

Heineken N.V. 2012 Full Year results: continued growth in an exciting year

Amsterdam, 13 February 2013 – Heineken N.V. today announced:

- **Revenue** increase of 7.4% to €18.4 billion (organic growth +3.9% consisting of total consolidated volume growth of 1.5% and increased revenue per hl of 2.4%);
- **Group beer volume** grew 2.8% organically, with growth in 4 out of 5 regions, driving a gain in global market share;
- Strong **Heineken®** brand performance with volume growth of 5.3% in the international premium segment, further extending global segment leadership;
- **EBIT (beia)** broadly in line with prior year, on an organic basis, reflecting upfront spend on business capability building and higher input costs;
- Following **acquisition of APB and APIPL**, HEINEKEN derives 64% of consolidated beer volume and 59% of EBIT (beia) from emerging markets (on a 2012 pro forma basis);
- **Net profit** more than doubled to €2.9 billion owing to a non-cash exceptional gain of €1.5 billion, related to revaluation of previously held equity interest in APB and APIPL;
- **Net profit (beia)** grew 1.6% organically, reflecting the benefit of a lower effective tax rate (beia) and lower organic interest expense;
- **Diluted EPS (beia)** grew by 8.9% to €2.94 (2011: €2.70);
- **TCM2** delivered pre-tax savings of €196 million;
- **Free operating cash flow** of €1.5 billion and a cash conversion ratio of 80% reflects higher capital investment to drive future growth; and
- Proposed **total 2012 dividend** of €0.89 per share, an increase of 7.2% (2011: €0.83).

Key figures¹

(in mhl or € million unless stated otherwise)

	Full Year 2012	Full Year 2011	Change %	Organic growth %
Group beer volume	221.2	213.9	3.4	2.8
Total consolidated volume	202.0	194.4	3.9	1.5
Of which: Consolidated beer volume	171.7	164.6	4.3	2.4
Heineken® volume in premium segment	29.1	27.4	6.2	5.3
Revenue	18,383	17,123	7.4	3.9
EBIT	3,904	2,455	59	
EBIT (beia) ²	2,912	2,697	8.0	-0.5
Net profit	2,949	1,430	106	
Net profit (beia)	1,696	1,584	7.1	1.6
Free operating cash flow	1,484	2,093	-29	
Net debt/EBITDA (beia) ³	2.8x	2.2x		
Diluted EPS (beia) (in €)	2.94	2.70	8.9	

¹ For an explanation of the terms used please refer to the Glossary in the Appendix. Unless otherwise stated, any reference to growth rates used throughout the report is calculated on an organic basis and volume relates to group beer volume.

² APB and APIPL no longer report with a 3-month delay. For comparison purposes, the EBIT (beia) organic growth calculation is based on 12 months of APB and APIPL share of net profit, assuming HEINEKEN's joint venture share of 41.9% of APB and APIPL from the beginning of the year is maintained. This includes corrections for accounting changes and fair value adjustments. The 3-month period from 15 August to 14 November 2012 is excluded from the calculation of organic volume and EBIT growth.

³ 2012 includes APB and APIPL on a 12 month combined pro forma basis; 2011 includes the Galaxy Pub Estate on a 12 month pro forma basis.

CEO STATEMENT

Jean-François van Boxmeer, Chairman of the Executive Board and CEO of Heineken N.V., commented:

“2012 has been another year of strong progress for HEINEKEN. Most notably, acquiring full control of Asia Pacific Breweries significantly expanded our exposure to growth markets and extended our business platform in Asia which, along with Africa and Latin America, continued to perform well in 2012. In the U.S., our portfolio strategy is working, combining a turnaround of the Heineken® brand with continued strong growth of the Mexican brand portfolio.

At the same time we managed a challenging market environment in Europe by continuing to invest in brands and deepening our relationships with customers, which resulted in share gains in many key markets. Across the company we have reduced costs and improved operating efficiencies, delivering €196 million of pre-tax savings under our TCM2 programme.

The Heineken® brand continued its track record of outperformance, growing ahead of the global beer market and further extending its leadership in the International Premium Segment. The launch of global brands such as Desperados, Strongbow Gold and Sol in new markets, as well as successful innovation such as ‘Radler’, all contributed to top-line growth. Innovation introduced in the market within the last 3 years now represents €1 billion, or 5.3% of revenues. All in all, we generated solid results in a challenging but rewarding year for HEINEKEN. Looking to 2013, we are confident that our strategy will further drive continued top-line growth momentum and improved profitability.”

2013 FULL YEAR OUTLOOK

Top-line: HEINEKEN anticipates continued volume and revenue growth momentum in 2013. The higher growth regions of Africa, Latin America and Asia Pacific are expected to more than offset volume weakness in European markets affected by continued economic uncertainty and government-led austerity measures. However, HEINEKEN will continue to seek opportunities in Europe to drive positive price and sales mix.

Global brands: The Heineken® brand is expected to continue to outperform the international premium segment and overall beer market in 2013 by further leveraging HEINEKEN’s global marketing scale, superior brand campaigns and strong execution in the marketplace. In 2013, the continued growth and planned roll-out of HEINEKEN’s other premium global brands – Desperados, Strongbow Gold, Amstel Premium Pilsner and Sol – are expected to support top-line development.

Marketing and selling expenses: HEINEKEN expects marketing and selling (beia) expense as a percentage of revenue to remain broadly stable, reflecting improved marketing spend effectiveness from increased global scale (2012: 12.2%).

Input costs: HEINEKEN forecasts a slight increase in input cost prices (excluding the effect of currency translation).

Total Cost Management 2 (TCM2): HEINEKEN now expects to realise €525 million of cost savings under the TCM2 programme covering the period 2012–2014 (previously €500 million). The increase of €25 million reflects identified cost synergies under the acquisition of Asia Pacific Breweries (APB) and Asia Pacific Investment Pte Ltd (APIPL).

HEINEKEN expects to incur approximately €100 million of further upfront GBS costs through to the end of 2014 (with around two thirds of this spend expected in 2013). As a result of on-going productivity initiatives, HEINEKEN expects an organic decline in the number of employees in 2013.

Effective tax rate: HEINEKEN expects the effective tax rate (beia) in 2013 to be in the range of 27% to 29% (2012: 26.5%). The higher tax rate can be primarily explained by the result of favourable outcomes with tax authorities in 2012 and the full year consolidation of APB and APIPL in 2013 which is subject to a higher effective tax rate.

Interest rate: HEINEKEN forecasts an average interest rate of around 4.5% in 2013 (2012: 5.4%) reflecting lower coupons on bond issuances in 2012.

Cash flow: Cash flow generation is expected to remain strong, further reducing the level of net debt. In 2013, capital expenditure related to property, plant and equipment is forecast to be €1.5 billion (2012: €1.2 billion) primarily reflecting the consolidation of APB and continued investment in higher growth markets to capture anticipated top-line growth. Increased investments in 2013 will be focused on brewing capacity expansions, the upgrading of existing production facilities and new commercial equipment. As a consequence, HEINEKEN expects a cash conversion ratio of below 100% in 2013.

Acquisition of APB and APIPL: The acquisition of APB and APIPL is expected to be marginally EPS accretive in the first year.

Total dividend for 2012

The Heineken N.V. dividend policy is to pay out a ratio of 30% to 35% of full-year net profit (beia). The payment of a total cash dividend of €0.89 per share of €1.60 nominal value for 2012 (total dividend 2011: €0.83) will be proposed to the annual meeting of shareholders. If approved, a final dividend of €0.56 per share will be paid on 8 May 2013, as an interim dividend of €0.33 per share was paid on 4 September 2012. The payment will be subject to a 15% Dutch withholding tax. The ex-final dividend date for Heineken N.V. shares will be 29 April 2013.

Investor Calendar Heineken N.V.

What's Brewing Seminar, London	25 March 2013
Trading update for Q1 2013	24 April 2013
Annual General Meeting of Shareholders (AGM)	25 April 2013
What's Brewing Seminar (location to be determined)	28 June 2013
Half Year 2013 Results	21 August 2013
What's Brewing Seminar, New York	6 September 2013
Trading update for Q3 2013	23 October 2013
Financial Markets Conference, Mexico	5–6 December 2013

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Editorial information:

HEINEKEN is a proud, independent global brewer committed to surprise and excite consumers with its brands and products everywhere. 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. HEINEKEN wants to win in all markets with Heineken® and with a full brand portfolio in markets of choice. The Company is present in over 70 countries and operates more than 165 breweries with volume of 221 million hectoliters of group beer sold. 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 250 international premium, regional, local and specialty beers and ciders. These include Heineken®, Amstel, Anchor, Biere Larue, Bintang, Birra Moretti, Cruzcampo, Desperados, Dos Equis, Foster's, Newcastle Brown Ale, Ochota, Primus, Sagres, Sol, Star, Strongbow, Tecate, Tiger and Zywiec. Our leading joint venture brands include Cristal and Kingfisher. Pro forma 2012 revenue totaled €19,765 million and EBIT (beia) €3,151 million. The number of people employed is over 85,000. 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 Reuter Equities 2000 Service under HEIN.AS and HEIO.AS. Most recent information is available on HEINEKEN's website: www.theHEINEKENcompany.com.

