

Heineken N.V. reports on 2022 third-quarter trading

Amsterdam, 26 October 2022 – Heineken N.V. (EURONEXT: HEIA; OTCQX: HEINY) publishes its trading update for the third quarter of 2022.

Key Quarterly Highlights

- Revenue growth 27.5%
- Net revenue (beia) organic growth 19.8%; net revenue (beia) per hectolitre organic growth 11.1%
- Beer volume organic growth 8.9%; premium volume organic growth 15.0%
- Heineken® volume growth 11.3%
- 2022 full year expectations unchanged

CEO Statement

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

"Our business delivered solid results in the third quarter across all regions, and in particular Asia Pacific has had a strong post-COVID recovery. Our EverGreen transformation continues and is delivering. Our premium portfolio outperformed, led by Tiger and Heineken®, including the roll-out of Heineken® Silver.

We maintain our efforts to price responsibly offsetting input cost inflation. We are well underway to deliver €1.7 billion gross savings on our productivity programme by the end of this year, while continuing to invest behind our brands and capabilities.

We increasingly see reasons to be cautious on the macroeconomic outlook, including some signs of softness in consumer demand. We remain vigilant and confident in our EverGreen strategy. Our full year expectations are unchanged."

Driving Superior Growth

For the first nine months of the year, **revenue** was €25,816 million (2021: €19,354 million). **Net revenue (beia)** was €21,273 million (2021: €16,000 million), increasing organically by 22.6%. Currency translation positively impacted net revenue (beia) by €1,168 million or 7.3%, mainly driven by the Brazilian Real, the Mexican Peso and the Vietnamese Dong. The consolidation of United Breweries Limited (UBL) in India positively impacted net revenue (beia) by €564 million or 3.5%.

In the third quarter, **revenue** was €9,415 million (2021: €7,383 million). **Net revenue (beia)** grew organically by 19.8% and came to €7,788 million (2021: €6,029 million), benefitting from the sharp post-COVID recovery in Asia Pacific. Total consolidated volume grew 7.6% and net revenue (beia) per hectolitre was up 11.1%. Price mix on a constant geographic basis was up 13.2%, driven by pricing to mitigate inflationary pressure and premiumisation effects.

Throughout the rest of this report, figures refer to quarterly performance unless otherwise indicated.

Revenue¹

(in € million or %)	3Q22	Total growth	Organic growth	YTD 3Q22	Total growth	Organic growth
Revenue (IFRS)	9,415	27.5%		25,816	33.4%	
Net revenue (beia)	7,788		19.8%	21,273		22.6%

¹ Refer to the Glossary for an explanation of organic growth and other terms used throughout this report.

Beer volume grew 8.9% organically versus last year and came 1.4% ahead of 2019 on an organic basis. The year on year growth was mainly driven by the strong recovery in Asia Pacific from the COVID-related restrictions of last year. Europe, the Americas and Africa, Middle East & Eastern Europe saw a low-single digit growth.

Beer volume

(in mhl or %)	3Q22	Total growth	Organic growth	YTD 3Q22	Total growth	Organic growth
Heineken N.V.	66.8	10.9%	8.9%	193.6	13.9%	8.1%
Africa, Middle East & Eastern Europe	9.8	2.1%	2.6%	29.5	2.4%	3.2%
Americas	21.9	3.4%	3.4%	64.7	5.3%	5.3%
Asia Pacific	11.2	89.6%	68.4%	35.8	83.6%	32.6%
Europe	23.8	1.4%	1.3%	63.7	5.5%	5.3%

Driving premiumisation at scale, led by Heineken®

Premium beer volume grew 15.0% (18.1% excluding Russia), outperforming the portfolio and boosted by the strong recovery of Tiger in Vietnam. **Heineken®** continued its strong momentum and grew 11.3% in volume (14.9% excluding Russia), significantly outperforming the total beer market and ahead of 2019 by 29%. Volume grew double-digits in close to 50 markets. The growth was mainly driven by Brazil, China, South Africa, Vietnam, the Netherlands, Poland, Germany and Nigeria. **Heineken® 0.0** grew 7.9% excluding Russia, driven by the Americas and Europe. **Heineken® Silver** is now launched in 28 markets, including Mexico, Chile and India. Overall, Heineken® Silver more than doubled its volume, driven by the recovery of Vietnam, continued strong growth in China and its global roll-out.

