVIDEND FOR 2020

The Heineken N.V. dividend policy is to pay a ratio of 30% to 40% of full year net profit (beia). For 2020, a total cash dividend of €0.70 per share, representing a decrease of 58.3% (2019: €1.68), and a payout ratio of 34.9%, in the middle of the range of our policy, will be proposed to the Annual General Meeting on 22 April 2021 ("2021 AGM"). If approved, the full dividend will be paid on 6 May 2021, as no interim dividend was paid during 2020. The payment will be subject to a 15% Dutch withholding tax. Due to the reported net loss in 2020, the proposed dividend will be paid out of the equity reserves. The ex-dividend date for Heineken N.V. shares will be 26 April 2021.

2021 OUTLOOK STATEMENTS

Overall the COVID-19 pandemic and governments' measures continue to have a material impact on our markets and business. 2021 started with many restrictions across our markets, including on-trade closures and restrictions to travel. In Europe in particular, we estimate that at the end of January 2021, less than 30% of on-trade outlets were operating. Product and channel mix is expected to continue to adversely impact results, especially in Europe.

According to the World Health Organisation, the effect of vaccines on the pandemic will depend on several factors including their effectiveness, speed of their approval, manufacturing and delivery and the number of people getting vaccinated. As such, we expect the pandemic to continue to impact our business in the first half of 2021 and market conditions to gradually improve in the second part of the year.

Input costs per hectolitre are expected to be volatile due to channel and product mix effects. Based on our hedged positions for 2021, we expect a significantly higher negative transactional currency impact on input costs.

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The EverGreen programme will be in full deployment.

Overall we expect revenue, operating profit and operating profit margin to stay below the level of 2019.

We also anticipate:

- An average effective interest rate (beia) broadly in line with 2020 (2020: 3.0%)
- Capital expenditure related to property, plant and equipment and intangible assets of around €1.8 billion (2020: €1.6 billion).
- The effective tax rate (beia) to stay above 2019 level due to the effect of fixed cost components in the tax line.

TRANSLATIONAL CURRENCY CALCULATED IMPACT

The translational currency impact for 2020 was negative, amounting to €1,259 million on net revenue (beia), €129 million at operating profit (beia) and €67 million at net profit (beia).

Applying spot rates as of 8 February 2021 to the 2020 financial results as a baseline, we calculate a negative currency translational impact of approximately €480 million in net revenue (beia), €70 million at operating profit (beia) and €30 million at net profit (beia).

EVERGREEN

In the second half of 2020, we embarked on a strategic review, listening to and engaging with a wide range of internal and external stakeholders. We named our journey EverGreen, drawing inspiration from nature's resilience and constant adaptation and renewal.

With EverGreen, we aim to emerge stronger from the COVID-19 crisis and build on our unique strengths to deliver superior and profitable growth in a fast-changing world. We pursue a growth algorithm that translates superior growth and continuous productivity improvements into purposeful investments and operating leverage while raising the bar on environmental sustainability, responsible consumption and our people strategy.

We provide an update of our progress below. The programme is on-going and we will provide further updates in the future.

Our unique strengths and opportunities

HEINEKEN's many strengths form a solid foundation to build upon, including:

- A strong track-record of superior top-line growth
  - The iconic Heineken® brand
  - A footprint skewed towards growth
  - A winning premium brand portfolio in a world where premium is poised to outperform
  - A global leadership in non-alcoholic beer, a segment with much potential for growth
- A distinctive entrepreneurial model centred on our local operations
- Our HEINEKEN values and culture centred on quality and people, and
- Our long-term focus rooted in our 156 year history.

HEINEKEN is a superior growth company, with significant value creation potential going forward:

- Enhance our portfolio and strengthen our digital route to consumer, with consumers and customers at the core
- Complement growth with increased productivity focus
- Accelerate IT simplification and capture full e-commerce potential

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- Raise our Brewing a Better World ambition towards 2030
- Drive speed, agility and external orientation in our organisation

Our way forward

As our markets recover, we aim to deliver **superior top-line growth** with a sharpened consumer- and customer-focused strategy across five dimensions:

- Expand and develop our footprint to maintain our growth advantage
- Focus and expand our portfolio to better serve consumers
- Shape and strengthen our route to consumer digitally
- Scale execution excellence through commercial capability building
- Drive intentional resource allocation towards growth.

We will **expand and develop our footprint** by strengthening our #1 and #2 positions and continuously expanding into new growth markets via greenfields and partnerships. We have also started to take action to resolve a number of value dilutive operations in our current footprint.

Regarding our brand portfolio, we will **amplify our strong premium position** by winning value share with Heineken®, everywhere; scale and replicate the success of our international brands; and make fewer, bigger bets in local premium brands. We will also **stretch beer and move beyond beer**, innovating to serve consumers better. We will make 0.0% beer available everywhere, always, with Heineken® 0.0 and no-alcohol options across our entire portfolio. We will expand beer to meet new consumer needs and occasions and move beyond beer to serve consumers better. For example, on 17 September 2020, we announced the launch of Pure Piraña in Mexico and New Zealand, exploring the Hard Seltzer category.

We aim to **become the best connected brewer**, digitally enabling and strengthening our route to consumer. We will connect all our customers through our business-to-business platforms, reaching €10 billion net revenue by 2025 in traditional channels. Our entire sales force will be digitally empowered by 2023. We will continue to invest selectively in direct-to-consumer platforms and touch all consumers with Individual Data Driven Marketing.

Continuous productivity improvements will fuel the investments required to support our growth strategy. We are building a cost management capability to continuously develop initiatives and cultivate a cost-conscious culture. At the end of 2020, we launched an initial productivity programme of €2 billion gross savings by 2023 which we estimate will have a cost to achieve of approximately €500 million OPEX and €400 million CAPEX. The programme will be key to restore our marketing and spend levels, front-load investments in digital and technology and mitigate the incremental costs from accumulated inflation and significant transactional currency costs. This cost management capability will gear us for operating leverage beyond 2023.

The initiatives to deliver the €2 billion gross savings are concentrated in three key productivity areas:

- An organisational redesign in 2021 to be more efficient and effective
- An efficiency programme to reduce complexity and number of SKUs, reduce conversion costs in production and optimize logistics
- A commercial productivity programme tackling our least effective spend, fully reinvesting the productivity gains

Regarding the **organisational redesign**, on 28 October 2020, HEINEKEN announced a review of the effectiveness and efficiency of its organisations at head-office, regional offices and each of our local operations. The overall restructuring programme will reduce our employee base by c.8,000 people, with a total restructuring charge of around €420 million[1] and run-rate direct savings on personnel expenses of c.€350 million. The timelines of restructuring will vary depending on the specific circumstances of each of our local operations, including a reduction of the personnel costs at the head-office by a run-rate of c.20% to be implemented at the end of the first quarter of 2021.

Our productivity programme enables **accelerated investments** with **sharpened resource and capital allocation**, in particular:

- We will drive efficiency of our consumer and customer-focused investments, restoring our marketing and sales spend as a percentage of net revenue (beia) to the levels of 2019 by latest 2023, fully reinvesting all commercial productivity gains
- We will front-load investments to accelerate our digital & technology transformation, including our digital route to consumer, digital core & backbone, advanced analytics and global data hubs
- We will sharpen our resource allocation within and across our local operations
- Will maintain our disciplined use of capital, maintain a strong balance sheet and remain committed to bringing back our Net Debt to EBITDA (beia) ratio below 2.5x.