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, 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, 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 are only relevant as of the date of this press release. HEINEKEN does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of these statements. Market share estimates contained in this press release are based on outside sources, such as specialised research institutes, in combination with management estimates.

MANAGEMENT REPORT

OPERATIONAL REVIEW

Volume, global brands and innovation

Group beer volume grew 3.4% to 221 million hectolitres, including a 0.6% net consolidation impact. On an organic basis, group beer volume increased 2.8%, with volume higher in four out of the five regions. In 2012, the benefit of effective marketing, successful innovation and strong outlet execution contributed to global volume market share gains, including the key markets of Mexico, Nigeria, France, Russia, Vietnam, the U.S. and the UK.

Total consolidated volume increased 1.5% organically led by consolidated beer volume growth of 2.4% and higher soft drinks volume. This was only partly offset by lower volume of cider and third party products.

Heineken® volume by region <i>(in mhl)</i>	Full Year 2012	Organic Growth %
Heineken® volume in premium segment	29.1	5.3
Western Europe	8.0	3.7
Central & Eastern Europe	2.3	1.9
The Americas	8.8	6.4
Africa & the Middle East	3.5	16
Asia Pacific	6.5	2.2

Volume of the **Heineken®** premium brand grew by 5.3% in 2012, outperforming both the international premium segment and the overall beer market. Heineken® brand growth was balanced across both developed and emerging markets. In particular, the brand achieved strong growth in a number of important markets, including Brazil, China, France, Mexico, Nigeria, Russia and the U.S. This strong Heineken® brand performance reflects the on-going success of the 'Open Your World' global communication campaign, which was further expanded with the roll-out of the 'The Date' and 'The Switch' commercials in 2012. Another strong brand building platform for Heineken® was the sponsorship of the highly successful James Bond film 'Skyfall', supported by the launch of the 'The Express' commercial which was aired in over 50 markets. In the UK, the Heineken® brand was the official lager supplier of the London 2012 Olympic Games, generating high brand visibility and sales. In addition, the Heineken® brand continues to engage with its consumers through social media, with the number of Facebook fans following the Heineken® brand now close to 11 million, compared with 5 million at the end of 2011.

Desperados, the super-premium tequila-flavoured speciality beer, grew 15% with gains achieved across all markets. This was led by strong growth in Austria, Belgium, Germany, the Netherlands, Poland, Russia, Spain and the UK.

Sol, in the premium segment, grew 10% in 2012 led by solid growth in Greece, Ireland, Portugal, and the UK. The brand was successfully launched in Finland in March 2012 in a newly designed global bottle.

Volume of **Strongbow** cider declined 3% as lower volume in the UK was only partly offset by strong growth in South Africa, Canada, US and Hungary. On 1 January 2013, HEINEKEN regained the rights to distribute Strongbow in the U.S.

Volume of the **Amstel** brand grew 3% with the continued success of Amstel Premium Pilsener in Russia and strong growth of Amstel Malta in Nigeria only partly offset by lower brand volume in South Africa and Greece.

Innovation remains a key strategic focus area for HEINEKEN to support sustainable value growth. At the end of 2012, HEINEKEN's innovation rate increased to 5.3%, from 4.1% in 2011, with innovation contributing €1 billion of revenues in the year. HEINEKEN remains well on track to achieve its target innovation rate of 6% of annual revenues by 2020. This higher rate of innovation reflects both local innovations as well as the accelerated roll-out of global innovations including Desperados, Sol, Strongbow Gold, Amstel Premium Pilsener and the 4 litre PET keg. The launch of the higher margin 'Radler' product varieties (a refreshing mix of beer and 100% natural juice) in eight markets in Central & Eastern Europe was a particular success, contributing to incremental volume gains across the region.

Total Cost Management (TCM2) programme

Cost savings by region

(in € million)

Full Year
2012

% of total
savings

HEINEKEN	196	100%
Western Europe	72	37%
Central & Eastern Europe	49	25%
The Americas	28	15%
Africa & the Middle East	21	11%
Other	25	12%

TCM2 realised €196 million of pre-tax cost savings in its first year. Supply chain and global support functions have contributed 60% and 21%, respectively, of realised cost savings. On a regional basis, Europe contributed 62% of savings. Reduced fixed costs represent approximately two thirds of total realised savings mainly across supply chain, commerce, wholesale and global support functions. The balance of variable cost savings has been achieved primarily in product related spend areas and logistics expense. Pre-tax exceptional costs related to TCM2 in the period were €97 million.

Global Business Services (GBS), a key enabler under the TCM2 programme, focuses on leveraging HEINEKEN's global scale in purchasing as well as improving the quality and efficiency of financial transactional services in Europe. During 2012, UK, Romania, France, Ireland and Hungary successfully transitioned to the Global Shared Services Centre (HGSS) in Kraków. HGSS currently employs 200 people, with further scalability expected to accommodate the planned roll-out. In 2012, upfront costs related to the set-up of the GBS organisation were €70 million (including capitalised IT infrastructure costs of €17 million). This brings the cumulative amount of upfront GBS costs to €102 million as at the end of 2012, of which €82 million has been expensed (primarily under Head Office and Eliminations) and €20 million capitalised.

During the first half of 2013, the transition of a further four operating companies to HGSS is planned. HEINEKEN Global Procurement Company (HGP) contributed significantly to cost savings across both product and non-product related spend areas. Additionally, HGP provided service expertise to many operating companies, successfully leveraging the Company's enhanced scale with key suppliers. These initiatives are expected to generate substantial recurring cost savings for HEINEKEN.

Acquisition of Asia Pacific Breweries Limited (APB) and Asia Pacific Investment Pte Ltd (APIPL)

On 8 February 2013, HEINEKEN published combined pro forma financial information for APB and APIPL ('the Acquired Businesses') for the 12-month period ended 30 June 2012.

HEINEKEN has consolidated the Acquired Businesses under its Asia Pacific reporting region from 15 November 2012. The Acquired Businesses contributed €287 million of revenue and €93 million of EBIT (beia) during the period 15 November to 31 December 2012.

Assuming the first time consolidation of APB and APIPL from 1 January 2012, pro forma 2012 revenue and EBIT (beia) of the Acquired Businesses would have amounted to €1,698 million and €425 million, respectively (based on an average EUR/SGD exchange rate of 1.6341). HEINEKEN's 2012 EBIT (beia) already includes €93 million related to its share of net profit of the Acquired Businesses before consolidation. HEINEKEN's 2012 revenue includes €29 million related to transactions between HEINEKEN and the Acquired Businesses prior to consolidation.

On a pro forma 2012 basis, the Asia Pacific region would have accounted for 9% of HEINEKEN's 2012 revenues and 16% of EBIT (beia).

The acquisition enhances HEINEKEN's future growth prospects through providing direct access to a significant and exciting growth region for beer and further expanding the Company's emerging market footprint. On a pro forma 2012 basis, HEINEKEN derives 64% of its consolidated beer volume and 59% of group EBIT (beia) from emerging markets.

The integration of the Acquired Businesses is progressing well and in line with management plans. This mainly comprises integration of the main activities of the Acquired Businesses into HEINEKEN's systems, policies and procedures. The existing head offices of HEINEKEN and APB will be consolidated to create one regional hub in Singapore. At the same time, HEINEKEN's existing standalone businesses in Asia will be operationally integrated within the APB organisation, in order to create a single regional platform.

Changes to Executive Committee

From 1 April 2013, HEINEKEN will introduce changes to its top management structure and the composition of its Executive Committee. The changes will ensure HEINEKEN is able to maintain the positive momentum behind its strategy and long term growth objectives.

These changes will result in a decrease in the size of the Executive Committee from 12 members to 11. Further information can be obtained from the press release issued on 8 February 2013.

REGIONAL REVIEW
Western Europe
(in mhl or € million unless stated otherwise)

	Full Year 2012	Full Year 2011	Total change %	Organic change %
Group beer volume	44.6	45.7	-2.4	-2.0
Total consolidated volume	63.2	65.4	-3.4	-3.4
<i>Of which:</i> Consolidated beer volume	44.3	45.4	-2.4	-2.0
Revenue	7,785	7,752	0.4	-0.1
EBIT (beia)	964	962	0.3	-6.6
Operating profit (beia) margin	12.4%	12.4%		

Group beer volume declined organically by 2%. Beer markets in the region were adversely impacted by challenging economic conditions, rising VAT and beer excise rates in several markets and declining consumer spending in on-premise channels. Despite these challenges, regional volume performance was resilient, contributing to share gains in the UK, France, Ireland and Belgium and stable market share in the Netherlands. In December 2012, the French government approved a 160% increase in the beer excise tax rate, effective from 1 January 2013. The effect of stock building in France in the fourth quarter of 2012 (ahead of the planned excise duty increase), is estimated to have increased regional group beer volume by 0.5% in 2012. There was a corresponding 0.5% negative impact to 2012 regional beer volumes following the planned withdrawal of a product in the high-promotion discount channel in Finland.

