

Heineken N.V. reports on 2021 first-quarter trading

Amsterdam, 21 April 2021 – Heineken N.V. (EURONEXT: HEIA; OTCQX: HEINY) publishes its trading update today for the first quarter of 2021.

KEY HIGHLIGHTS

- Beer volume stable organically
- Heineken® volume growth accelerated +12.1%
- Premium volume outperformed growing in the low-teens
- Deployment of EverGreen growth strategy on track

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

"We had a solid start to the year, despite facing severe restrictions across many markets and the closure of the on-trade in Europe due to the pandemic. Overall beer volume was in line with last year, with strong growth in Africa, Middle East & Eastern Europe and Asia Pacific and modest growth in the Americas. The Heineken® brand had a stellar performance, up 12.1%, with double-digit growth in more than 40 countries. I am proud of our employees' relentless resilience and agility in responding to the ongoing volatility.

We are making great strides in the deployment of our EverGreen growth strategy on all fronts. Most recently, we announced our ambition to become carbon neutral by 2040."

FIRST QUARTER VOLUME

Beer volume^{1,2} <i>(in mhl or %)</i>	1Q21	Organic growth	1Q20
Heineken N.V.	50.3	0.0%	51.6
Africa, Middle East & Eastern Europe	9.4	9.9%	9.4
Americas	19.4	0.8%	19.3
Asia Pacific	7.7	5.4%	7.4
Europe	13.8	-9.7%	15.4
Heineken® volume¹ <i>(in mhl or %)</i>	1Q21	Organic growth	
Heineken N.V.	10.5	12.1%	
Africa, Middle East & Eastern Europe	1.6	22.4%	
Americas	4.4	17.5%	
Asia Pacific	1.8	21.8%	
Europe	2.8	-4.6%	

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

2 2021 volume reflects the shift of malt-based, unfermented, non-alcoholic drinks from Beer- to Non-Beer Volume. Organic growth has been corrected.

Our highest priority throughout the COVID-19 crisis has been and continues to be the health and safety of our people. Our teams have demonstrated great resilience and agility as the crisis prolongs and recovery levels vary market-to-market. We continue to support our employees, customers, suppliers and communities most impacted by the pandemic. For example, in the UK, we continue to support our customers financially and waived €19 million in rental payments last quarter. In Brazil, we joined the "Salvando Vidas" match-funding initiative of the Development Bank of Brazil (BNDES), to invest in 4 oxygen plants and aid more than 40 philanthropic hospitals with medical supplies in the fight against COVID-19.

In March 2021 we began to lap the first round of severe lockdowns in March 2020. Beer volume in the first quarter was in line with last year, organically (2.1% below the first quarter of 2019). We delivered strong growth in the Africa, Middle East & Eastern Europe and Asia Pacific regions and modest growth in the Americas, offset by the decline in Europe where the on-trade remained largely closed throughout the quarter. At the start of April less than 30% of the on-trade in Europe was operating.

We are bringing our EverGreen balanced growth strategy to life across the business, focusing on delivering superior and profitable top-line growth. We are amplifying our strong premium position to capture the growing opportunity of premiumisation. We are expanding our portfolio by stretching and moving beyond beer into products such as ciders, hard seltzers and other beverages to better serve consumers. We are shaping and strengthening our digital route to consumer. Throughout our volume update below we share some of the most relevant developments.

Heineken® brand

- The **Heineken® brand** had a strong performance, well ahead of the overall market, growing 12.1% in the quarter.
- Volume grew double-digits in more than 40 markets, including Brazil, South Africa, China, Vietnam, Nigeria, Colombia, Argentina, France, Poland and Laos.
- **Heineken® 0.0** grew double-digits with strong momentum in Brazil, Mexico and the USA. Heineken® 0.0 is now available in 94 markets.
- On 19 April the brand launched the latest edition of its #SocialiseResponsibly campaign 'WE'LL MEET AGAIN'. The campaign celebrates people's resilience and creativity over the last year and highlights how people found inventive ways to keep the spirit of 'going out' alive from the safety of their own homes.

Africa, Middle East & Eastern Europe

- Beer volume increased organically by 9.9% with most markets contributing, with a particular strong performance in Nigeria and South Africa. Our premium portfolio grew by double-digits, driven by Heineken®.
- In **Nigeria**, total volume grew in the mid-teens, held back by supply constraints. The premium portfolio grew by more than forty percent, led by Heineken® and Tiger. The low- and non-alcoholic portfolio grew more than thirty percent, led by Maltina.
- In **South Africa**, total volume grew in the high-twenties, benefiting from low end-year stocks and the increased output of our Sedibeng brewery after completion of the expansion projects. Alcohol bans were in place during January and over Easter weekend.
- In **Russia**, beer volume increased in the mid-teens following a destocking last year. The premium portfolio grew in the mid-thirties, led by Dr Diesel.