Finally, we will Raise the Bar on responsible consumption, environmental and social sustainability and will introduce a renewed ambition for this decade in the coming months. We will also step-up on our people strategy, to be more externally oriented, boost capability building and enhance disciplined entrepreneurship in our operating model.

Long term value creation

As we charted this next growth chapter we have made some general assumptions on the recovery.

We expect market conditions to gradually improve in the second part of 2021 and to continue improving into 2022, with significant differences across markets and channels. In particular, we see a slow recovery of the on-trade channel in Europe.

With EverGreen we aim to create long-term value for all our stakeholders by delivering superior top-line growth, restoring margins and gearing for operating leverage. As we recover from the crisis, we expect to achieve an operating profit margin (beia) of around 17% by 2023 and to continue to drive operating leverage thereafter.

For more details, please join us for the presentation of EverGreen today during our video webcast. Details on the next page.

SUPERVISORY BOARD COMPOSITION

HEINEKEN will make a non-binding nomination for Mr Maarten Das' re-appointment and the new appointment of Mr Nitin Paranjpe as member of the Supervisory Board of Heineken N.V. Both appointments will be for a four-year term and subject to shareholder approval at the Annual General Meeting in 2021 ('the 2021 AGM'). Mr Paranjpe, Chief Operating Officer of Unilever with extensive FMCG experience, particularly in Asia, will be a strong successor for Mr Christophe Navarre, who will reach his maximum tenure upon conclusion of the 2021 AGM. The Supervisory Board is grateful for Mr Navarre’s commitment and meaningful contribution over the past twelve years.

In December 2020, the Supervisory Board decided to install a Sustainability & Responsibility Committee to increase the focus and oversight of the overall Company strategy and performance related to environmental sustainability, social sustainability and responsible consumption. This Committee comprises Mr Fernández Carbajal (Chairman), Mr de Carvalho, Mrs Mars Wright, Mrs

[1] In 2020 restructuring costs amounted to €331 million, mainly related to this programme. For more details see page 20.

Ripley and upon his appointment by the 2021 AGM, Mr Paranjpe. Consequently, the Supervisory Board decided to discontinue and absorb the Americas Committee's responsibilities and supervise all regions alike going forward.

ENQUIRIES

Media	Investors
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INVESTOR CALENDAR HEINEKEN N.V.

Combined financial and sustainability annual report publication	19 February 2021
Trading Update for Q1 2021	21 April 2021
Annual General Meeting of Shareholders	22 April 2021
Half Year 2021 Results	02 August 2021
Quotation ex-interim dividend 2021	04 August 2021
Interim dividend payable	11 August 2021
Trading Update for Q3 2021	27 October 2021

CONFERENCE CALL DETAILS

HEINEKEN will host an analyst and investor video webcast about its 2020 FY results combined with an update on the on-going strategic review at 14:00 CET/ 13:00 GMT/ 08.00 EST. The live video webcast will be accessible via the company's website: https://www.theheinekencompany.com/investors/results-reports-webcasts-and-presentations. An audio replay service will also be made available after the webcast at the above web address. Analysts and investors can dial-in using the following telephone numbers:

United Kingdom (Local): 020 3936 2999
Netherlands: 085 888 7233
USA: 1 646 664 1960
All other locations: +44 20 3936 2999
Participation password for all countries: 293180

Editorial information:

HEINEKEN is the world's most international brewer. It is the leading developer and marketer of premium and non-alcoholic 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 84,000 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 may contain price-sensitive 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.

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REGIONAL OVERVIEW

Net revenue (beia) *(in € million)*	**FY20**	FY19	Organic growth
Heineken N.V.	**19,724**	23,894	-11.9%
Africa Middle East & Eastern Europe	**2,782**	3,370	-9.5%
Americas	**6,319**	7,429	-2.9%
Asia Pacific	**2,707**	3,205	-11.5%
Europe	**8,631**	10,629	-18.8%
Head Office & Eliminations	**-716**	-740	

Operating profit (beia) *(in € million)*	**FY20**	FY19	Organic growth
Heineken N.V.	**2,421**	4,020	-35.6%
Africa Middle East & Eastern Europe	**264**	408	-33.8%
Americas	**1,045**	1,204	-4.8%
Asia Pacific	**867**	1,085	-16.4%
Europe	**447**	1,436	-68.6%
Head Office & Eliminations	**-202**	-114	

Developing markets FY20

(in mhl or € million unless otherwise stated)	Group beer volume	Group net revenue (beia)	Group operating profit (beia)[1]
Developing markets in:	174.9	10,942	1,800
Africa Middle East & Eastern Europe	40.9		
Latin America & the Caribbean	72.4		
Asia Pacific	53.7		
Europe	7.9		
% of Group	66%	49%	62%

[1] Excludes Head Office & Eliminations

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Africa Middle East & Eastern Europe

Key financials *(in mhl or € million unless otherwise stated)*	**FY20**	FY19	Total growth	Organic growth
Net revenue (beia)	**2,782**	3,370	-17.4%	-9.5%
Operating profit (beia)	**264**	408	-35.3%	-33.8%
Operating profit (beia) margin	**9.5%**	12.1%	-262 bps	
Total consolidated volume	**45.4**	49.9	-9.1%	-9.1%
Beer volume	**39.6**	43.7	-9.2%	-9.2%
Non-Beer volume	**5.7**	6.2	-7.7%	-7.7%
Third party products volume	**0.1**	0.1	-28.6%	-28.6%
Licensed beer volume	*2.1*	*2.4*		
Group beer volume	*42.2*	*46.5*		

Consolidated beer volume declined 9.2% organically mainly driven by South Africa, Russia, and Ethiopia. The premium portfolio outperformed the broader portfolio in most key markets other than South Africa and Rwanda.

Net revenue (beia) declined 9.5% organically, with total consolidated volume down 9.1% and net revenue (beia) per hectolitre down marginally. Price mix was up 2.2% on a constant geographic basis driven by Nigeria, Ethiopia and the DRC. Currency translation negatively impacted net revenue (beia) by €267 million or 7.9% mainly driven by the Nigerian Naira, the Russian Rouble and the South African Rand.

Operating profit (beia) declined 33.8% driven by South Africa, Russia and Egypt. Currency translation negatively impacted operating profit (beia) by €11 million or 2.7% mainly due to the Ethiopian Birr and the Nigerian Naira.

In **Nigeria**, beer volume recovered strongly in the second half of the year delivering low-single-digit growth for the full year, ahead of the market. The premium portfolio grew double-digits, led by Heineken® and Tiger. Desperados was launched at the end of the year. Our low- and non-alcoholic portfolio grew by a mid-single-digit, with strong growth from Maltina including the launch of two new flavours.

In **Russia**, beer volume decreased by a high-single-digit mainly due to destocking effects and lower pricing from competitors. The premium portfolio declined by a low-single-digit with growth in Dr Diesel and Staropramen offset by declines in Heineken® and Miller. Our low- and non-alcoholic portfolio remained flat, whilst cider grew double-digits driven by Mr Lis, a Russian version of Orchard Thieves.

In **South Africa**, total volume declined in the thirties as our strong momentum was disrupted by the alcohol bans and impacts to various supply chain expansion projects that constrained our capacity. Heineken® 0.0 continued to grow strongly and became the market leader in the no-alcohol category. Our proprietary technology cashier systems are now connected to more than 15 thousand outlets. Another ban on alcohol sales was introduced from late December to the start of February 2021.