Revenue on an organic basis was in line with the prior year as the benefit of higher pricing and improved sales mix offset lower volumes. **EBIT (beia)** includes a €57 million positive contribution from the first-time consolidation of Galaxy pubs. The appreciation of the British pound added a 1% positive currency impact. On an organic basis, the decline in EBIT (beia) primarily reflects higher input costs and an adverse trade channel mix. Profit grew in the UK, Italy and Ireland and was lower in the Netherlands, France, Spain, Portugal and Finland.

Beer volume in the **UK** outperformed a declining market and contributed to a share gain of around 60 basis points. Foster's extended its mainstream beer leadership in the off-premise channel, whilst the Heineken® brand grew strongly, benefiting from premium brand building activities including the London 2012 Olympic Games and the James Bond 'Skyfall' partnership. Gains in the off-premise channel mostly offset reduced consumption in the on-premise channel, due to poor summer weather and the challenging economic environment. 2012 saw the launch of both new Strongbow packaging and Strongbow Pear alongside continued growth of Bulmers, but overall cider volumes declined in low single digits. Business performance was further supported by continued growth of Foster's Gold and Desperados as well as the consolidation of the Galaxy Pub Estate.

Domestic beer volume in **France** grew in the mid-single digits, including the benefit of inventory stock build by retailers ahead of the planned excise duty increase from 1 January 2013. Excluding this positive impact, volume would have been in line with prior year. HEINEKEN again outperformed the market, resulting in volume and value market share

leadership in the country. Excluding the impact of stock building, the key brands of Heineken®, Pelforth and Desperados all grew in 2012.

Volume in **Spain** declined by low-single digits. The effect of rising unemployment and government austerity measures (including a higher VAT rate in on-premise outlets) continued to impede consumer confidence and erode household incomes, leading to lower volume in on-premise outlets. Volume in off-premise outlets was stable despite growth in private label brands and a consumer shift towards the discounter channel. The challenging economic circumstances contributed to a mid-single digit volume decline in the fourth quarter of 2012. Various innovations including Amstel Extra, Sol and Desperados were successfully introduced during the year.

Volume of domestic beer sold in **Italy** was in line with the prior year. This volume performance reflects declining consumer confidence and price increases taken ahead of competition. Volume of Birra Moretti remained broadly stable, while slight growth of the Heineken® brand contributed to further share gains in the premium segment.

Volume in the **Netherlands** declined in the low-single digits, in line with the beer market. A VAT increase from October 2012 and declining consumer confidence adversely impacted spending in on-premise channels, with increased demand for lower priced beer brands in the off-premise channel. A reorganisation of the wholesale operations in the fourth quarter of 2012 is expected to lead to improved sales effectiveness and operating efficiencies.

Central & Eastern Europe

(in mhl or € million unless stated otherwise)

	Full Year 2012	Full Year 2011	Total change %	Organic change %
Group beer volume	54.7	52.7	3.8	3.8
Total consolidated volume	49.9	48.3	3.4	3.4
Of which: Consolidated beer volume	47.3	45.4	4.2	4.2
Revenue	3,280	3,229	1.6	3.9
EBIT (beia)	349	346	0.8	0.9
Operating profit (beia) margin	9.9%	10.2%		

Group beer volume grew 3.8% organically, led by solid gains across most markets in the region, partly offset by lower volume in Greece and at the BHI joint venture operation in Germany.

Organic **revenue** increased 3.9%, reflecting higher volume and a slight improvement in revenue per hectolitre. The depreciation of local currencies (i.e. Russian rouble, Belarusian rouble and the Romanian lei) versus the euro reporting currency limited reported revenue growth to 1.6%. On an organic basis, **EBIT (beia)** increased by 0.9%, as higher revenue was partly offset by substantially higher input costs and increased fixed costs. Profit was higher in Russia, Austria and Romania and lower in Poland and Greece.

Despite an accelerated shift toward the off-trade channel, the implementation of selected price increases across the region resulted in improved revenue per hectolitre and a marked recovery in profitability in the second half of the year. HEINEKEN remains committed to driving continued value growth in the region, particularly in markets with strong positions.

This will be achieved through a renewed strategic focus on pricing, brand equity building and leveraging regional scale across innovation and commercial capabilities.

Volume in Russia, grew in the low-double digits, resulting in a volume market share gain of 170 basis points to 13.4% at the end of 2012 (based on Russian beer production data). Volume growth was led by the Heineken®, Amstel Premium Pilsener, Okskoye and Three Bears brands. The new 'Radler' flavour brand extensions for Zlaty Bazant and Doctor Diesel also contributed to the strong volume performance in Russia.

Volume in Poland increased in the low-single digits, resulting in stable market share. This growth was led by the higher margin Desperados and Paulaner brands, as well as Tatra and Warka, whilst volume of Zywiec was stable. Consumer confidence remains low, contributing to a continued consumer shift from traditional trade towards the discounter channel. Innovations such as Warka Radler and Desperados Red were a success in 2012.

In Greece, the effect of a weak economic backdrop was compounded by the implementation of new austerity measures and rising unemployment. This impacted consumer purchasing power and resulted in a low-double digit volume decline in 2012. The economy segment continued to grow, contributing to strong growth of the Alfa brand, whilst volumes of the Heineken® and Amstel brands were lower.

Volume in Austria increased in the low-single digits in a broadly flat market, underpinned by solid gains in the off-premise channel. Gösser and Zipfer grew volume and share, owing to the successful launch of 'Radler' brand extensions. Additionally, Heineken® and Desperados enjoyed solid growth, improving overall sales mix.

Volume in Romania grew by high-single digits, confirming market leadership in both volume and value terms. The key strategic national brands of Bucegi and Ciuc, as well as the global brands Heineken® and Amstel all grew volume and value in the double digits.

In December 2012, HEINEKEN and Efes Breweries International (EBI) agreed to unwind their partnerships in Kazakhstan and Serbia, resulting in a net consideration for HEINEKEN of US\$161 million and full ownership of the Serbian operations. Under the agreement, HEINEKEN agreed to sell its 28% stake in Efes Kazakhstan to EBI and acquire EBI's 28% stake in Central Europe Beverages, the holding company for the Serbian operations, thereby obtaining full ownership. The transaction related to the Serbian operations closed on 27 December 2012, while the Kazakhstan disposal was completed on 8 January 2013.

In December 2012, Brau Union Austria, signed an agreement with Eckes Granini to divest the soft drink operations of Pago International. The transaction is expected to complete in the first quarter of 2013.

The Americas

(in mhl or € million unless stated otherwise)

	Full Year 2012	Full Year 2011	Total change %	Organic change %
Group beer volume	62.8	60.2	4.3	3.5
Total consolidated volume	54.4	50.8	7.0	4.2
Of which: Consolidated beer volume	53.1	50.5	5.2	4.2
Revenue	4,523	4,029	12	8.2
EBIT (beia)	748	655	14	7.9
Operating profit (beia) margin	14.7%	14.3%		

Group beer volume grew organically by 3.5%, reflecting higher volume in the U.S., Mexico, Brazil, the Caribbean, and a stable performance at CCU, the joint venture business in Chile and Argentina. Adjusting for the higher rate of shipments growth (versus depletions) in the U.S., group beer volume grew organically by 3.1%.

Revenue grew 12%, including a positive contribution from the first-time consolidation of Brasserie Nationale d'Haiti ('BraNa') and a favourable net currency impact following the appreciation of the Mexican peso and US dollar, slightly offset by depreciation of the Brazilian real. On an organic basis, revenue grew 8.2% led by higher volume, strong price and sales mix in Mexico and Brazil and improved pricing in the U.S. **EBIT (beia)** includes a positive contribution from the first-time consolidation of BraNa with favourable currency movements. On an organic basis, EBIT (beia) grew 7.9%, as higher revenue was partly offset by increased input costs. Profit grew substantially in Mexico and was also higher in Brazil and the Caribbean and Canada. Profit remained broadly stable in the U.S. market.

In **Mexico**, successful execution of the Company's value growth strategy and a supportive economic environment contributed to strong profit growth. Investment in new marketing campaigns, the renewal of packaging for the Sol and Indio brands and strong performances of the Tecate and Dos Equis brands contributed to mid-single digit volume growth. Increased outlet distribution and strong activation supported solid growth of the Heineken® brand.

In **Brazil**, group beer volume grew in the low-single digits, outperforming beer market growth. Volume of the Kaiser and Bavaria brands was in line with the prior year, while the Heineken® brand grew by over 40%, gaining further market share in the international premium segment.

