

Heineken N.V. trading update first quarter 2010

Amsterdam, 21 April 2010 - Heineken N.V. today issued its trading update for the first quarter of 2010.

- EBIT (beia) grew mid-single digit as the effect of cost savings, positive pricing and sales mix exceeded that of lower volume;
- Reported EBIT was significantly higher, driven by an exceptional book gain of €142 million on the transfer of two Asian operations;
- Revenue declined 3.5% to €2,936 million, due to changes in consolidation scope, whilst the effect of lower volume was partly offset by better pricing and sales mix improvement. Organically, revenue was 2.2% lower;
- Volume of the Heineken brand in the international premium segment grew 6.7% to 5.7 million hectolitres;
- Consolidated beer volume declined 5.3% organically, totalling 23.6 million hectolitres. An important factor was the volume decline in Russia;

The first quarter of the year is the least significant in terms of volume and profitability. In 2009, the first quarter accounted for 20.5% of consolidated beer volume and 20.7% of revenue respectively.

Revenue and results

Revenue totalled €2,936 million. Changes in the scope of the consolidation accounted for 1.4% of the decrease in revenue. Organically, revenue was 2.2% lower, as the improvement in selling prices and sales mix (+2.4%) could only partly offset the effect of lower volume on revenue (-4.6%). The effect of weaker foreign currencies was limited.

EBIT (beia) grew mid-single digit driven by lower costs and improved pricing and sales mix, which more than offset the effect of lower volume on EBIT. Organic EBIT (beia) growth was slightly higher as the impact of currencies against the euro (-€6 million) and the negative effect of first time (de)consolidation were limited. Heineken's Total Cost Management programme (TCM) achieved further savings across most cost categories. Investments in brands increased.

Reported EBIT increased substantially versus the first quarter 2009, due to a €142 million pre-tax exceptional book gain realised on the transfer of subsidiaries in Indonesia and New Caledonia, in line with the press release of 7 December 2009.

Net profit (beia) increased driven by higher EBIT and lower "Other net financing expenses". Reported net profit for the first quarter amounted to €218 million.

Changes in the consolidation scope

In 2010, two important changes will affect consolidated beer volume, revenue and EBIT:

- Transfer of a 68.5% stake in PT Multi Bintang Indonesia (MBI) and 100% of Grande Brasserie de Nouvelle-Calédonie S.A. (GBNC) from the Heineken Group to Heineken's joint venture Asia Pacific Breweries (APB) and the acquisition of APB's Indian breweries led to a scope change on 1 February 2010.
- The shift in South Africa from import to production by the local joint venture.

Group beer volume is not affected by these changes.

In Central & Eastern Europe, Brau Holding International, Heineken's joint venture in Germany, sold the Karlsberg brewery in July 2009, lowering Group beer volume. From 1 January 2010 Heineken includes in its Group beer volume 100% of the volume of United Breweries (UBL) in India.

Beer Volumes

Consolidated beer volume

'000 hectolitres	Q1 2010	Q1 2009	Change	Organic change
Western Europe	9,278	9,505	-2.4%	-2.4%
Central and Eastern Europe	7,798	9,001	-13%	-14%
Africa and the Middle East	4,195	4,600	-8.8%	1.7%
The Americas	1,918	1,896	1.1%	1.1%
Asia Pacific	378	622	-39%	1.7%
Consolidated beer volume	23,567	25,624	-8.0%	-5.3%

In the first quarter, consolidated beer volume was 8.0% lower, of which 5.3% was organic. Deconsolidation and a shift in production led to a volume reduction of 0.7 million hectolitre. In Europe and the USA, economic conditions were still challenging, affecting beer consumption. After a slow start to the year, volume trends improved in March partly due to the earlier timing of Easter sales.

In Western Europe, colder than usual winter weather in January and February affected volume, especially in the U.K. In Italy, volume was strong due to lapping the temporary delistings in the first quarter 2009. Volume in Spain, and Switzerland increased slightly whilst volume in Ireland declined more than the average for the region.

In Central & Eastern Europe, volume was 13% lower. Excluding Russia, volume in the region decreased 1.3% organically. In Russia, the tripling of excise duty per 1 January and SKU rationalisation led to a significant lower volume. Volume in Austria grew, whilst volume in Romania and Poland was still under pressure.

In Africa, volume grew organically owing to the good performances in Democratic Republic of Congo, Burundi and the export business. In Nigeria, volume declined mid-single digit, due to the economic and security situation.

In the Americas, strong organic volume growth in the Caribbean and higher volume in Canada more than offset volume softness in the US market, where colder than usual weather, weak consumer sentiment and down-trading to lower-priced beers affected premium beer volume. The overall US beer market declined almost 2%. Depletions – sales by distributors to retailers – of Heineken USA's Dutch portfolio decreased low-single digit, whilst the FEMSA brand portfolio was stable. Both portfolios reported an improvement in the trend in March.

In Asia, consolidated beer volume was lower due to the transfer of MBI and GBNC to APB. Organically, volume grew 1.7% driven by increased exports to Taiwan.