In **Ethiopia**, while beer volume declined in the high-teens we outperformed the market. Social unrest in parts of the country and a steep excise duty increase impacted the overall market volume. The premium portfolio continued to deliver double-digit growth driven by Bedele Special.

In **Egypt**, total volume decreased in the low-teens driven by tourism restrictions. Our low- and non-alcoholic portfolio grew by a low-single-digit.

In **Ivory Coast**, beer volume grew double-digits, driven by the local production of Desperados. Beer volume also grew in **Burundi** and **Rwanda**. We began local production of Heineken® in the **DRC** and **Mozambique**.

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Americas

Key financials *(in mhl or € million unless otherwise stated)*	**FY20**	FY19	Total growth	Organic growth
Net revenue (beia)	**6,319**	7,429	-14.9%	-2.9%
Operating profit (beia)	**1,045**	1,204	-13.2%	-4.8%
Operating profit (beia) margin	**16.5%**	16.2%	33 bps	
Total consolidated volume	**86.0**	94.7	-9.2%	-9.1%
Beer volume	**79.1**	85.6	-7.6%	-7.5%
Non-Beer volume	**6.7**	8.9	-24.7%	-24.7%
Third party products volume	**0.1**	0.2	-32.7%	-32.7%
Licensed beer volume	*2.1*	*1.7*		
Group beer volume	*89.0*	*92.7*		

Consolidated beer volume declined 7.5% organically mainly driven by Mexico. The premium portfolio grew high-single-digit led by Heineken® in Brazil. The low- and non-alcoholic portfolio grew in the mid-teens mainly due to the strong performance of Heineken® 0.0. Non-beer volume declined 24.7% following the continued portfolio rationalisation of low-margin products in Brazil.

Net revenue (beia) declined 2.9% organically, with total consolidated volumes down 9.1% and net revenue (beia) per hectolitre up 6.9%. Price mix was up 6.8% on a constant geographic basis, driven by Brazil, Mexico and the USA. Unfavourable currency developments impacted net revenue by €896 million or 12.1%, primarily driven by the Brazilian Real and the Mexican Peso.

Operating profit (beia) decreased by 4.8% organically, with the decline in Mexico and Brazil partially offset by growth in the USA. Currency translation negatively impacted operating profit (beia) by €97 million or 8.1%, primarily from Mexico and Brazil.

In **Mexico**, beer volume declined in the mid-teens as our operations were suspended for most of the second quarter and faced operating restrictions the rest of the year. We focused on value and grew net revenue per hectolitre (beia) close to twice the inflation rate. The premium and low- and non-alcoholic portfolios outperformed the wider portfolio driven by Amstel Ultra and Heineken® 0.0 respectively. Cider volume grew double-digits. We launched Pure Piraña hard seltzer in three flavours.

In **Brazil**, beer volume was flat, as we reached maximum capacity in the last quarter of the year and led the market with two price increases. The premium and mainstream portfolios grew double-digits and now represent half of our total beer portfolio. Heineken® grew in the forties and Devassa and Amstel continued their momentum. The economy portfolio declined in the mid-teens. Heineken® 0.0 was successfully launched in July 2021 and is already the third largest market globally for Heineken® 0.0. The expansion of our Ponta Grossa brewery is expected to be completed in the second quarter of 2021. On 17 December 2020, HEINEKEN Brazil announced its intention to build its first brewery in the state of Minas Gerais.

In the **USA**, beer volume declined by a mid-single-digit, impacted by supply disruptions from Mexico and on-premise closures. Heineken® delivered its best performance in more than a decade growing by a low-single-digit. The growth came both from Heineken Original and the strong performance of Heineken® 0.0, now the number one non-alcoholic brand in the market. Together with AriZona we announced the launch of AriZona SunRise Hard Seltzer in 2021. We are testing other seltzers innovations in selected states.

We entered **Peru** by acquiring local brand Tres Cruces and entering a strategic partnership with AJE Group to be our local sales and distribution partner in the traditional channel. In **Ecuador**, we launched Heineken® and Amstel and commissioned a canning line at our Guayaquil brewery. In **Canada**, we extended our distribution and sales partnership with Molson Coors until 2025.

Asia Pacific

Key financials *(in mhl or € million unless otherwise stated)*	**FY20**	FY19	Total growth	Organic growth
Net revenue (beia)	**2,707**	3,205	-15.5%	-11.5%
Operating profit (beia)	**867**	1,085	-20.0%	-16.4%
Operating profit (beia) margin	**32.0%**	33.8%	-181 bps	
Total consolidated volume	**28.7**	31.8	-9.7%	-7.9%
Beer volume	**28.1**	31.1	-9.7%	-7.9%
Non-Beer volume	**0.7**	0.7	-7.8%	-7.6%
Third party products volume	—	—	—	—
Licensed beer volume	*2.9*	*1.9*		
Group beer volume	*57.6*	*54.1*		

Consolidated beer volume declined 7.9% organically, driven by overall beer market declines in Cambodia, Indonesia, and Malaysia. Premium volume declined high-single-digit mainly driven by Vietnam.

Net revenue (beia) declined 11.5% organically, with net revenue (beia) per hectolitre down 4.0%. Price mix was down 2.4% on a constant geographic basis driven by the acceleration of the strategic shift towards mainstream and on-trade closures across the region. Currency translation negatively impacted net revenue by €53 million or 1.7%, mainly from Vietnam.

Operating profit (beia) decreased 16.4% organically driven by Indonesia, Cambodia and Malaysia. Currency translation negatively impacted operating profit (beia) by €18 million or 1.7%, primarily from Vietnam.

In **Vietnam**, beer volume was stable, significantly outperforming the market which declined double-digits. The fourth quarter was impacted by a challenging typhoon season and the later timing of Tet in 2021. We became the market leader this year, driven by the continued success of our dual strategy in premium and mainstream. In mainstream, Larue grew double-digits and we launched Bia Viet. In premium, Tiger declined high-single digits, outperforming the market. Heineken® Silver more than doubled its volume and Heineken® 0.0 was launched at the start of the year.

In **Cambodia**, beer volume declined in the low-twenties. Promotional activity intensified during the year and consumer sentiment was weak given the pressure in the overall economy.

In **Malaysia**, beer volume decreased in the low-twenties as our operations were suspended for nearly two months followed by a second lockdown of the on-trade in key regions. Drinkies, our direct-to-consumer online platform, more than doubled its revenue.

In **Indonesia**, beer volume declined in the mid-double-digits due to continued closure of the on-trade and the absence of tourism. We outperformed the market in all regions, with the exception of Bali, where volumes more than halved.

In **China**, Heineken® grew strong double-digits, supported by the successful launch of Heineken® Silver in April. China is now in the top five markets for the brand globally.

In **South Korea**, beer volume grew in the twenties, led by Heineken® as it became the leading brand in the premium segment.

In **Australia**, we acquired Strongbow, along with two other cider brands, Little Green and Bonamy's, and the perpetual licenses on two premium beer brands. The acquisition brings the Strongbow brand home to HEINEKEN and scales up our beer and cider portfolio in one of the world's leading beer and cider markets.