In the **U.S.**, depletions (sales to retailers) increased by 2.2% in a broadly stable beer market, resulting in market share gains. This volume performance reflects an improved trend for the Heineken® brand, accelerated growth of the Mexican brand portfolio and successful innovation. The success of the global 'Open Your World' campaign, underpinned by strong activation of the James Bond 'Skyfall' sponsorship drove higher Heineken® brand equity. Dos Equis Lager, one of the fastest growing import beers in the U.S., grew 25%, with Tecate Light also growing strongly.

Africa & the Middle East

(in mhl or € million unless stated otherwise)

	Full Year 2012	Full Year 2011	Total change %	Organic change %
Group beer volume	30.4	28.8	5.6	4.0
Total consolidated volume	30.3	28.6	6.2	4.6
Of which: Consolidated beer volume	23.3	22.0	5.7	3.6
Revenue	2,639	2,223	19	12
EBIT (beia)	652	570	15	9.8
Operating profit (beia) margin	23.3%	24.0%		

Group beer volume increased 5.6%, including a 1.6% positive consolidation impact related to the acquired Ethiopian breweries. Organic volume grew 4% with growth in all key markets with the exception of the Democratic Republic of Congo where volumes were adversely impacted by volatility in parts of the country. The Heineken® brand achieved strong growth of 16%, reaching 3.5 million hectolitres, primarily driven by growth in Nigeria, Algeria, Tunisia and South Africa.

Organic **revenue** grew by 12%, reflecting both the solid volume performance as well as the benefit of strong pricing and favourable sales mix from premium brand growth and innovation. On a reported basis, revenue grew 19%, including a positive consolidation impact of 1.2% related to the acquisition in Ethiopia and favourable foreign exchange impact of 5.2%, primarily reflecting appreciation of the Nigerian naira and the Congolese franc.

EBIT (beia) grew 9.8% organically as higher revenue was partially offset by increased input costs and higher depreciation charges following investment in new brewing capacity in several markets. Profit grew strongly in Nigeria, Egypt, Burundi, Rwanda, whilst profit was lower in the Democratic Republic of Congo and South Africa.

In **Nigeria**, volume grew in the low-single digits led by growth of the Heineken®, Maltina, 33 Export and Star brands. An increase in consumer price inflation reduced purchasing power and contributed to slower beer market growth in 2012. However, increased product availability, investment in new capacity and strong marketing and sales execution contributed to higher market share.

Whilst some social unrest in **Egypt** remains, volume rebounded strongly in 2012, reflecting a partial recovery in tourism and an improved performance of non-alcoholic beverages.

The Brandhouse joint venture operation in **South Africa** continued to outperform the market, with an improved volume performance in the second half of the year driving a mid-single digit growth versus the prior year. This performance was led by the Windhoek, Heineken® and Strongbow brands. Upgraded packaging and the introduction of a new marketing campaign in the fourth quarter of 2012 resulted in a trend improvement for the Amstel brand and improved brand equity.

Asia Pacific

(in mhl or € million unless stated otherwise)

	Full Year 2012	Full Year 2011	Total change %	Organic change %
Group beer volume	28.7	26.5	8.4	6.2
Total consolidated volume	4.2	1.3	220	2.2
Of which: Consolidated beer volume	3.7	1.3	186	2.2
Revenue	527	216	144	3.4
EBIT (beia)	267	176	52	-0.9
Operating profit (beia) margin	29.7%	29.9%		

Reported financials reflect the first time consolidation of APB and APIPL from 15 November 2012. Prior to consolidation, APB and APIPL financials were reflected in HEINEKEN's EBIT (beia) as share of profit from associates and joint ventures, with a 3-month delay. Since 15 November 2012, HEINEKEN no longer reports the results of APB and APIPL with a delay. HEINEKEN's share of net profit of APB and APIPL from 15 August to 14 November 2012 ('3-month catch up period') is reported as a pre-tax exceptional item in the 'Other Income' line. For comparison purposes, the EBIT (beia) organic growth calculation is based on 12 months of APB and APIPL share of net profit, assuming HEINEKEN's joint venture share of 41.9% of APB and APIPL from the beginning of the year is maintained. This includes corrections for accounting changes and fair value adjustments. The 3-month catch up period is excluded from the calculation of organic volume and EBIT (beia) growth.

Group beer volume grew organically by 6.2%, reflecting solid volume growth in Vietnam, Indonesia, South Korea and our UBL joint venture operation in India.

Strong reported **revenue** growth primarily reflects a first time consolidation impact related to the acquired operations of APB and APIPL (+€287 million) and a small positive currency benefit (+€17 million). Higher consolidated volume and solid pricing in Taiwan, Hong Kong and Australia drove solid organic revenue growth.

EBIT (beia), on a reported basis, grew by 52%, reflecting a positive first time net consolidation impact of €83 million for APB and APIPL and a favourable currency impact. EBIT (beia) declined organically by 0.9%, reflecting a net impairment of €11 million in 2012 related to HEINEKEN's share of an investment in Jiangsu Dafuhao Breweries in China and a €19 million gain on the disposal of HEINEKEN's share in Kingway Brewery Holdings Limited in China in 2011.

Volume of **APB and APIPL** increased 6.7%, driven by strong growth in Vietnam, Indonesia and the export business. Tiger brand volume increased 32% driven by solid growth in Vietnam, China and export markets. In China, volume grew 27%, led by growth of the Tiger and Heineken® brands in the international premium segment.

Volume in UBL, the Company's joint venture in **India**, increased 6%, driven by the continued success of the Kingfisher brand family. HEINEKEN's share of net profit of UBL increased by 20% largely due to strong pricing, lower bottle costs and reduced interest costs.

Head Office costs, other items and eliminations

(in mhl or € million unless stated otherwise)

	Full Year 2012	Full Year 2011	Total change %	Organic change %
EBIT (beia)	-69	-12	na	na

The significant decline in EBIT (beia) reflects higher planned investments in global capability building across Commerce and Supply Chain functions and ongoing set-up costs related to the Global Business Services organisation. This was only partly offset by higher income from licensing and know-how fees and increased revenue generated by HEINEKEN's packaging and malting operations.

Charges for the increased level of activities undertaken by central functions for the benefit of operating companies are expected to contribute to the Head Office reporting region becoming profit breakeven by the end of 2013. Around half of the related costs incurred by operating companies will be recognised in the Western Europe region, with the balance primarily reflected in the Central & Eastern Europe and Americas regions.

FINANCIAL REVIEW

Key financials

(in € million)

	Full Year 2011	Consol. impact	Currency translation	Organic change	Full Year 2012	Organic change %
Revenues	17,123	336	254	670	18,383	3.9
Operating profit (beia)	2,456	168	49	-13	2,660	-0.5
EBIT (beia)	2,697	164	63	-12	2,912	-0.5
Net profit (beia)	1,584	36	50	26	1,696	1.6

Consolidation Impact and accounting changes

The main consolidation scope changes having an impact on financial results in 2012 include:

- The acquisition of the Harar and Bedele breweries in Ethiopia, consolidated from 4 August 2011;
- The acquisition of the Galaxy Pub Estate in the United Kingdom, consolidated from 2 December 2011;
- The acquisition of a controlling stake (from 22.5% to 95%) in Brasserie Nationale d'Haiti S.A, consolidated from 17 January 2012; and
- The acquisition of a direct and indirect stake of 39.7% in APB (to raise our stake to 95.3%), and the acquisition of APIPL (from 50% to 100%), both consolidated from 15 November 2012.

With effect from 1 January 2013 HEINEKEN has adopted the amended IAS19 in its accounting policies. Had this policy change been introduced from 1 January 2012, this would have led to an estimated increase in total pension costs of €99 million in 2012. Previously, the interest expense on the net pension liability was reported within personnel expenses. With effect from 1 January 2013, HEINEKEN will report the interest expense on its net pension liability in the 'Other net finance income/ (expenses)' line of the income statement. Had this change been introduced from 1 January 2012, this would have led to an estimated pre-tax increase in HEINEKEN's 2012 'Other net finance income/ (expenses)' line of €68 million and an increase in personnel expenses, resulting in a reduction in group EBIT (beia) of €31 million. The new accounting standard will be applied retrospectively and accordingly, HEINEKEN will restate 2012 financials in its 2013 results.

Revenue

Revenue increased 7.4% to €18,383 million, reflecting revenue growth of 3.9% on an organic basis, a positive net consolidation effect of 2% (+€336 million) and a favourable foreign currency effect of 1.5% (+€254 million), largely driven by the Nigerian naira, the Mexican peso and the British pound. Organic revenue growth of 3.9% is made up of total consolidation volume growth of 1.5% and a 2.4% increase in revenue per hectolitre. The 2.4% is net of a negative country mix effect of 0.6%.

Total Expenses

Total expenses (beia) increased 4.7% on an organic basis. Input costs increased organically by 11%, and by 8.3% on a per hectolitre basis, primarily reflecting higher malted barley prices.

Energy and water costs were €562 million, up 4.9% organically. Personnel costs increased 4.9% organically.