Heineken® volume

(in mhl or %)	3Q22	Organic growth	YTD 3Q22	Organic growth
Heineken N.V.	14.2	11.3%	40.1	12.9%
Africa, Middle East & Eastern Europe	1.5	-12.1%	4.7	0.1%
Americas	5.6	14.4%	15.9	16.4%
Asia Pacific	2.5	38.4%	6.6	26.8%
Europe	4.7	5.8%	13.0	8.1%

Build a future-fit digital route-to-consumer

Our **business-to-business digital (eB2B) platforms** aim to create a superior customer experience to drive demand. We continue to deploy them at speed and in the first nine months of this year they captured €4.3 billion in digital sales value, more than 2.5x the comparable period of last year, equivalent to €6 billion in gross merchandise value². The growth was driven by Vietnam, Nigeria, Mexico, Brazil, the UK, France, Ireland, Italy, the Netherlands and Cambodia. We now have more than 475 thousand active customers, 56% more than last year.

Regional Overview

Africa, Middle East & Eastern Europe

- **Net revenue (beia)** grew 21.0% organically, with total consolidated volume up 1.6% and net revenue (beia) per hectolitre up 19.0%. Price mix on a constant geographic basis was up 19.3%, driven by strong pricing across the region, and improvements in the mix from premiumisation.
- **Beer volume** increased organically by 2.6%, driven by the growth in South Africa and Ethiopia, partially offset by a decline in Nigeria. Beer volume was ahead of 2019 by 5.2%. Premium beer volume grew by a high-single digit excluding the decline in Russia, led by double-digit growth in Nigeria, South Africa and Ethiopia.
- In **Nigeria**, net revenue (beia) grew close to twenty percent, led by strong pricing to mitigate inflation. Total volume outperformed the market despite decreasing by a high-single-digit, reflecting the pressure on consumer disposable income and heavy rains and floods. The premium portfolio continued its strong momentum and grew by more than one-third, led by Heineken®, Tiger and Desperados.

² See glossary for definitions of digital sales value and gross merchandise value

- In **South Africa**, net revenue (beia) grew close to forty percent, benefitting from the relatively low base last year given the alcohol ban in July. Total volume grew in the low-twenties, led by Heineken[®], Windhoek and Strongbow. Following the announcement by the South African Competition Commission that they recommend the proposed transaction with Distell and Namibia Breweries, the Competition Tribunal has now set the date for the hearing of the case in January 2023. We now expect to close the transaction in the first half of 2023.
- In **Ethiopia**, net revenue (beia) grew in the seventies, driven by strong pricing and volume growth. Beer volume grew close to thirty percent, ahead of the market, led by Harar, Bedele and Walia.
- In **Egypt**, net revenue (beia) grew in the high-teens, driven by pricing. Total volume declined by a mid-single digit, due to a low-teens decline in our non-alcoholic portfolio.
- We continue to make good progress to transfer the ownership of our business in **Russia**. We now expect to reach an agreement in the first quarter of next year.

Americas

- **Net revenue (beia)** grew 18.5% organically, with total consolidated volume up 1.5% and net revenue (beia) per hectolitre up 17.6%. Beer volume was ahead of 2019 by 2.4%. Price mix on a constant geographic basis was up by 19%, driven by pricing in Brazil, lower promotional intensity in Mexico and continued premiumisation of our portfolio.
- **Beer volume** increased organically by 3.4% led by Brazil and Mexico. Our premium portfolio grew by a high-single-digit, led by Heineken[®] and Amstel Ultra. Non-beer volume declined 43.8% following the delisting of low-margin PET soft drinks in Brazil.
- In **Mexico**, net revenue (beia) grew in the mid-twenties, mostly driven by pricing ahead of the industry given lower promotions, premiumisation and volume growth. Premium beer volume increased in the high-teens, led by Amstel Ultra and Bohemia Cristal. This month we began a pilot with Coca-Cola FEMSA to increase the distribution of our products in the city of Irapuato in the centre of Mexico.
- In **Brazil**, net revenue (beia) grew in the low-thirties, driven by premiumisation, pricing ahead of the industry and volume growth. Beer volume grew by a high-single digit, ahead of the market. Our premium and mainstream portfolio grew by double-digits, led by Heineken[®] and Amstel. The economy brands declined in the low-teens.
- In the **USA**, net revenue (beia) declined by a low-single-digit, as Dos Equis volume was down due to supply related disruptions and a challenging comparable base. Heineken[®] Original volume was up by a low-single digit and Heineken[®] 0.0 in the low-twenties. We unveiled the launch of Heineken[®] Silver in 2023 in what will be the biggest launch in our history in the US market.
- In **Haiti**, our business has been interrupted since early September due to the on-going political, economic and security crisis the country is facing.