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Europe

Key financials *(in mhl or € million unless otherwise stated)*	**FY20**	FY19	Total growth	Organic growth
Net revenue (beia)	**8,631**	10,629	-18.8%	-18.8%
Operating profit (beia)	**447**	1,436	-68.9%	-68.6%
Operating profit (beia) margin	**5.2%**	13.5%	-833 bps	
Total consolidated volume	**88.8**	99.7	-10.9%	-11.3%
Beer volume	**74.8**	81	-7.7%	-8.2%
Non-Beer volume	**9.0**	10.6	-14.5%	-14.5%
Third party products volume	**5.0**	8.1	-38.4%	-38.7%
Licensed beer volume	*0.7*	*0.7*		
Group beer volume	*77.6*	*83.9*		

Consolidated beer volume declined organically by 8.2%, with the fourth quarter down by 16.3% as most countries reintroduced containment measures. On-trade beer volume decreased over 40% (and by more than 60% in the fourth quarter), partially offset by a low teens increase in off-trade volumes (high-single-digit growth in the fourth quarter). Third-party volume declined by 38.7% as outlet closures materially impacted wholesale operations. The no-alcohol portfolio outperformed the market, led by the growth of Heineken® 0.0, strengthening our leadership in the segment. Our supply chain swiftly adapted to focus on the off-trade, supporting market share gains in more than 80% of our markets in the channel.

Net revenue (beia) decreased by 18.8% organically with net revenue (beia) per hectolitre down 9.0%. Price mix was negatively impacted by channel and product mix resulting in a 5.4% decrease on a constant geographic basis. **Operating profit (beia)** decreased by 68.6% organically, amplified by the volume decline in the on-trade.

In the **UK**, beer and cider volume declined in the low-teens, outperforming the market, with a mid-twenties decline in the fourth quarter. Beer volume declined in the on-trade by mid-double-digits and grew by around one-third in the off-trade, where premium grew ahead of the broader portfolio driven by the double-digit growth of Heineken®, Sol and Birra Moretti. Our low-and non-alcoholic portfolio outperformed the broader portfolio. Our pub estate outperformed the market as we reopened faster in the summer and benefited from our suburban footprint.

In **France,** beer volume declined in the mid-teens in the fourth quarter to finish the full year with a low-single-digit decline. Off-trade volume grew by a high-single-digit, outperforming the market, while on-trade volume declined mid-double-digits. Our premium portfolio continued to grow by a mid-single-digit, led by double-digit growth of Desperados.

In **Spain**, beer volume was down in the mid-teens, and in the high-teens in the fourth quarter. Beer volume in the on-trade declined in the mid-thirties and in the off-trade increased in the low-teens, growing ahead of the market with premium outperforming the broader portfolio.

In **Italy** beer volume decreased by a mid-single-digit, outperforming the market, with a high-teens decline during the fourth quarter. Beer volume grew by a mid-single-digit in the off-trade with the premium portfolio ahead of the total beer portfolio, while in the on-trade it declined in the high-twenties. Ichnusa and Messina grew double-digits.

In **Poland** beer volume grew by a mid-single-digit, ahead of the market. Performance improved sequentially in the fourth quarter, driven by strong performance of Heineken®, Desperados and Namysłów.

In the **Netherlands,** beer volume declined in the mid-teens, with the fourth quarter down in the thirties. On-trade volume more than halved and was partly offset by low-teens growth in the off-trade, ahead of the market particularly in premium.

HEINEKEN continued expanding its portfolio via the acquisition of leading craft brands and brewers across Europe. We acquired Dutch craft brewer Texelse Bierbrouwerij BV. In Austria, we acquired a majority stake in the Fohrenburg Brauerei. At the start of 2021, we took full ownership of Brixton Brewery, the south London based brewer, following our original investment in 2017.

FINANCIAL REVIEW

Key figures *(in mhl or € million unless otherwise stated)*	**FY19**	Currency translation	Consolidation impact	Organic growth	**FY20**	Organic growth
Revenue	**28,521**				**23,770**	
Eia	78				0	
Revenue (beia)	**28,443**	-1,394	-52	-3,226	**23,770**	-11.3%
Excise tax expense (beia)	**-4,550**	136	-6	374	**-4,046**	8.2%
Net Revenue (beia)	**23,894**	-1,259	-59	-2,853	**19,724**	-11.9%
Total other expenses (beia)	**-19,874**	1,130	18	1,423	**-17,303**	7.2%
Operating profit (beia)	**4,020**	-129	-40	-1,430	**2,421**	-35.6%
Net interest income/(expenses) (beia)	**-435**	19	-12	-42	**-470**	-9.7%
Other net finance income/(expenses) (beia)	**-62**	13	-4	-94	**-146**	-151.8%
Share of net profit of assoc./ JVs (beia)	**228**	-7	-4	-69	**147**	-30.4%
Income tax expense (beia)	**-974**	33	7	342	**-593**	35.1%
Non-controlling interests (beia)	**-260**	4	1	50	**-205**	19.2%
Net profit (beia)	**2,517**	-67	-53	-1,243	**1,154**	-49.4%
Eia	-351				-1,358	
Net profit/loss	**2,166**				**-204**	

Note: due to rounding, this table will not always cast

Main changes in consolidation

- On 1 April 2019 Grupa Żywiec S.A., a HEINEKEN subsidiary, completed the acquisition of 100% of the share capital of Browar Namysłów Sp. z o.o.
- On 29 April 2019 HEINEKEN completed all transactions for the long-term strategic partnership with China Resources Enterprise, Limited and China Resources Beer (Holdings) Co. Ltd. (CR Beer), including the transfer of its operating entities in China to CR Beer. HEINEKEN's share of CR Beer's profits is reported with a two-month delay, starting on 1 July 2019.
- On 2 May 2019 HEINEKEN acquired a majority stake in Biela y Bebidas del Ecuador S.A. BIELESA.

Revenue

Revenue was €23,770 million, a decline of 16.7% (2019: €28,521 million). Revenue (beia) decreased 11.3% organically to €23,770 million (2019: €28,443 million).
Net revenue declined 17.7% to €19,715 million. Net revenue (beia) declined by 11.9% organically to €19,724 million, with total consolidated volume declining 9.8% and a decrease in net revenue (beia) per hectolitre of 2.4%. Currency developments negatively impacted by €1,259 million or 5.3%, mainly driven by unfavourable development versus the Euro of the Brazilian Real, the Mexican Peso, the Nigerian Naira, the Russian Rouble and the South African Rand. The negative impact of consolidation changes was €59 million related primarily to China.

Expenses

Excise expenses were €4,055 million (2019: €4,552 million), down 10.9%, a smaller decline than revenue as the volume decline in beer was lower than in non-beer and third-party products.

Other expenses were €18,993 million (2019: €20,431 million). Other expenses (beia) were €17,303 million, down 7.2% on an organic basis driven by lower volume and cost mitigation actions, partially offset by higher input costs per hectolitre and other incremental costs.

Input costs per hectolitre increased by around 10% essentially driven by the negative impact of channel and product mix and to a lesser extent by transactional currency effects. Commodity prices had a slight positive impact.

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Goods for resale (beia) declined organically by 39.7% to €920 million (2019: €1,501 million), in line with the on-trade volume performance in Europe. Goods for resale relate to the third-party products, not produced by HEINEKEN, bought to be resold by our wholesale operations.

Other increases in expenses included higher depreciation from previous year investments and higher provisions for credit losses. Exceptional items include impairments (net of reversal) of €963 million on tangible and intangible assets (2019: €85 million).

Starting in March, we implemented cost mitigating actions that resulted in a net organic reduction of €800 million of other expenses (beia) for the full year. This excludes the effects on input costs, goods for resale, transport and depreciation.

Marketing and selling (beia) expenses represented 10.4% of net revenue (beia) (2019: 11.0%). We adapted our commercial activities to the fast changes in consumer behaviours and consumption patterns. We continued to invest in the long term health of strategic brands and areas of long term growth.