Marketing and selling (beia) expenses increased organically by 0.3%, to €2,250 million, representing 12.2% of revenues (2011: 12.8%). Improved effectiveness of marketing spend, combined with brand equity building activities and innovation, contributed to global volume market share gains in 2012.

EBIT and EBIT (beia)

EBIT (beia) grew 8% to €2,912 million. First time consolidations added €164 million (+6.1%), related to the acquisitions of APB and APIPL, Galaxy Pub Estate in the UK and BraNa in Haiti. Favourable currency movements (in particular the British pound, Nigeria naira and Mexico peso) increased EBIT (beia) by €63 million (+2.4%).

EBIT (beia) was 0.5% lower organically, as the benefit of higher revenues and realised cost savings were offset by higher planned capability building and increased input costs. HEINEKEN's share of profit in joint ventures and associates increased as higher profit from joint venture operations in India, Ghana, Germany and the Republic of Congo, was only partly offset by lower profitability of the CCU joint venture business and APB. The lower share of profit in APB reflects the impact of one-time items related to the disposal of HEINEKEN's share of two separate investments in China.

On a reported basis, EBIT increased by 59% to €3,904 million with marginally lower results from operating activities offset by a €1,486 million exceptional gain related to the revaluation of HEINEKEN's previously held equity interest in APB and APIPL.

Net finance expenses

On reported basis, interest expenses increased by €65 million, reflecting higher interest expense related to financing raised for the acquisition of APB and APIPL. On an organic basis, net interest costs declined by €23 million. The average interest rate in 2012 was 5.4%, compared with 5.2% in 2011, mainly due to Nigeria representing a higher proportion of total group interest expense.

On a reported basis, other net finance income/ (expense) includes a €20 million capital gain related to the revaluation of HEINEKEN's existing 22% interest in Brasserie d'Haiti and a €175 million gain related to the sale of a 9.3% interest in a brewery in the Dominican Republic.

Taxation

The effective tax rate (beia) was 26.5%, slightly below the 2011 (beia) tax rate of 26.8%. Similar to 2011, the effective tax rate (beia) in 2012 includes the result of favourable outcomes with tax authorities in certain markets. The lower reported tax rate in 2012 of 15.3% (2011: 26.1%) can be explained by the tax exempt revaluation of HEINEKEN's previously held equity interest in APB, prior to consolidation.

Net profit and net profit (beia)

Net profit (beia) grew organically by 1.6% to €1,696 million, driven by a lower effective tax rate, a decline in interest expense and other net financial costs and higher dividend income.

Favourable foreign currency movements increased net profit by €50 million (+3.1%). The net contribution from first time consolidations added €36 million (+2.3%) mainly related to the acquisitions of APB and APIPL and the Galaxy Pub Estate in the UK.

Reported net profit increased to €2,949 million from €1,430 million in 2011. 2012 net profit includes the recognition of a €1,486 million exceptional gain related to the revaluation of HEINEKEN's previously held equity interest in APB and APIPL.

Exceptional items and amortisation of acquisition related intangible assets (eia)

(in € million)

	Full Year 2012	Full Year 2011
Amortisation of acquisition related intangible assets incl. in EBIT		
Amortisation of acquisition related intangible assets	(198)	(170)
Exceptional items included in EBIT		
APB and APIPL revaluation gain	1,486	0
APB and APIPL reversal of revaluation of inventory	(76)	0
APB and APIPL acquisition costs	(28)	0
TCM2 programme	(97)	(81)
Others	(95)	9
Net eia (losses)/gains included in EBIT	992	(242)
 BraNa revaluation gain	 20	 0
Gain on sale of brewery investment in the Dominican Republic	175	0
Other	11	14
Net eia (losses)/gains incl. in net finance expenses	206	14
 eia included in income tax expenses		
Tax on amortisation of acquisition related intangible assets	53	47
Tax effect on other exceptional items	2	27
Exceptional tax items	0	0
Net eia (losses)/gains incl. in income tax expenses	55	74
Total eia (losses)/gains included in net profit	1,253	(154)

In 2012, the increase in amortisation of acquisition related intangible assets reflects the first time consolidation of APB and APIPL, the Galaxy Pub Estate in the UK and BraNa in Haiti.

On 17 January 2012, HEINEKEN increased its shareholding in BraNa from 22.5% to 95%. The alignment to fair value of the existing stake in BraNa resulted in the recognition of a book gain of €20 million.

On 16 April 2012 HEINEKEN sold its 9.3% minority stake in Cervecería Nacional Dominicana S.A. ('CND') in the Dominican Republic for US\$237 million. This gave rise to a pre-tax gain of €175 million.

In 2012, a €1,486 million pre-tax exceptional gain was recognised, related to the revaluation of HEINEKEN's previously held equity interest in APB and APIPL. Pre-tax exceptional costs of €97 million under TCM2 were primarily related to the restructuring of wholesale operations in the Western Europe region.

In 2012, 'Other' exceptional items included in EBIT comprise:

- €37 million exceptional cost from decommissioning of two biomass plants in UK;
- €20 million arising from an adjustment to an acquisition outside the provisional accounting period;
- €36 million related to the write-off of a deferred tax asset in an associate.

Foreign exchange rate movements

Favourable currency fluctuations improved EBIT (beia) by €63 million in 2012. This was largely due to an appreciation of the Nigerian naira (+6%), the British pound (+7%), the Mexican peso (+2%) and the Singapore dollar (+9%). At the net profit level, foreign currency movements had a positive impact of €50 million.

HEINEKEN delays the impact of the U.S. dollar fluctuations versus the euro by hedging the net cash inflow of US dollars from exports for up to 18 months in advance.

The average EUR/USD exchange rate inclusive of hedging was 1.36 in 2012, versus 1.35 in 2011. For the full year 2013, the net dollar inflow is forecast at USD 625 million, of which 81% has been hedged at EUR/USD1.31. For 2014, the net dollar inflow is forecast at approximately USD 613 million of which 23% is hedged at EUR/USD 1.30 as of 8 February 2013.

Balance sheet and cash flow

Total assets increased to €36.0 billion (2011: €27.1 billion) reflecting the acquisition of APB and APIPL. Capital expenditure related to property, plant and equipment increased to €1,170 million (2011: €800 million) representing 6.4% of revenues. The higher capital expenditure in 2012 reflects investments in additional brewing capacity and the renewal and expansion of the returnable bottle fleet in higher growth markets.

Free operating cash flow declined to €1,485 million from €2,093 million, predominantly owing to increased capital expenditure in high growth markets.

Equity attributable to equity holders of the Company increased by €1,917 million to €11,691 million, mainly driven by the strong reported net profit performance (including the exceptional revaluation gain on HEINEKEN's previously held equity interest in APB and APIPL), partly offset by dividends paid.

Financial Structure

Net debt increased to €12,312 million (from €8,355 million at the end of December 2011), due to the acquisition of APB which had a material impact on net debt.

The pro forma net debt/EBITDA (beia) ratio was 2.8x on 31 December 2012. HEINEKEN is committed to return to within the Company's long-term target ratio of below 2.5x by the end of 2014.

Including the effect of cross-currency swaps, 61% of net debt is euro-denominated and 27% is US dollar-denominated.

Total gross debt amounts to €13,359 million. The maturity profile of HEINEKEN's long-term gross debt is set out in the table below.

Long-term gross debt maturity profile

Year	€ million
2013	1,366
2014	1,872
2015	1,147
2016	1,022
2017	1,467
2018	842
2019	850
2020	1,025
2021	0
2022	593
2023	758
2024	500
2025	750
Beyond 2025	379

For the first time in the Company's 148 year history, HEINEKEN was assigned public credit ratings on 7 March 2012. HEINEKEN received solid investment grade credit ratings by Moody's Investor Service (Baa1) and Standard & Poors (BBB+). Both ratings have a stable outlook as of today. The assignment of the credit ratings has allowed the Company to further diversify its funding base.

On 19 March 2012, HEINEKEN issued €1.35 billion of Notes under its EMTN Programme comprising €850 million of 7-year Notes with a coupon of 2.5% and €500 million of 12-year Notes with a coupon of 3.5%. On 3 April 2012, HEINEKEN issued US\$750 million of 10-year 144A/RegS US Notes with a coupon of 3.4%. On 2 August 2012, HEINEKEN issued €1.75 billion of Notes under its EMTN Programme, consisting of 8-year Notes for a principal amount of €1 billion with a coupon of 2.125% and 13-year Notes for a principal amount of €750 million with a coupon of 2.875%. On 3 October 2012, HEINEKEN successfully priced 144A/RegS US Notes for a principal amount of US\$3.25 billion. This comprised US\$500 million of 3 year Notes at a coupon of 0.8%, US\$1.25 billion of 5 year Notes at a coupon of 1.4%, US\$1 billion of 10.5 year Notes at a coupon of 2.75% and US\$500 million of 30 year Notes at a coupon of 4.0%.