Asia Pacific

- **Net revenue (beia)** grew 72.2% organically, with total consolidated volume up 66.2% and net revenue (beia) per hectolitre up 4.3%. Price mix on a constant geographic basis was up 20.6%, driven by the strong recovery of premium in Vietnam and pricing across the region.
- **Beer volume** increased organically by 68.4% versus last year, led by a sharp recovery from the COVID-related restrictions last year, particularly in Vietnam, Malaysia, Cambodia and Indonesia. Relative to 2019, beer volume is 8.7% ahead. The premium portfolio volume more than doubled, driven by Vietnam.
- In **Vietnam**, net revenue (beia) more than tripled, driven by the volume recovery well ahead of the industry. The premium portfolio led the recovery, driven by Tiger Regular, Tiger Crystal, Heineken[®] Silver and Heineken[®] Original.
- In **India**, net revenue (beia) grew in the twenties, driven by volume and premiumisation effects in our mix. Beer volume growth was driven by Kingfisher. The premium portfolio outperformed, led by Kingfisher Ultra and Heineken[®].
- In **China**, Heineken[®] grew in the twenties, well ahead of the market, with continued momentum of Heineken[®] Original and Heineken[®] Silver.
- In **Cambodia**, net revenue (beia) grew close to fifty percent, driven by the volume recovery, pricing and premiumisation. Beer volume grew in the thirties, led by the growth of the premium portfolio in the sixties, driven by Tiger.
- In **Malaysia**, beer volume grew in the seventies, benefitting from the low base of last year when the Movement Control Order was in effect. The premium portfolio outperformed, led by Heineken[®].
- In **Indonesia**, net revenue (beia) grew in the forties, driven by the volume recovery, ahead of the market, and revenue management. Beer volume remains behind 2019 in the low-teens.

Europe

- **Net revenue (beia)** grew 8.7% organically, with total consolidated volume up 2.3%, benefitting from good weather in some markets and despite increasing pressure from inflation on consumers across the region. In some markets, we observe early signs of demand slowdown at the end of September and into October. Net revenue (beia) per hectolitre was up 7.0% and price mix on a constant geographic basis was up 6.2%, driven by pricing to offset inflationary pressures and premiumisation effects.
- **Beer volume** grew organically by 1.3%, remaining below 2019 by 3.3%. We outperformed the market in more than half of our operations. On-trade beer volume grew by a mid-single digit yet remained behind 2019 by a high-single digit. Off-trade volume declined by a low-single digit and stayed broadly in line with 2019. Our premium portfolio outperformed the broader portfolio, led by Heineken[®] Original, Heineken[®] Silver, Birra Moretti in the UK and El Águila in Spain. Non-alcoholic beer and cider portfolio grew by a mid-single digit, driven by Heineken[®] 0.0.
- In the **UK**, net revenue (beia) increased by a mid-single digit, driven by pricing and partially offset by a volume decline of a mid-single digit. Our premium portfolio grew volume in the low-teens, led by Birra Moretti and Old Mout.
- In **France**, net revenue (beia) grew by a mid-single digit, driven by volume growth and pricing ahead of the industry, partially offset by adverse mix effects.
- In **Spain**, net revenue (beia) grew in the low-teens, driven by pricing, mix effects and low-single-digit volume growth. Our premium portfolio volume declined by a low-single digit relative to a high-teens growth last year.
- In **Italy**, net revenue (beia) grew by a mid-single digit, as pricing more than offset a small volume decline, driven by the premium segment.
- In **Poland**, net revenue (beia) grew in the low-teens, driven by pricing and low-single-digit volume growth. Our premium portfolio volume outperformed, led by Heineken[®]. Last week, we acquired 28.2% of the shares of Grupa Żywiec (GZ) and launched a mandatory tender bid for the remaining 6.6% of the shares. After concluding the transaction GZ will be delisted from the Warsaw Stock Exchange.
- In the **Netherlands**, net revenue (beia) grew in the twenties, driven by volume growth ahead of the market and premiumisation. Our premium portfolio volume grew in the low-teens, led by Desperados and Birra Moretti.