- In **Ethiopia**, beer volume grew by a mid-single-digit, ahead of the market, led by the strong double-digit growth of our premium portfolio, mainly Bedele Special.
- In **Egypt**, total volume declined in the high-teens, driven by significantly lower international tourism and a recent price increase on non-alcoholic beverages.

Americas

- Beer volume increased organically by 0.8% in the quarter due to the growth from Mexico, the USA, Peru, Ecuador and Panama and offset by the decline in Brazil. Our premium portfolio grew by double-digits, led by Heineken® and Amstel Ultra.
- In **Mexico**, beer volume grew by a low-single-digit, held back by continued COVID-19 restrictions at the beginning of the year. The premium and non-alcoholic portfolios grew by double-digits, led by Amstel Ultra and Heineken® 0.0. We launched Amstel Ultra Seltzer in January 2021.
- In **Brazil**, beer volume declined by a mid-single-digit. We continue to operate at maximum capacity, as the premium and mainstream portfolios that use more capacity continued to outperform with double-digit growth. Heineken® grew close to twenty percent, along with continued growth from Devassa and Amstel. The economy portfolio declined in the mid-twenties and non-beer volume declined in the forties. On 24 February 2021, HEINEKEN, The Coca-Cola Company and the Coca-Cola System in Brazil announced the redesign of their long-standing distribution partnership.
- In the **USA**, beer volume increased by a low-single-digit. Heineken® grew by a mid-single-digit driven by growth in Heineken® Original and double-digit growth of Heineken® 0.0. Lagunitas declined by a mid-single digit, impacted by on-trade closures at the start of the year. We introduced AriZona SunRise Hard Seltzer during the quarter.

Asia Pacific

- Beer volume increased organically by 5.4%, driven by the double-digit growth of Vietnam, Singapore, Laos, Taiwan and South Korea. This was partially offset by the decline in Cambodia and the restructuring of our business in the Philippines. The premium portfolio increased double-digits, driven by Vietnam.
- In **Vietnam**, beer volume grew in the mid-teens, in line with the market and consolidating our market leader position. Heineken® Silver more than doubled its volume, driving the growth of our premium portfolio.
- In **Cambodia**, beer volume declined in the mid-twenties due to the challenging economic conditions and a national lockdown implemented for the first time in March.
- In **Malaysia**, beer volume increased by a low-single-digit, driven by a strong recovery in March relative to last year when the government Movement Control Order required us to fully suspend operations.
- In **Indonesia**, beer volume declined by a mid-single-digit, driven by the continued on-trade restrictions and lack of international tourism in Bali.
- In **China**, Heineken® grew by strong double-digits, driven by Heineken® Silver, and the roll-out throughout China Resources Beer's market-leading route-to-market.

Europe

- Beer volume declined organically by 9.7%, driven by a decline of around two thirds in the on-trade as lockdowns were in place throughout the entire quarter. The off-trade grew in

the low-teens, with continued market share momentum in most markets. Third-party volume declined by 60.7% as wholesale operations continued to be impacted by outlet closures. The premium portfolio continued to outperform in the off-trade.

- In the **UK**, total volume was down around thirty percent due to on-trade volume close to zero. The off-trade grew ahead of the market in the low-thirties, driven by Heineken®, Strongbow, and Birra Moretti. Pub gardens began to reopen mid-April.
- In **France**, beer volume increased by a low-single-digit. The growth in the off-trade was ahead of the market and more than offset the decline of around ninety percent in the on-trade. The premium portfolio grew by a high-single-digit driven by Desperados.
- In **Spain**, beer volume declined in the low-teens, driven by a decline in the on-trade in the high-twenties. The off-trade grew by a mid-single-digit, ahead of the market, led by Heineken®, El Águila and Desperados.
- In **Italy**, beer volume increased by a mid-single-digit, with growth in the low-teens in the off-trade more than offsetting a decline in the mid-teens in the on-trade. The premium portfolio grew in the low-teens, driven by the strong performance of Ichnusa and Messina.
- In **Poland**, beer volume declined by a high-single-digit, driven by the economy segment. The premium portfolio grew by double-digits, driven by the strong growth of Heineken® and Desperados.
- In the **Netherlands**, beer volume was down in the low-twenties as the growth in the off-trade only partially offset the over eighty percent decline in on-trade volume. We launched Birra Moretti in March.
- **Beerwulf**, our direct-to-consumer platform in Europe, continued its strong momentum and more than doubled its revenue in the quarter.
- On 15 March 2021, HEINEKEN announced the launch of Pure Piraña in Europe. The hard seltzer will be available soon in Austria, Ireland, the Netherlands, Portugal and Spain, with other markets joining this year.

EVERGREEN HIGHLIGHTS

On 10 February 2021, we introduced our new company strategy EverGreen. EverGreen builds on our unique strengths to ensure we emerge stronger from the COVID-19 crisis, deliver superior and profitable growth in a fast-changing world, with consumers and customers at the forefront of everything we do. In addition to the relevant developments on the growth component of EverGreen included in our volume performance, further relevant highlights of EverGreen are included below.