The proceeds of the Notes have been mainly used for the financing of the acquisition of APB and APIPL and the repayment of debt facilities. The issues have enabled HEINEKEN to further improve the currency and maturity profile of its long-term debt.

Reconciliation of reported and (beia) financial measures

(in € million, except per share data)

	Full Year ended 31 December, 2012			
	Reported	EIA		(beia)
		Amortisation of acquisition related intangible assets	Exceptional Items	
Results from operating activities	3,691	196	-1,227	2,660
Attributable share of net profit from associates and joint ventures	213	2	37	252
EBIT	3,904	198	-1,190	2,912
Net Profit	2,949	145	-1,398	1,696
Diluted EPS ¹	5.12	0.25	-2.42	2.94

(in € million, except per share data)

	Full Year ended 31 December, 2011			
	Reported	EIA		(beia)
		Amortisation of acquisition related intangible assets	Exceptional Items	
Results from operating activities	2,215	170	71	2,456
Attributable share of net profit from associates and joint ventures	240	1	0	241
EBIT	2,455	171	71	2,697
Net Profit	1,430	123	31	1,584
Diluted EPS ¹	2.44	0.21	0.05	2.70

¹ Per share amounts may not add due to rounding

Average number of shares

In the calculation of **basic EPS**, the weighted average number of shares outstanding in 2012 was 575,111,052. In the calculation of **diluted EPS**, shares held in treasury related to the employee incentive programme are not deducted from the weighted average shares outstanding. The weighted average diluted number of shares outstanding in 2012 was 576,002,613 compared to 586,277,702 in 2011.

Establishment of Level 1 sponsored American Depositary Receipt (ADR) program

On 11 December 2012, HEINEKEN announced that it has established a sponsored Level 1 ADR program. The transition from a previously unsponsored to new sponsored ADR program is aimed at better facilitating the trading of Heineken N.V. and Heineken Holding N.V. stock in the United States.

HEINEKEN's shares are trading Over-the-Counter (OTC) in the U.S. as ADRs. There are two separate ADR programs representing ownership respectively in Heineken N.V. and Heineken Holding N.V. For both programs, the ratio between HEINEKEN ADRs and the ordinary Dutch (euro-denominated) shares is 2:1 i.e. two ADRs represent one ordinary share.

APPENDICES

1. Consolidated income statement
2. Consolidated statement of comprehensive income
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APPENDIX 1
CONSOLIDATED INCOME STATEMENT
For the year ended 31 December
In millions of EUR

	2012	2011
Revenue	18,383	17,123
Other income	1,510	64
Raw materials, consumables and services	(11,849)	(10,966)
Personnel expenses	(3,037)	(2,838)
Amortisation, depreciation and impairments	(1,316)	(1,168)
Total expenses	(16,202)	(14,972)
Results from operating activities	3,691	2,215
Interest income	62	70
Interest expenses	(551)	(494)
Other net finance income/(expenses)	219	(6)
Net finance expenses	(270)	(430)
Share of profit of associates and joint ventures and impairments thereof (net of income tax)	213	240
Profit before income tax	3,634	2,025
Income tax expenses	(525)	(465)
Profit	3,109	1,560
Attributable to:		
Equity holders of the Company (net profit)	2,949	1,430
Non-controlling interests	160	130
Profit	3,109	1,560
Weighted average number of shares – basic	575,022,338	585,100,381
Weighted average number of shares – diluted	576,002,613	586,277,702
Basic earnings per share (EUR)	5.13	2.44
Diluted earnings per share (EUR)	5.12	2.44

APPENDIX 2
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December
In millions of EUR

	2012	2011
Profit	3,109	1,560
Other comprehensive income:		
Foreign currency translation differences for foreign operations	45	(493)
Effective portion of change in fair value of cash flow hedges	14	(21)
Effective portion of cash flow hedges transferred to profit or loss	41	(11)
Ineffective portion of cash flow hedges (transferred to profit or loss)	–	–
Net change in fair value available-for-sale investments	135	71
Net change in fair value available-for-sale investments transferred to profit or loss	(148)	(1)
Actuarial gains and losses	(439)	(93)
Share of other comprehensive income of associates/joint ventures	(1)	(5)
Other comprehensive income, net of tax	(353)	(553)
Total comprehensive income	2,756	1,007
Attributable to:		
Equity holders of the Company	2,608	884
Non-controlling interests	148	123
Total comprehensive income	2,756	1,007

APPENDIX 3
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December
In millions of EUR

	2012	2011
Assets		
Property, plant & equipment	8,792	7,860
Intangible assets	17,725	10,835
Investments in associates and joint ventures	1,950	1,764
Other investments and receivables	1,099	1,129
Advances to customers	312	357
Deferred tax assets	564	474
Total non-current assets	30,442	22,419
Inventories	1,596	1,352
Other investments	11	14
Trade and other receivables	2,537	2,260
Prepayments and accrued income	232	170
Cash and cash equivalents	1,037	813
Assets classified as held for sale	124	99
Total current assets	5,537	4,708
Total assets	35,979	27,127

APPENDIX 3 (CONTINUED)
As at 31 December
In millions of EUR

	2012	2011
Equity		
Share capital	922	922
Share premium	2,701	2,701
Reserves	365	498
Allotted Share Delivery Instrument	–	–
Retained earnings	7,703	5,653
Equity attributable to equity holders of the Company	11,691	9,774
Non-controlling interests	1,071	318
Total equity	12,762	10,092
Liabilities		
Loans and borrowings	11,437	8,199
Tax liabilities	140	160
Employee benefits	1,632	1,174
Provisions	418	449
Deferred tax liabilities	1,790	894
Total non-current liabilities	15,417	10,876
Bank overdrafts	191	207
Loans and borrowings	1,863	981
Trade and other payables	5,273	4,624
Tax liabilities	305	207
Provisions	129	140
Liabilities classified as held for sale	39	–
Total current liabilities	7,800	6,159
Total liabilities	23,217	17,035
Total equity and liabilities	35,979	27,127

APPENDIX 4
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December
In millions of EUR

	2012	2011
Operating activities		
Profit	3,109	1,560
Adjustments for:		
Amortisation, depreciation and impairments	1,316	1,168
Net interest expenses	489	424
Gain on sale of property, plant & equipment, intangible assets and subsidiaries, joint ventures and associates	(1,510)	(64)
Investment income and share of profit and impairments of associates and joint ventures and dividend income on AFS and HFT investments	(238)	(252)
Income tax expenses	525	465
Other non-cash items	(110)	244
Cash flow from operations before changes in working capital and provisions	3,581	3,545
Change in inventories	(52)	(145)
Change in trade and other receivables	(64)	(21)
Change in trade and other payables	217	417
Total change in working capital	101	251
Change in provisions and employee benefits	(164)	(76)
Cash flow from operations	3,518	3,720
Interest paid	(490)	(485)
Interest received	82	65
Dividend received	184	137
Income taxes paid	(599)	(526)
Cash flow related to interest, dividend and income tax	(823)	(809)
Cash flow from operating activities	2,695	2,911
Investing activities		
Proceeds from sale of property, plant & equipment and intangible assets	131	101
Purchase of property, plant & equipment	(1,170)	(800)
Purchase of intangible assets	(78)	(56)
Loans issued to customers and other investments	(143)	(127)
Repayment on loans to customers	50	64
Cash flow (used in)/from operational investing activities	(1,210)	(818)
Free operating cash flow	1,485	2,093

APPENDIX 4 (CONTINUED)
For the year ended 31 December
In millions of EUR

	2012	2011
Acquisition of subsidiaries, net of cash acquired	(3,311)	(806)
Acquisition/additions of associates, joint ventures and other investments	(1,246)	(166)
Disposal of subsidiaries, net of cash disposed of	–	(9)
Disposal of associates, joint ventures and other investments	142	44
Cash flow (used in)/from acquisitions and disposals	(4,415)	(937)
Cash flow (used in)/from investing activities	(5,625)	(1,755)
Financing activities		
Proceeds from loans and borrowings	6,837	1,782
Repayment of loans and borrowings	(2,928)	(1,587)
Dividends paid	(604)	(580)
Purchase own shares	–	(687)
Acquisition of non-controlling interests	(252)	(11)
Disposal of interests without a change in control	–	43
Other	3	6
Cash flow (used in)/from financing activities	3,056	(1,034)
Net cash flow	126	122
Cash and cash equivalents as at 1 January	606	478
Effect of movements in exchange rates	114	6
Cash and cash equivalents as at 31 December	846	606