Reported Net Profit

The reported net profit for the first nine months of 2022 was €2,199 million (2021: €3,083 million). Last year included an exceptional gain of €1.270 million from the remeasurement to fair value of the previously held equity interest in United Breweries in India.

Translational Currency Calculated Impact

Based on the impact to date, and applying spot rates of 24 October 2022 to the 2021 financial results as a baseline for the remainder of the year, we calculate a positive currency translational impact of approximately €1,680 million in net revenue (beia), €250 million at operating profit (beia) and €180 million at net profit (beia).

Reconciliation of non-GAAP measures

In the internal management reports, HEINEKEN uses the measure of net revenue (beia).

Reconciliation net revenue (beia)

<i>In millions of €</i>	3Q22	3Q21	YTD 3Q22	YTD 3Q21
Revenue (IFRS)	9,415	7,383	25,816	19,354
Excise tax expense	(1,627)	(1,353)	(4,543)	(3,313)
Net revenue	7,788	6,030	21,273	16,041
Exceptional items included in net revenue	—	(1)	—	(41)
Net revenue (beia)	7,788	6,029	21,273	16,000

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

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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. With HEINEKEN's over 85,000 employees, we brew the joy of true togetherness to inspire a better world. Our dream is to shape the future of beer and beyond to win the hearts of consumers. We are 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. We operate breweries, malteries, cider plants and other production facilities in more than 70 countries. Most recent information is available on our [Company's website](#) and follow us on [LinkedIn](#), [Twitter](#) and [Instagram](#).

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

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

Beia

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

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.

Premium beer

Beer sold at a price index equal or greater than 115 relative to the average market price of beer.

Consolidation changes

Changes as a result of acquisitions, disposals, internal transfer of businesses or other reclassifications.

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.

Digital sales value

Value of the digital transactions with our customers for our products via our eB2B platforms at outlet level, including our net revenue and the margins captured by third party distributors.

Gross merchandise value

Value of all products sold via our eB2B platforms. This includes our own and third-party products, including all duties.

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.

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.

Non-Beer Volume

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

Organic Growth

Organic growth in volume excludes the effect of consolidation changes.

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.

Consolidated Metrics: Third Quarter 2022

<i>In mhl or €million unless otherwise stated & consolidated figures unless otherwise stated</i>	3Q22					3Q22	Organic Growth %
	3Q21	Currency translation	Consolidation Impact	Organic Growth			
Africa, Middle East & Eastern Europe							
Net revenue (beia)	815	109	-40	171	1,054	21.0%	
Total Consolidated Volume	12.8		-0.1	0.2	12.9	1.6%	
Beer Volume	9.6		—	0.2	9.8	2.6%	
Non-Beer Volume	3.2		—	—	3.1	-0.9%	
Third-Party Products Volume	—		—	—	—	—	
<i>Licensed Beer Volume</i>	0.6				0.7		
<i>Group Beer Volume</i>	10.3				10.6		
Americas							
Net revenue (beia)	1,849	325	—	343	2,516	18.5%	
Total Consolidated Volume	22.1		—	0.3	22.4	1.5%	
Beer Volume	21.2		—	0.7	21.9	3.4%	
Non-Beer Volume	0.9		—	-0.4	0.5	-43.8%	
Third-Party Products Volume	—		—	—	—	—	
<i>Licensed Beer Volume</i>	0.8				0.7		
<i>Group Beer Volume</i>	23.9				24.5		
Asia Pacific							
Net revenue (beia)	557	98	72	402	1,128	72.2%	
Total Consolidated Volume	6.1		1.3	4.1	11.4	66.2%	
Beer Volume	5.9		1.3	4.1	11.2	68.4%	
Non-Beer Volume	0.2		—	—	0.2	-1.8%	
Third-Party Products Volume	—		—	—	—	—	
<i>Licensed Beer Volume</i>	1.1				1.4		
<i>Group Beer Volume</i>	15.2				20.5		
Europe							
Net revenue (beia)	3,003	-3	3	263	3,266	8.7%	
Total Consolidated Volume	28.3		—	0.6	28.9	2.3%	
Beer Volume	23.5		—	0.3	23.8	1.3%	
Non-Beer Volume	2.8		—	—	2.8	0.1%	
Third-Party Products Volume	2.0		—	0.3	2.3	16.4%	
<i>Licensed Beer Volume</i>	0.2				0.3		
<i>Group Beer Volume</i>	24.4				24.8		
Heineken N.V.							
Net revenue (beia)	6,029	530	36	1,194	7,788	19.8%	
Total Consolidated Volume	69.2		1.2	5.2	75.7	7.6%	
Beer Volume	60.2		1.2	5.3	66.8	8.9%	
Non-Beer Volume	7.0		—	-0.4	6.6	-5.8%	
Third-Party Products Volume	2.1		—	0.3	2.4	15.2%	
<i>Licensed Beer Volume</i>	2.7				3.1		
<i>Group Beer Volume</i>	73.8				80.5		