We have started to deploy our productivity improvement programme. In particular, the organisational redesign of the head-office became effective on 1 April this year. The programme will continuously develop productivity initiatives and cultivate a cost-conscious culture.

We reached an important milestone in our digital transformation. In April we executed the first transactions on our new standardised transactional finance backbone for Europe in two operating companies. The roll-out to the rest of Europe will continue until the end of 2022.

As part of EverGreen, we are raising the bar with our Brew a Better World 2030 ambitions on environmental sustainability, social sustainability and responsible consumption of alcohol. For example, we announced a new ambition to decarbonise our own production by 2030 and full value chain by 2040. All our production sites will become carbon neutral by maximising energy

efficiency and renewable energy use by 2030. For more details, please refer to our press release of 15 April 2021. This is the first in a series of refreshed Brew a Better World 2030 ambitions, with more to come shortly.

REPORTED NET PROFIT

The reported net profit for the first three months of 2021 was €168 million (2020: €94 million; 2019: €299 million). The effect from lower on-trade volume in Europe was more than offset by the performance of other regions and continued cost mitigation efforts.

BUSINESS OUTLOOK

The outlook statements shared on 10 February 2021 remain unchanged. Our business continues to be significantly impacted by the consequences of the COVID-19 pandemic. We expect market conditions to gradually improve into the second part of the year, depending on the roll-out of vaccines.

TRANSLATIONAL CURRENCY CALCULATED IMPACT

Based on the impact to date, and applying spot rates of 19 April 2021 to the 2020 financial results as a baseline for the remainder of the year, we calculate a negative currency translational impact of approximately €570 million in net revenue (beia), €100 million at operating profit (beia) and €50 million at net profit (beia).

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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 "Brew 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 80,000 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. 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, disposals, internal transfer of businesses or other reclassifications.

Non-Beer Volume

Cider, soft drinks and other non-beer volume produced and sold by consolidated companies.

Third-Party Products Volume

Volume of third-party products (beer and non-beer) resold by consolidated companies.

Total Consolidated Volume

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

Licensed Beer Volume

100% of volume from HEINEKEN's beer brands sold under licence agreements by joint ventures, associates and third parties.

Group Beer Volume

The sum of Beer Volume, Licensed Beer Volume and attributable share of beer volume from joint ventures and associates.

Organic Growth

Organic growth in volume excludes the effect of consolidation changes.

Volume Metrics: First Quarter 2021

In mhl unless otherwise stated & consolidated figures unless otherwise stated	1Q21				
	1Q20	Consolidation Impact	Organic Growth	1Q21 ¹	Organic Growth %
Africa, Middle East & Eastern Europe					
Total Consolidated Volume	10.7	—	1.3	12.0	12.1%
Beer Volume	9.4	-1.0	0.9	9.4	9.9%
Non-Beer Volume	1.2	1.0	0.4	2.5	29.4%
Third-Party Products Volume	—	—	—	—	—
<i>Licensed Beer Volume</i>	0.5			0.5	
<i>Group Beer Volume</i>	10.1			10.0	
Americas					
Total Consolidated Volume	21.1	—	-0.5	20.6	-2.6%
Beer Volume	19.3	-0.1	0.2	19.4	0.8%
Non-Beer Volume	1.8	0.1	-0.7	1.2	-37.9%
Third-Party Products Volume	0.1	—	—	0.0	-56.9%
<i>Licensed Beer Volume</i>	0.5			0.8	
<i>Group Beer Volume</i>	21.6			22.6	
Asia Pacific					
Total Consolidated Volume	7.6	—	0.4	8.0	5.4%
Beer Volume	7.4	-0.1	0.4	7.7	5.4%
Non-Beer Volume	0.2	—	—	0.2	2.6%
Third-Party Products Volume	—	—	—	—	—
<i>Licensed Beer Volume</i>	0.7			0.8	
<i>Group Beer Volume</i>	13.9			14.2	
Europe					
Total Consolidated Volume	18.8	-0.2	-2.8	15.9	-14.6%
Beer Volume	15.4	-0.2	-1.5	13.8	-9.7%
Non-Beer Volume	2.0	—	-0.4	1.6	-20.3%
Third-Party Products Volume	1.4	—	-0.8	0.5	-60.7%
<i>Licensed Beer Volume</i>	0.1			0.1	
<i>Group Beer Volume</i>	16.0			14.3	
Heineken N.V.					
Total Consolidated Volume	58.2	-0.2	-1.6	56.4	-2.7%
Beer Volume	51.6	-1.3	—	50.3	0.0%
Non-Beer Volume	5.2	1.1	-0.7	5.5	-13.9%
Third-Party Products Volume	1.5	—	-0.9	0.6	-58.7%
<i>Licensed Beer Volume</i>	1.9			2.2	
<i>Group Beer Volume</i>	61.6			61.1	

¹ 2021 volume reflects the shift of malt-based, unfermented, non-alcoholic drinks from Beer- to Non-Beer Volume. Organic growth has been corrected.