APPENDIX 5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of EUR

	Share capital	Share Premium	Translation reserve	Hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	ASDI	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2011	922	2,701	(93)	(27)	90	899	(55)	666	4,829	9,932	288	10,220
Other comprehensive income	-	-	(482)	(42)	69	-	-	-	(91)	(546)	(7)	(553)
Profit	-	-	-	-	-	253	-	-	1,177	1,430	130	1,560
Total comprehensive income	-	-	(482)	(42)	69	253	-	-	1,086	884	123	1,007
Transfer to retained earnings	-	-	-	-	-	(126)	-	-	126	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	-	(474)	(474)	(97)	(571)
Purchase/reissuance own/non-controlling shares	-	-	-	-	-	-	(687)	-	-	(687)	(1)	(688)
Allotted Share Delivery Instrument	-	-	-	-	-	-	694	(666)	(28)	-	-	-
Own shares delivered	-	-	-	-	-	-	5	-	(5)	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	11	11	-	11
Share purchase mandate	-	-	-	-	-	-	-	-	96	96	-	96
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	-	(21)	(21)	(1)	(22)
Disposal of interests without a change in control	-	-	-	-	-	-	-	-	33	33	6	39
Balance as at 31 December 2011	922	2,701	(575)	(69)	159	1,026	(43)	-	5,653	9,774	318	10,092

APPENDIX 5 (CONTINUED)

In millions of EUR

	Share capital	Share Premium	Translation reserve	Hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2012	922	2,701	(575)	(69)	159	1,026	(43)	5,653	9,774	318	10,092
Other comprehensive income	-	-	48	58	(9)	4	-	(442)	(341)	(12)	(353)
Profit	-	-	-	-	-	222	-	2,727	2,949	160	3,109
Total comprehensive income	-	-	48	58	(9)	226	-	2,285	2,608	148	2,756
Transfer to retained earnings	-	-	-	-	-	(473)	-	473	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	(494)	(494)	(110)	(604)
Purchase/reissuance own/non-controlling shares	-	-	-	-	-	-	-	-	-	-	-
Own shares delivered	-	-	-	-	-	-	17	(17)	-	-	-
Share-based payments	-	-	-	-	-	-	-	15	15	-	15
Share purchase mandate	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	(212)	(212)	715	503
Disposal of interests without a change in control	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2012	922	2,701	(527)	(11)	150	779	(26)	7,703	11,691	1,071	12,762

APPENDIX 6
EARNINGS PER SHARE
Basic earnings per share

The calculation of basic earnings per share as at 31 December 2012 is based on the profit attributable to ordinary shareholders of the Company (net profit) of EUR2,949 million (2011: EUR1,430 million) and a weighted average number of ordinary shares – basic outstanding during the year ended 31 December 2012 of 575,022,338 (2011: 585,100,381). Basic earnings per share for the year amounted to EUR5.13 (2011: EUR2.44).

Weighted average number of shares – basic

	2012	2011
Number of shares basic 1 January	576,002,613	576,002,613
Effect of own shares held	(980,275)	(1,177,321)
Effect of undelivered ASDI shares	–	10,275,089
Effect of new shares issued	–	–
Weighted number of basic shares for the year	575,022,338	585,100,381

ASDI

The Allotted Share Delivery Instrument (ASDI) represented HEINEKEN's obligation to deliver shares to FEMSA, either through issuance and/or purchasing of its own shares in the open market, which was concluded in 2011. EPS in 2011 was impacted by ASDI as in the formula calculating EPS net profit is divided by the weighted average number of ordinary shares. In this weighted average number of ordinary shares, the weighted average of outstanding ASDI included. This means that the ASDI has led to a lower basic EPS until all shares had been repurchased in 2011.

Diluted earnings per share

The calculation of diluted earnings per share as at 31 December 2012 is based on the profit attributable to ordinary shareholders of the Company (net profit) of EUR2,949 million (2011: EUR1,430 million) and a weighted average number of ordinary shares – basic outstanding after adjustment for the effects of all dilutive potential ordinary shares of 576,002,613 (2011: 586,277,702). Diluted earnings per share for the year amounted to EUR5.12 (2011: EUR2.44).

Weighted average number of shares – diluted

	2012	2011
Weighted number of basic shares for the year	575,022,338	585,100,381
Effect of own shares held	980,275	1,177,321
Weighted average diluted shares for the year	576,002,613	586,277,702

APPENDIX 7
DIVIDENDS

The following dividends were declared and paid by HEINEKEN:

<i>In millions of EUR</i>	2012	2011
Final dividend previous year EUR0.53, respectively EUR0.50 per qualifying ordinary share	305	299
Interim dividend current year EUR0.33, respectively EUR0.30 per qualifying ordinary share	189	175
Total dividend declared and paid	494	474

HEINEKEN's dividend policy is to pay out 30–35 per cent of Net profit (beia). The interim dividend is fixed at 40 per cent of the total dividend of the previous year.

After the balance sheet date the Executive Board proposed the following dividends. The dividends, taking into account the interim dividends declared and paid, have not been provided for.

<i>In millions of EUR</i>	2012	2011
per qualifying ordinary share EUR0.89 (2011: EUR0.83)	512	477

APPENDIX 8

OPERATING SEGMENTS

Information about reportable segments

In millions of EUR

	Western Europe		Central and Eastern Europe		The Americas		Africa and the Middle East		Asia Pacific		Head Office & Other/ Eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue														
Third party revenue ¹	7,140	7,158	3,255	3,209	4,507	4,002	2,639	2,223	527	216	315	315	18,383	17,123
Interregional revenue	645	594	25	20	16	27	-	-	-	-	(686)	(641)	-	-
Total revenue	7,785	7,752	3,280	3,229	4,523	4,029	2,639	2,223	527	216	(371)	(326)	18,383	17,123
Other income	13	48	9	7	2	1	-	3	1,486	5	-	-	1,510	64
Results from operating activities	739	820	313	318	581	493	613	533	1,546	64	(101)	(13)	3,691	2,215
Net finance expenses													(270)	(430)
Share of profit of associates and joint ventures and impairments thereof	1	3	24	17	81	77	1	35	109	112	(3)	(4)	213	240
Income tax expenses													(525)	(465)
Profit													3,109	1,560

APPENDIX 8 (CONTINUED)
In millions of EUR

	Western Europe		Central and Eastern Europe		The Americas		Africa and the Middle East		Asia Pacific		Head Office & Other/ Eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Attributable to:														
Equity holders of the Company (net profit)													2,949	1,430
Non-controlling interest													160	130
													3,109	1,560
EBIT reconciliation														
EBIT	740	823	337	335	662	570	614	568	1,655	176	(104)	(17)	3,904	2,455
Eia ²	224	139	12	11	86	85	38	2	(1,388)	–	36	5	(992)	242
EBIT (beia) ²	964	962	349	346	748	655	652	570	267	176	(68)	(12)	2,912	2,697
Beer volumes²														
Consolidated beer volume	44,288	45,380	47,269	45,377	53,124	50,497	23,289	22,029	3,742	1,309	–	–	171,712	164,592
Joint Ventures' volume	–	–	7,578	7,303	9,611	9,663	6,002	5,706	24,297	24,410	(157)	–	47,331	47,082
Licences	288	300	–	–	74	65	1,149	1,093	675	769	1	–	2,187	2,227
Group volume	44,576	45,680	54,847	52,680	62,809	60,225	30,440	28,828	28,714	26,488	(156)	–	221,230	213,901

APPENDIX 8 (CONTINUED)

<i>In millions of EUR</i>	Western Europe		Central and Eastern Europe		The Americas		Africa and the Middle East		Asia Pacific		Head Office & Other/ Eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Current segment assets	2,007	1,843	1,082	985	1,193	1,045	959	854	913	91	(629)	(124)	5,525	4,694
Other non-current segment assets	8,015	8,186	3,423	3,365	5,649	5,619	2,073	1,867	7,151	2	1,619	1,143	27,930	20,182
Investment in associates and joint ventures	22	23	196	165	835	711	281	272	534	536	82	57	1,950	1,764
Total segment assets	10,044	10,052	4,701	4,515	7,677	7,375	3,313	2,993	8,598	629	1,072	1,076	35,405	26,640
Unallocated assets													574	487
Total assets													35,979	27,127

APPENDIX 8 (CONTINUED)

<i>In millions of EUR</i>	Western Europe		Central and Eastern Europe		The Americas		Africa and the Middle East		Asia Pacific		Head Office & Other/ Eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Segment liabilities	4,178	3,723	1,347	1,160	1,072	1,068	760	653	498	36	238	508	8,093	7,148
Unallocated liabilities													15,124	9,887
Total equity													12,762	10,092
Total equity and liabilities													35,979	27,127
Purchase of P, P & E	260	215	197	170	250	199	395	202	20	–	48	14	1,170	800
Acquisition of goodwill	7	–	–	1	36	4	–	282	2,757	–	480	–	3,280	287
Purchases of intangible assets	26	11	12	9	14	20	2	–	–	–	24	16	78	56
Depreciation of P, P & E	(344)	(343)	(247)	(234)	(201)	(183)	(176)	(140)	(11)	–	(38)	(36)	(1,017)	(936)
(Impairment) and reversal of impairment of P, P & E	(36)	–	15	(2)	(17)	5	(8)	(3)	–	–	2	–	(44)	–
Amortisation intangible assets	(86)	(100)	(16)	(18)	(103)	(93)	(6)	(6)	(24)	–	(12)	(12)	(247)	(229)
(Impairment) and reversal of impairment of intangible assets	(7)	–	–	(3)	–	–	–	–	–	–	–	–	(7)	(3)

¹Includes other revenue of EUR433 million in 2012 and EUR463 million in 2011.