While respecting our commitment to no structural layoffs in 2020 due to COVID-19, personnel expenses (beia) declined to €3,339 million (2019: €3,798 million) driven by the cancellation of variable pay, salary reductions of the Executive Team and Executive Board, lower overtime and a hiring freeze. The reduction in personnel expenses includes €49 million of benefits received from various relief and support measures from governments in a few countries in Europe and Asia Pacific. Exceptional items include a restructuring provision of €331 million, mainly associated to the organisational restructuring being implemented across the organisation during 2021.

Other mitigating actions included the postponement of non-essential maintenance of plants and machinery, the suspension of international travel and corporate events, among other reductions of discretionary expenses.

Operating profit

Operating profit declined to €778 million driven by the underlying decline in business performance and the exceptional items' impact. Operating profit (beia) was €2,421 million, down 35.6% organically, materially impacted by the significant revenue decline and the increase in input costs per hectolitre due to the COVID-19 crisis, partially offset through mitigation actions. Currency translation had a negative impact of €129 million or 3.2%. Consolidation changes had a negative impact of €40 million or 1.0%.

Net finance expenses (beia)

Net interest expenses (beia) increased organically by 9.7% to €470 million, reflecting additional funding raised at Group level and higher local debt in some countries. The average effective interest rate (beia) in 2020 was 3.0% (2019: 2.9%). Other net finance expenses (beia) amounted to €146 million, up 151.8% on an organic basis driven by the negative impact of currency revaluation on outstanding foreign currency payables in some emerging markets.

Share of net profit of associates and joint ventures (beia)

The share of net profit of associates and joint ventures (beia) amounted to €147 million, including the attributable profit from CR Beer with a two-month delay (November 2019 to October 2020). The organic decline was €69 million, reflecting the impact of COVID-19 mainly coming from CCU S.A. and United Breweries Limited (UBL).

Income tax expense (beia)

The effective tax rate (beia) was 32.8% (2019: 27.6%). The increase was driven by higher operational losses for which no deferred tax assets could be recognised. Furthermore, the relative effect of permanent items increased due to the lower profit before tax base.

Net profit and loss

The net loss for 2020 was €204 million (2019: €2,166 million profit). Net profit (beia) decreased organically by €1,243 million (49.4%) to €1,154 million. The negative impact on net profit (beia) of currency translation was €67 million (2.7%) and of consolidation changes €53 million (2.1%).

Exceptional items & amortisation of acquisition-related intangibles (eia)

Exceptional items are defined as items of income and expense of such size, nature or incidence, that in the view of management their disclosure is relevant to explain the performance of HEINEKEN for the period. Exceptional items include, amongst others, impairments (and reversal of impairments) of goodwill and fixed assets, gains and losses from acquisitions and disposals, redundancy costs following a restructuring, the tax impact on exceptional items and tax rate changes (the one-off impact on deferred tax positions).

Although COVID-19 is an exceptional situation, it is not considered an incident as it is unfolding over time, with an impact on many different financial statement line items. Therefore, any effect of COVID-19 is not considered an exceptional item unless the effect relates to the aforementioned exceptional items (e.g. impairments).

The impact of eia on net profit amounted to 1,358 million (2019: €351 million). On operating profit the impact of eia amounted to €1,643 million (2019: €387 million).

Amortisation of acquisition-related intangibles recorded in operating profit amounted to €273 million (2019: €309 million). Net exceptional expense items recorded in operating profit amounted to €1,370 million (2019: €78 million), of which:

- No exceptional items on revenue (2019: €78 million benefit on revenue, mainly relating to tax credits in Brazil)
- €8 million expenses on excise tax (2019: €2 million)
- €963 million in impairments (net of reversal), mainly relating to Papua New Guinea, Lagunitas, Jamaica and various UK pubs (2019: €85 million)
- €331 million in restructuring expenses, largely associated with the organisational redesign (2019: €91 million)
- €35 million net loss on disposals (2019: €57 million gain on disposals)
- €33 million of other net exceptional expenses (2019: €35 million)

Please refer to page 29 for a description of the exceptional items and amortisation of acquisition-related intangibles below operating profit.

Capital expenditure and cash flow

Capital expenditure related to property, plant and equipment and intangible assets amounted to €1,640 million in 2020 (2019: €2,101 million) representing 8.3% of net revenue (beia), including payments for CAPEX realized in 2019. The investments of the year amounted to €1,389 million (2019: 2,215 million), reducing 37% as most non-committed CAPEX was suspended as from late March, unless necessary for safety and business continuity. The investments in 2020 include capacity expansions in Brazil, South Africa, Vietnam, France and Italy.

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Free operating cash flow amounted to €1,513 million (2019: €2,228 million) mainly due to lower cash flow from operating activities. Delayed payments of value-added taxes, granted by governments in some countries, had a positive impact of €98 million on free operating cash flow.

Financial structure

HEINEKEN entered the crisis with a strong balance sheet and an undrawn committed revolving credit facility of €3.5 billion that matures in May 2024 and does not contain financial covenants. In the first half of the year, HEINEKEN has successfully secured €3 billion in additional financing by issuing new bonds. HEINEKEN is well prepared to meet its financial commitments, including €1.2 billion of bonds maturing in 2021.

Total gross debt amounted to €18,196 million (2019: €17,052 million). Net debt decreased to €14,210 million (2019: €15,259 million) as the sum of positive free operating cash flow, inflow from divestments and positive foreign currency impact on debt exceeded the cash outflow for dividends.

Including the effect of cross-currency swaps, 64% of net debt is Euro-denominated and 18% is US dollar and US dollar proxy currencies. The pro-forma 12 month rolling net debt/EBITDA (beia) ratio was 3.4x on 31 December 2020 (FY 2019: 2.6x). HEINEKEN is committed to return to the Company's long-term target net debt/EBITDA (beia) ratio of below 2.5x.

The centrally available financing headroom at Group level was approximately €5.2 billion as at 31 December 2020 (2019: €3.0 billion). It consisted of the undrawn committed revolving credit facility and cash minus commercial paper in issue.

Average number of shares

HEINEKEN has 576,002,613 shares in issue. In the 2020 basic EPS calculation, the weighted average number of shares outstanding was 575,625,598 (31 December 2019: 573,643,551). In the calculation of 2020 diluted EPS (beia), shares to be delivered under the employee incentive programme (196,007 shares) are added to the weighted average shares outstanding. The weighted average diluted number of shares outstanding was 575,821,605 (2019: 574,217,111). In the calculation of diluted EPS on IFRS measures, shares to be delivered under the employee incentive programme are excluded as these have an anti-dilutive impact given the reported net loss.