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

Consolidated Metrics: First nine months 2022

<i>In mhl or €million unless otherwise stated & consolidated figures unless otherwise stated</i>	YTD 3Q22					YTD 3Q22	Organic Growth %
	YTD 3Q21	Currency translation	Consolidation Impact	Organic Growth			
Africa, Middle East & Eastern Europe							
Net revenue (beia)	2,287	189	-96	530	2,909	23.2%	
Total Consolidated Volume	37.3		-0.2	1.2	38.2	3.3%	
Beer Volume	28.8		-0.2	0.9	29.5	3.2%	
Non-Beer Volume	8.4		—	0.3	8.7	3.8%	
Third-Party Products Volume	0.1		—	—	—	-27.0%	
<i>Licensed Beer Volume</i>	1.7				1.8		
<i>Group Beer Volume</i>	30.8				31.6		
Americas							
Net revenue (beia)	5,193	740	—	872	6,804	16.8%	
Total Consolidated Volume	64.6		—	1.7	66.3	2.6%	
Beer Volume	61.5		—	3.2	64.7	5.3%	
Non-Beer Volume	3.1		—	-1.6	1.5	-51.8%	
Third-Party Products Volume	0.1		—	—	0.1	27.3%	
<i>Licensed Beer Volume</i>	2.1				2.1		
<i>Group Beer Volume</i>	69.7				72.4		
Asia Pacific							
Net revenue (beia)	1,866	222	564	708	3,360	37.9%	
Total Consolidated Volume	20.2		9.9	6.4	36.5	31.5%	
Beer Volume	19.5		9.9	6.4	35.8	32.6%	
Non-Beer Volume	0.6		—	—	0.6	-2.2%	
Third-Party Products Volume	0.1		—	—	0.1	18.4%	
<i>Licensed Beer Volume</i>	2.8				3.4		
<i>Group Beer Volume</i>	42.8				56.3		
Europe							
Net revenue (beia)	7,219	16	23	1,526	8,783	21.1%	
Total Consolidated Volume	71.2		0.1	5.5	76.9	7.8%	
Beer Volume	60.3		0.1	3.2	63.7	5.3%	
Non-Beer Volume	6.9		—	0.3	7.3	4.8%	
Third-Party Products Volume	3.9		—	2.0	5.9	50.3%	
<i>Licensed Beer Volume</i>	0.6				0.8		
<i>Group Beer Volume</i>	62.7				66.3		
Heineken N.V.							
Net revenue (beia)	16,000	1,168	490	3,615	21,273	22.6%	
Total Consolidated Volume	193.3		9.8	14.7	217.9	7.6%	
Beer Volume	170.1		9.9	13.7	193.6	8.1%	
Non-Beer Volume	19.1		—	-1.0	18.1	-5.0%	
Third-Party Products Volume	4.1		—	2.0	6.1	48.3%	
<i>Licensed Beer Volume</i>	7.2				8.1		
<i>Group Beer Volume</i>	206.0				226.7		

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