Group beer volume and Heineken® premium volume

'000 hectolitres	Q1 2010	Q1 2009	Change	Organic Change
Western Europe	9,331	9,557	-2.4%	-2.4%
Central and Eastern Europe	9,217	11,065	-17%	-11%
Africa and the Middle East	5,611	5,463	2.7%	2.0%
The Americas	4,523	4,606	-1.8%	-1.8%
Asia Pacific	5,486	3,675	49%	7.5%
Group beer volume	34,168	34,366	-0.6%	-3.5%
Heineken premium volume	5,677	5,321		6.7%

Group beer volume totalled 34.2 million hectolitres. Strong volume growth from the joint venture with Diageo and Namibian Breweries in South Africa was a key contributor to the performance in Africa.

Volume of the Heineken brand in the international premium segment increased 6.7% to 5.7 million hectolitres, driven by strong performances in Italy, Nigeria, South Africa, Indochina and Taiwan, which more than offset lower volume in the USA and Europe, continuing the long term trend of the premium segment outperforming the total beer market.

Priorities for 2010

During 2010, Heineken will continue to focus on further increasing value share in its key markets. In order to build its brands, Heineken stepped up its marketing investments in selective markets.

In the first quarter of 2010, price increases were implemented across most markets, albeit at a lower level than in 2009.

The TCM programme will continue to deliver cost savings. As announced earlier, breweries were closed in Finland and Romania in the first quarter.

Cash generation and debt reduction will remain an important focus in 2010 and Heineken reiterates its commitment to achieve a cash conversion rate (Free operating cash flow/Net profit (beia) before minorities) in excess of 100% for 2010 and 2011.

The company will continue the efforts to improve the profitability of the recently acquired businesses and will focus on the integration of FEMSA Cerveza as soon as the transaction is completed.

FEMSA Cerveza

On 11 January 2010, Heineken announced the proposed acquisition of FEMSA Cerveza in Mexico, Brazil and in its export markets including the USA. The Mexican, Brazilian and U.S. anti-trust authorities have approved the transaction.

Shareholders of Heineken N.V. and Heineken Holding N.V. will be asked to approve the transaction at the AGM that will be held on 22 April, whilst the AGM of FEMSA is scheduled for 26 April. Heineken expects to consolidate FEMSA Cerveza for the first time as of 1 May 2010.

On 27 February 2010, FEMSA Cerveza released its full year 2009 results. Adjusted to reflect the application of the Heineken accounting policies, the effects of the provisional purchase price accounting adjustments and assuming a MXP/€ exchange rate of 18.799 for the year 2009 (versus 17.39 when announcing the transaction), the pro-forma 2009 FEMSA Cerveza key financials would be as follows:

FEMSA Cerveza Pro-Forma Financials (mhl, €m)	2009
Consolidated beer volume	40.5
Revenues	2,465
Net debt	1,324
EBITDA (beia)	437
EBIT (beia)	278
Net debt/EBITDA (beia)	3.0x

With respect to the purchase of Heineken N.V. shares to fulfil the deferred share payment (ASDI) to FEMSA, weekly updates on shares purchased can be found at www.heinekeninternational.com/financialinformation.aspx. For additional information on the proposed FEMSA Cerveza transaction, please refer to the shareholders' circular dated 23 March 2010 and the offering circular, the latter to be published shortly on the website.

Financial structure

In December 2009, the Net Debt/EBITDA (beia) ratio was 2.6 times. Including FEMSA Cerveza, the 2009 pro forma ratio would have been 2.7 times before the completion of the ASDI.

Positive cash flow generation owing to the Hunt for Cash Two programme (H4C2) further reduced net debt at the end of the first quarter compared to the year 2009. The H4C2 cash generation programme will be extended to the Mexican and Brazilian operations once the transaction is completed.

Heineken N.V. 2010 calendar

Annual General Meeting of Shareholders (AGM)	22 April
Quotation ex-final dividend 2009	26 April
Final dividend 2009 payable	29 April
Financial results for the first half 2010	25 August
Trading update for the third quarter 2010	27 October

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Heineken will host an analyst and investor conference call in relation to this trading update today at 10:00am CET/ 9.00 BST. The call will be audiocast live via the company website <http://www.heinekeninternational.com/webcast/investors>, and will be available for download afterwards. Analysts and investors can call in using the following telephone numbers:

From The Netherlands:

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Editorial information:

Heineken is one of the world's great brewers and is committed to growth and remaining independent. The brand that bears the founder's family name - Heineken - is available in almost every country on the globe and is the world's most valuable international premium beer brand. The Company's aim is to be a leading brewer in each of the markets in which it operates and to have the world's most valuable brand portfolio. In 2009, the Company operated 125 breweries in more than 70 countries and sold 159 million hectolitres of beer. Heineken is Europe's largest brewer and the world's third largest by volume. Heineken is committed to the responsible marketing and consumption of its more than 200 international premium, regional, local and specialty beers and ciders. These include Amstel, Birra Moretti, Cruzcampo, Foster's, Kingfisher, Newcastle Brown Ale, Ochota, Primus, Sagres, Star, Strongbow, Tiger and Zywiec. In 2009, revenue totalled €14.7 billion and net profit before amortisation of brands and customer relations was €1.0 billion. In 2009, the average number of people employed was 55,301. Heineken N.V. and Heineken Holding N.V. shares are listed on the Amsterdam stock exchange. Prices for the ordinary shares may be accessed on Bloomberg under the symbols HEIA NA and HEIO NA and on the Reuters Equities 2000 Service under HEIN.AS and HEIO.AS. Most recent information is available on Heineken's home page: <http://www.heinekeninternational.com>.