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Full Year 2020 Consolidated Metrics

In mhl or €million unless otherwise stated & consolidated figures unless otherwise stated	FY19	Currency translation	Consolidation impact	Organic growth	FY20	Organic growth
Africa, Middle East & Eastern Europe						
Net revenue (beia)	**3,370**	-267	—	-321	**2,782**	-9.5%
Operating profit (beia)	**408**	-11	5	-138	**264**	-33.8%
Operating profit (beia) margin	**12.1%**				**9.5%**	
Total consolidated volume	**49.9**		—	-4.5	**45.4**	-9.1%
Beer volume	**43.7**		—	-4.0	**39.6**	-9.2%
Non-beer volume	**6.2**		—	-0.5	**5.7**	-7.7%
Third party products volume	**0.1**		—	0.0	**0.1**	-28.6%
Licensed beer volume	***2.4***				***2.1***	
Group beer volume	***46.5***				***42.2***	
Americas						
Net revenue (beia)	**7,429**	-896	3	-217	**6,319**	-2.9%
Operating profit (beia)	**1,204**	-97	-5	-58	**1,045**	-4.8%
Operating profit (beia) margin	**16.2%**				**16.5%**	
Total consolidated volume	**94.7**		-0.1	-8.7	**86.0**	-9.1%
Beer volume	**85.6**		-0.1	-6.4	**79.1**	-7.5%
Non-beer volume	**8.9**		—	-2.2	**6.7**	-24.7%
Third party products volume	**0.2**		—	-0.1	**0.1**	-32.7%
Licensed beer volume	***1.7***				***2.1***	
Group beer volume	***92.7***				***89.0***	
Asia Pacific						
Net revenue (beia)	**3,205**	-53	-77	-367	**2,707**	-11.5%
Operating profit (beia)	**1,085**	-18	-21	-178	**867**	-16.4%
Operating profit (beia) margin	**33.8%**				**32.0%**	
Total consolidated volume	**31.8**		-0.6	-2.5	**28.7**	-7.9%
Beer volume	**31.1**		-0.6	-2.5	**28.1**	-7.9%
Non-beer volume	**0.7**		—	-0.1	**0.7**	-7.6%
Third party products volume	**—**		—	—	**—**	—
Licensed beer volume	***1.9***				***2.9***	
Group beer volume	***54.1***				***57.6***	
Europe						
Net revenue (beia)	**10,629**	-45	44	-1,997	**8,631**	-18.8%
Operating profit (beia)	**1,436**	-3	-1	-986	**447**	-68.6%
Operating profit (beia) margin	**13.5%**				**5.2%**	
Total consolidated volume	**99.7**		0.4	-11.3	**88.8**	-11.3%
Beer volume	**81.0**		0.3	-6.6	**74.8**	-8.2%
Non-beer volume	**10.6**		—	-1.5	**9.0**	-14.5%
Third party products volume	**8.1**		—	-3.1	**5.0**	-38.7%
Licensed beer volume	***0.7***				***0.7***	
Group beer volume	***83.9***				***77.6***	
Head Office & Eliminations						
Net revenue (beia)	**-740**	3	-28	49	**-716**	n.a.
Operating profit (beia)	**-114**	-1	-18	-70	**-202**	n.a.
Heineken N.V.						
Net revenue (beia)	**23,894**	-1,259	-59	-2,853	**19,724**	-11.9%
Total expenses (beia)	**-19,874**	1,130	18	1,423	**-17,303**	7.2%
Operating profit (beia)	**4,020**	-129	-40	-1,430	**2,421**	-35.6%
Operating profit (beia) margin	**16.8%**				**12.3%**	
Share of net profit of associates /JVs (beia)	**228**	-7	-4	-69	**147**	-30.4%
Net Interest income / (expenses) (beia)	**-435**	19	-12	-42	**-470**	-9.7%
Other net finance income / (expenses) (beia)	**-62**	13	-4	-94	**-146**	-151.8%
Income tax expense (beia)	**-974**	33	7	342	**-593**	35.1%
Minority Interests	**-260**	4	1	50	**-205**	19.2%
Net profit (beia)	**2,517**	-67	-53	-1,243	**1,154**	-49.4%
Total consolidated volume	**276.1**		-0.3	-27.0	**248.9**	-9.8%
Beer volume	**241.4**		-0.3	-19.5	**221.6**	-8.1%
Non-beer volume	**26.4**		—	-4.3	**22.1**	-16.2%
Third party products volume	**8.4**		—	-3.2	**5.2**	-38.3%
Licensed beer volume	***6.7***				***7.8***	
Group beer volume	***277.3***				***266.4***	

Note: due to rounding, this table will not always cast

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Fourth Quarter 2020 Metrics

In mhl unless otherwise stated & consolidated figures unless otherwise stated	**4Q19**	Consolidation impact	Organic growth	**4Q20**	Organic growth
Africa, Middle East & Eastern Europe					
Total consolidated volume	**13.1**	—	-0.4	**12.7**	-3.1%
Beer volume	**11.5**	—	-0.3	**11.2**	-2.9%
Non-beer volume	**1.6**	—	-0.1	**1.5**	-4.6%
Third party products volume	—	—	—	—	—
Licensed beer volume	***0.7***			***0.6***	
Group beer volume	***12.4***			***11.9***	
Americas					
Total consolidated volume	**25.6**	—	-1.1	**24.4**	-4.5%
Beer volume	**23.3**	—	-0.8	**22.5**	-3.5%
Non-beer volume	**2.2**	—	-0.3	**1.9**	-14.1%
Third party products volume	—	—	—	—	—
Licensed beer volume	***0.7***			***0.8***	
Group beer volume	***25.5***			***26.7***	
Asia Pacific					
Total consolidated volume	**8.6**	—	-0.8	**7.8**	-9.8%
Beer volume	**8.4**	—	-0.8	**7.6**	-9.6%
Non-beer volume	**0.2**	—	0.0	**0.2**	-15.9%
Third party products volume	—	—	—	—	—
Licensed beer volume	***0.7***			***0.8***	
Group beer volume	***16.6***			***15.2***	
Europe					
Total consolidated volume	**22.1**	—	-4.5	**17.6**	-20.2%
Beer volume	**17.8**	-0.1	-2.9	**14.8**	-16.3%
Non-beer volume	**2.4**	—	-0.5	**1.9**	-20.2%
Third party products volume	**1.9**	—	-1.1	**0.8**	-56.8%
Licensed beer volume	***0.1***			***0.1***	
Group beer volume	***18.4***			***15.4***	
Heineken N.V.					
Total consolidated volume	**69.4**	-0.1	-6.8	**62.5**	-9.9%
Beer volume	**61.1**	-0.1	-4.9	**56.2**	-7.9%
Non-beer volume	**6.3**	—	-0.9	**5.4**	-14.1%
Third party products volume	**2.0**	—	-1.1	**0.9**	-56.0%
Licensed beer volume	***2.3***			***2.4***	
Group beer volume	***72.9***			***69.3***	

Note: due to rounding, this table will not always cast

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Consolidated Financial Statements for the full year 2020

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The 2020 financial information included in the primary statements attached to this press release are derived from the Annual Report 2020. This Annual Report has been authorised for issue. The Annual Report has not yet been published by law and still has to be adopted by the Annual General Meeting of Shareholders on 22 April 2021.

In accordance with section 393, Title 9, Book 2 of the Netherlands Civil Code, Deloitte Accountants B.V. has issued an unqualified Independent auditors' report on the Financial Statements.

The full Annual Report will be available for download on the HEINEKEN website (www.theheinekencompany.com) as of 19 February 2021.

Consolidated Income Statement

For the year ended 31 December *In millions of €*	**2020**	2019
Revenue	**23,770**	28,521
Excise tax expense	(4,055)	(4,552)
Net revenue	**19,715**	23,969
Other income	**56**	95
Raw materials, consumables and services	(12,450)	(14,592)
Personnel expenses	(3,669)	(3,880)
Amortisation, depreciation and impairments	(2,874)	(1,959)
Total other expenses	**(18,993)**	(20,431)
Operating profit	**778**	3,633
Interest income	50	75
Interest expenses	(497)	(529)
Other net finance expenses	(143)	(59)
Net finance expenses	**(590)**	(513)
Share of profit/(loss) of associates and joint ventures	(31)	164
Profit before income tax	**157**	3,284
Income tax expense	(245)	(910)
Profit/(Loss)	**(88)**	2,374
Attributable to:		
Shareholders of the Company (net profit/(loss))	(204)	2,166
Non-controlling interests	116	208
Profit/(Loss)	**(88)**	2,374
Weighted average number of shares – basic	575,625,598	573,643,551
Weighted average number of shares – diluted	575,625,598	574,217,111
Basic earnings per share (€)	(0.36)	3.78
Diluted earnings per share (€)	(0.36)	3.77

Consolidated Statement of Comprehensive Income

For the year ended 31 December *In millions of €*	**2020**	2019
Profit/(Loss)	**(88)**	2,374
Other comprehensive income/(loss), net of tax:		
Items that will not be reclassified to profit or loss:		
Remeasurement of post-retirement obligations	62	(210)
Net change in fair value through OCI investments	(98)	9
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	(2,114)	369
Change in fair value of net investment hedges	76	(43)
Change in fair value of cash flow hedges	45	64
Cash flow hedges reclassified to profit or loss	4	21
Net change in fair value through OCI investments	(1)	1
Cost of hedging	(6)	(5)
Share of other comprehensive income of associates/joint ventures	16	(20)
Other comprehensive income/(loss), net of tax	**(2,016)**	186
Total comprehensive income/(loss)	**(2,104)**	2,560
Attributable to:		
Shareholders of the Company	(2,127)	2,328
Non-controlling interests	23	232
Total comprehensive income/(loss)	**(2,104)**	2,560

Consolidated Statement of Financial Position

As at 31 December

In millions of €	**2020**	2019
Intangible assets	15,767	17,769
Property, plant and equipment	11,551	13,269
Investments in associates and joint ventures	4,437	4,868
Loans and advances to customers	194	277
Deferred tax assets	779	647
Other non-current assets	884	1,255
Total non-current assets	**33,612**	38,085
Inventories	1,958	2,213
Trade and other receivables	2,807	4,123
Current tax assets	154	123
Derivative assets	77	28
Cash and cash equivalents	4,000	1,821
Assets classified as held for sale	24	111
Total current assets	**9,020**	8,419
Total assets	**42,632**	46,504

In millions of €	**2020**	2019
Shareholders' equity	13,392	16,147
Non-controlling interests	1,000	1,164
Total equity	**14,392**	17,311
Borrowings	14,616	13,366
Post-retirement obligations	938	1,189
Provisions	688	756
Deferred tax liabilities	999	1,422
Other non-current liabilities	131	153
Total non-current liabilities	**17,372**	16,886
Borrowings	3,580	3,686
Trade and other payables	6,107	7,520
Returnable packaging deposits	454	565
Provisions	416	184
Current tax liabilities	259	283
Derivative liabilities	52	69
Total current liabilities	**10,868**	12,307
Total equity and liabilities	**42,632**	46,504

Consolidated statement of Cash Flows

For the year ended 31 December

In millions of €	**2020**	2019
Operating activities		
Profit/(Loss)	(88)	2,374
Adjustments for:		
Amortisation, depreciation and impairments	2,874	1,959
Net interest expenses	447	454
Other income	(56)	(95)
Share of (profit)/loss of associates and joint ventures and dividend income on fair value through OCI investments	21	(173)
Income tax expenses	245	910
Other non-cash items	231	240
Cash flow from operations before changes in working capital and provisions	**3,674**	5,669
Change in inventories	(18)	(257)
Change in trade and other receivables	1,124	(245)
Change in trade and other payables and returnable packaging deposits	(759)	510
Total change in working capital	**347**	8
Change in provisions and post-retirement obligations	211	(121)
Cash flow from operations	**4,232**	5,556
Interest paid	(481)	(528)
Interest received	45	52
Dividends received	89	181
Income taxes paid	(749)	(924)
Cash flow related to interest, dividend and income tax	**(1,096)**	(1,219)
Cash flow from operating activities	**3,136**	4,337

In millions of €	**2020**	2019
Investing activities		
Proceeds from sale of property, plant and equipment and intangible assets	150	177
Purchase of property, plant and equipment	(1,501)	(1,915)
Purchase of intangible assets	(139)	(186)
Loans issued to customers and other investments	(177)	(249)
Repayment on loans to customers and other investments	44	64
Cash flow (used in)/from operational investing activities	**(1,623)**	(2,109)
Free operating cash flow	**1,513**	2,228
Acquisition of subsidiaries, net of cash acquired	(26)	(183)
Acquisition of/additions to associates, joint ventures and other investments	(9)	(2,875)
Disposal of subsidiaries, net of cash disposed of	(29)	244
Disposal of associates, joint ventures and other investments	249	50
Cash flow (used in)/from acquisitions and disposals	**185**	(2,764)
Cash flow (used in)/from investing activities	**(1,438)**	(4,873)
Financing activities		
Proceeds from borrowings	6,037	2,288
Repayment of borrowings	(3,714)	(2,150)
Payment of lease commitments	(281)	(259)
Dividends paid	(811)	(1,223)
Purchase own shares and shares issued	11	428
Acquisition of non-controlling interests	(4)	(103)
Other	—	3
Cash flow (used in)/from financing activities	**1,238**	(1,016)
Net cash flow	**2,936**	(1,552)
Cash and cash equivalents as at 1 January	687	2,248
Effect of movements in exchange rates	(104)	(9)
Cash and cash equivalents as at 31 December	**3,519**	687

Consolidated Statement of Changes in Equity

In millions of €	Share capital	Share premium	Translation reserve	Hedging reserve	Cost of hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	Retained earnings	Shareholders of the Company	Non-controlling interests	Total equity
Balance as at 31 December 2018*	922	2,701	(3,288)	(38)	9	342	1,096	(415)	13,196	14,525	1,183	15,708
Changes in accounting policy*	—	—	—	—	—	—	—	—	3	3	—	3
Balance as at 1 January 2019*	922	2,701	(3,288)	(38)	9	342	1,096	(415)	13,199	14,528	1,183	15,711
Profit	—	—	—	—	—	—	172	—	1,994	2,166	208	2,374
Other comprehensive income	—	—	287	85	(5)	10	—	—	(215)	162	24	186
Total comprehensive income	—	—	287	85	(5)	10	172	—	1,779	2,328	232	2,560
Realised hedge results from non-financial assets	—	—	—	(66)	—	—	—	—	—	(66)	—	(66)
Transfer to retained earnings	—	—	3	—	—	(39)	(153)	—	189	—	—	—
Dividends to shareholders	—	—	—	—	—	—	—	—	(949)	(949)	(272)	(1,221)
Purchase/reissuance own/non-controlling shares	—	—	—	—	—	—	—	320	98	418	11	429
Own shares delivered	—	—	—	—	—	—	—	32	(32)	—	—	—
Share-based payments	—	—	—	—	—	—	—	—	14	14	—	14
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	(126)	(126)	5	(121)
Changes in consolidation	—	—	—	—	—	—	—	—	—	—	5	5
Balance as at 31 December 2019	922	2,701	(2,998)	(19)	4	313	1,115	(63)	14,172	16,147	1,164	17,311

In millions of €	Share capital	Share premium	Translation reserve	Hedging reserve	Cost of hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	Retained earnings	Shareholders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2020	**922**	**2,701**	**(2,998)**	**(19)**	**4**	**313**	**1,115**	**(63)**	**14,172**	**16,147**	**1,164**	**17,311**
Profit/(Loss)	—	—	—	—	—	—	86	—	(290)	(204)	116	(88)
Other comprehensive income/(loss)	—	—	(1,929)	49	(6)	(99)	—	—	62	(1,923)	(93)	(2,016)
Total comprehensive income/(loss)	**—**	**—**	**(1,929)**	**49**	**(6)**	**(99)**	**86**	**—**	**(228)**	**(2,127)**	**23**	**(2,104)**
Realised hedge results from non-financial assets	—	—	—	(2)	—	—	—	—	—	(2)	—	(2)
Transfer to retained earnings	—	—	(13)	—	—	(160)	(30)	—	203	—	—	—
Dividends to shareholders	—	—	—	—	—	—	—	—	(597)	(597)	(228)	(825)
Purchase/reissuance own/non-controlling shares	—	—	—	—	—	—	—	(5)	—	(5)	20	15
Own shares delivered	—	—	—	—	—	—	—	43	(43)	—	—	—
Share-based payments	—	—	—	—	—	—	—	—	(25)	(25)	—	(25)
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—
Changes in consolidation	—	—	—	—	—	—	—	—	1	1	21	22
Balance as at 31 December 2020	**922**	**2,701**	**(4,940)**	**28**	**(2)**	**54**	**1,171**	**(25)**	**13,483**	**13,392**	**1,000**	**14,392**

*Restated for IFRS 16.

Non-Gaap Measures

In the internal management reports, HEINEKEN measures its segmental performance primarily based on operating profit and operating profit beia (before exceptional items and amortisation of acquisition-related intangible assets).

In millions of €	**2020**	2019
Operating profit (beia)	**2,421**	4,020
Amortisation of acquisition-related intangible assets and exceptional items included in operating profit	(1,643)	(387)
Share of profit/(loss) of associates and joint ventures	(31)	164
Net finance expenses	(590)	(513)
Profit before income tax	**157**	3,284
Profit/(Loss) attributable to shareholders of the Company (net profit/(loss))	**(204)**	2,166
Amortisation of acquisition-related intangible assets included in operating profit	273	309
Exceptional items included in operating profit	1,370	78
Exceptional items included in net finance expenses/(income)	(26)	16
Exceptional items and amortisation of acquisition-related intangible assets included in share of profit of associates and joint ventures	178	64
Exceptional items included in income tax expense	(347)	(64)
Allocation of exceptional items and amortisation of acquisition-related intangibles to non-controlling interests	(89)	(52)
Net profit (beia)	**1,154**	2,517

Due to rounding, this table will not always cast.

The 2020 exceptional items and amortisation of acquisition-related intangibles on net profit and loss amount to €1,358 million (2019: €351 million). This amount consists of:

- €273 million (2019: €309 million) of amortisation of acquisition-related intangibles recorded in operating profit.
- €1,370 million (2019: €78 million) of exceptional items recorded in operating profit. This includes nil exceptional items on revenue (2019: €78 million exceptional benefit on revenue, mainly relating to tax credits in Brazil), €8 million exceptional excise tax expenses (2019: €2 million), €331 million of restructuring expenses, largely associated with the EverGreen programme (2019: €91 million), €963 million of impairments (net of reversal) mainly in Papua New Guinea, Lagunitas, Jamaica and various UK Pubs (2019: €85 million), €35 million net loss on disposals (2019: €57 million gain on disposals, mainly related to the sale of operating entities in China and Hong Kong) and €33 million of other net exceptional expenses (2019: €35 million).
- €26 million of exceptional net finance income, mainly related to the release of tax provisions (2019: €16 million of exceptional net finance expense).
- €178 million of exceptional net expenses (2019: €64 million) included in the share of profit of associates and joint ventures, mainly relating to impairments of associates and joint ventures of €139 million (2019: €30 million)
- €347 million (2019: €64 million) in income tax expense, of which the tax impact on exceptional items and amortisation of acquisition-related intangible assets of €363 million (2019: €57 million) and the exceptional income tax net loss of €16 million (2019: €7 million exceptional income tax benefit).
- Total amount of eia allocated to non-controlling interests amounts to €89 million (2019: €52 million).

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GLOSSARY

Acquisition-related intangible assets
Acquisition-related intangible assets are assets that HEINEKEN only recognises as part of a purchase price allocation following an acquisition. This includes, among others, brands, customer-related and certain contract-based intangibles.

Beia
Before exceptional items and amortisation of acquisition-related intangible assets.

Cash conversion ratio
Free operating cash flow/net profit (beia) before deduction of non-controlling interests.

Cash flow (used in)/from operational investing activities
This represents the total of cash flow from sale and purchase of Property, plant and equipment and Intangible assets, proceeds and receipts of Loans to customers and Other investments.

Centrally available financing headroom
This consists of the undrawn part of revolving credit facility and cash minus commercial paper and other short-term borrowings.

Consolidation changes
Changes as a result of acquisitions and disposals.

Depletions
Sales by distributors to the retail trade.

Dividend payout
Proposed dividend as percentage of net profit (beia).

Earnings per share (EPS)
Basic
Net profit/(loss) divided by the weighted average number of shares – basic – during the year.

Diluted
Net profit/(loss) divided by the weighted average number of shares – diluted – during the year.

EBITDA
Earnings before interest, taxes, net finance expenses, depreciation and amortisation. EBITDA includes HEINEKEN's share in net profit of joint ventures and associates.

Effective tax rate
Income tax expense expressed as a percentage of the profit before income tax, adjusted for share of profit of associates and joint ventures.

Eia
Exceptional items and amortisation of acquisition-related intangible assets.

Exceptional items
Items of income and expense of such size, nature or incidence, that in the view of management their disclosure is relevant to explain the performance of HEINEKEN for the period.

Free operating cash flow
This represents the total of cash flow from operating activities and cash flow from operational investing activities.

Group net revenue (beia)
Consolidated net revenue (beia) plus attributable share of net revenue (beia) from joint ventures and associates.

Group operating profit (beia)
Consolidated operating profit (beia) plus attributable share of operating profit (beia) from joint ventures and associates, excluding Head Office and eliminations.

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Net debt
Non-current and current interest-bearing borrowings (incl. lease liabilities), bank overdrafts and market value of cross-currency interest rate swaps less cash and cash equivalents.

Net profit/(loss)
Profit/(loss) after deduction of non-controlling interests (profit/(loss) attributable to shareholders' of the Company).

Net revenue
Revenue as defined in IFRS 15 (after discounts) minus the excise tax expense for those countries where the excise is borne by HEINEKEN.

Net revenue per hectolitre
Net revenue divided by total consolidated volume.

Organic growth
Growth excluding the effect of foreign currency translational effects, consolidation changes, exceptional items and amortisation of acquisition-related intangible assets.

Organic volume growth
Growth in volume, excluding the effect of consolidation changes.

Price mix on a constant geographic basis
Refers to the different components that influence net revenue per hectolitre, namely the changes in the absolute price of each individual sku and their weight in the portfolio. The weight of the countries in the total revenue in the base year is kept constant.

Profit / (Loss)
Total profit / (loss) of HEINEKEN before deduction of non-controlling interests.

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

Region
A region is defined as HEINEKEN's managerial classification of countries into geographical units.

Volume
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 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.

Weighted average number of shares
Basic
Weighted average number of outstanding shares.
Diluted
Weighted average number of outstanding shares and the weighted average number of shares that would be issued on conversion of the dilutive potential shares into shares as a result of HEINEKEN's share-based payment plans.