²For definitions see 'Glossary'. Note that these are both non-GAAP measures and therefore un-audited.

APPENDIX 9

**ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND
NON-CONTROLLING INTERESTS****Acquisition of the beer operations in Asia Pacific Breweries**

On 17 August 2012, HEINEKEN announced that, through its wholly owned subsidiary Heineken International B.V., it had signed the definitive agreements with Fraser & Neave, Limited ('F&N') regarding the acquisition of control of Asia Pacific Investment Pte. Ltd ('APIPL') and Asia Pacific Breweries Ltd. ('APB') and their subsidiaries (together referred to as the 'Acquired Businesses', the 'Transaction' or 'APIPL/APB acquisition'). For this Transaction, HEINEKEN agreed to pay SGD53.00 per share for F&N's entire (direct and indirect) 39.7 per cent effective stake in APB for a total consideration of EUR3,480 million and a total consideration of EUR104 million for F&N's interest in the non-APB assets held by APIPL. The Transaction has been approved by F&N's Extraordinary General Meeting on 28 September 2012 and was completed, after regulatory approvals, on 15 November 2012.

Between 17 August 2012 and 15 November 2012, HEINEKEN purchased an additional 13.7 per cent stake in APB (including an 8.6 per cent stake it acquired from Kindest Place Group Limited on 24 September 2012) for a total consideration of EUR1,194 million.

Prior to the Acquisition, HEINEKEN owned a 50 per cent stake in APIPL, a combined direct and indirect stake in APB of 55.6 per cent as well as a direct stake in PT Multi Bintang of 6.78 per cent. Together these stakes are referred to as the Previously Held Equity Interests ('PHEI'). Prior to the acquisition HEINEKEN did not have control over APB as 64.8 per cent of the shares were held by APIPL, the joint venture between F&N and HEINEKEN. In accordance with IFRS, the PHEI in the Acquired Businesses is accounted for at fair value at the date of acquisition and amounts to EUR2,975 million. The fair value of the PHEI has been determined using valuation techniques, based on the Acquired Businesses' equity value and the undisturbed share price. HEINEKEN's carrying amount consists of the book value of the original investment as well as the price paid for shares bought up to 15 November 2012. The fair value compared to HEINEKEN's carrying amount results in a non-cash exceptional gain of EUR1,486 million, recognised in Other Income.

After completion of the Transaction, HEINEKEN, in aggregate, owns a 95.3 per cent stake in APB, wholly owns APIPL and also has a combined direct and indirect stake of 83.6 per cent in PT Multi Bintang. From 15 November 2012 onwards these entities are consolidated by HEINEKEN.

On 15 November 2012, HEINEKEN announced a Mandatory General Offer ('MGO') for all shares of APB that HEINEKEN does not already own (i.e. the remaining 4.7 per cent APB free-float shares), in accordance with the Singapore Code on Take-overs and Mergers. HEINEKEN expects to delist APB around 18 February 2013. The total consideration for all remaining shares will be EUR398 million.

APPENDIX 9 (CONTINUED)

Non-controlling interests are measured based on their proportional interest in the recognised amounts of the assets and liabilities of the Acquired Businesses. HEINEKEN recognised EUR797 million of non-controlling interests of which EUR645 million represents the APIPL and APB non-controlling stakes.

The following table summarises the major classes of consideration transferred, and the recognised provisional amounts of assets acquired and liabilities assumed at the acquisition date.

*In millions of EUR**

Property, plant & equipment	731
Intangible assets	3,809
Investments in associates & joint ventures	473
Other investments and non-current receivables	82
Deferred tax assets	4
Inventories	187
Trade and other receivables	296
Assets held for sale	17
Cash and cash equivalents	377
Assets acquired	5,976

*In millions of EUR**

Loans and borrowings, current and non-current	296
Employee benefits	12
Provisions	3
Deferred tax liabilities	1,001
Tax liabilities (current)	95
Trade and other current liabilities	455
Liabilities assumed	1,862
Total net identifiable assets	4,114

APPENDIX 9 (CONTINUED)
*In millions of EUR**

Consideration paid in cash for the transaction on 15 November 2012	3,584
Fair value of previous interest in the acquiree	2,975
Non-controlling interests	797
Settlement of pre-existing relationship	(5)
Net identifiable assets acquired	(4,114)
Goodwill on acquisition	3,237

* Amounts were converted to euros at the rate of EUR/SGD1,5622 for the statement of financial position.

The majority of the goodwill has been allocated to the Asia Pacific region and it is attributable to a number of factors such as the future growth platform and synergies that can be achieved. To properly account for the currency impact (in accordance with IAS21) on goodwill, the provisional amount of EUR2,757 million allocated to the Asia Pacific region is held in the following currencies. In alphabetical order; Chinese Yuan Renminbi (CNY), Indonesian Rupiah (IDR), Mongolian Tugrik (MTN), New Zealand Dollar (NZD), Papua New Guinea Kina (PGK), New Solomon Island Dollar (SBD), Singapore Dollar (SGD), Vietnamese Dong (VND), New Caledonian Franc (XPF) and Cambodia in USD. The remaining part of the provisional goodwill (EUR480 million) has been allocated to the Heineken Global Commerce cash-generating unit ('CGU') in Headoffice and Others and reflects the benefit to HEINEKEN for safeguarding the position of Heineken® as a global brand and future royalty streams.

Prior to the acquisition, HEINEKEN accounted for its investment in the Acquired Businesses with a three-month delay with any identified specific large, material events being recognised immediately. At the acquisition date, HEINEKEN discontinued the use of equity method accounting. Included within the revaluation gain of the PHEI is the catch up on the three-month lagging period. This gain amounts to EUR23 million and is embedded within the PHEI gain presented as Other Income.

APPENDIX 9 (CONTINUED)

The Acquired Businesses contributed revenue of EUR287 million and results from operating activities of negative EUR9 million (including the reversal of the EUR76 million fair value lift up on inventory) for the six-week period from 15 November 2012 to 31 December 2012. Amortisation of identified intangible assets for the six-week period amounts to EUR24 million. Had the acquisition occurred on 1 January 2012, pro-forma revenue and pro-forma results from operating activities for the 12-month period ended 31 December 2012 would have amounted to EUR1,698 million and EUR159 million, respectively. The pro-forma amortisation of identified intangible assets would have amounted to EUR191 million. This pro-forma information does not purport to represent what HEINEKEN's actual results would have been had the acquisition actually occurred on 1 January 2012, nor are they necessarily indicative of future results of operations. In determining the contributions, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same as if the acquisition had occurred on 1 January 2012.

Acquisition-related costs of EUR28 million have been recognised in the income statement for the period ended 31 December 2012.

In accordance with IFRS 3R, the amounts recorded for the Transaction are provisional and are subject to adjustments during the measurement period if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

APPENDIX 9 (CONTINUED)
Other Acquisitions

During 2012 HEINEKEN completed transactions to increase its shareholding in Brasserie Nationale d'Haiti S.A. ('BraNa'), the country's leading brewer, from 22.5 per cent to 95 per cent. HEINEKEN also acquired 100 per cent of the Belgian cider innovation company Stassen in 2012.

The acquisition of BraNa and Stassen contributed revenue of EUR113 million, results from operating activities of EUR19 million (EBIT) and amortisation of the identified intangible amounts to EUR nil million.

The following summarises the major classes of consideration transferred, and the recognised provisional amounts of assets acquired and liabilities assumed at the acquisition date of BraNa and Stassen.

*In millions of EUR**

Property, plant & equipment	64
Intangible assets	9
Inventories	22
Trade and other receivables	9
Cash and cash equivalents	9
Assets acquired	113

*In millions of EUR**

Loans and borrowings, current and non-current	13
Deferred tax liabilities	5
Other long term liabilities	1
Tax liabilities (current)	3
Trade and other current liabilities	22
Liabilities assumed	44
Total net identifiable assets	69

APPENDIX 9 (CONTINUED)
*In millions of EUR**

Consideration transferred	88
Fair value of previous interest in the acquiree	21
Non-controlling interests	3
Net identifiable assets acquired	(69)
Goodwill on acquisition	43

* The BraNa amounts were converted into EUR at the rate of EUR/HTG 54.2613. Additionally, certain amounts provided in US dollar were converted into EUR based on the following exchange at the rate of EUR/USD 1.3446.

The amounts recorded for the acquired businesses are prepared on a provisional basis. Goodwill has been allocated to Haiti in the America's region and is held in HTG (Haitian Gourde) and for Stassen to the Western Europe region held in EUR. The entire amounts of goodwill are not expected to be tax deductible.

The fair value of the previously held 22.5 per cent in BraNa is recognised at EUR21 million. The revaluation to fair value of the Group's existing 22.5 per cent in BraNa resulted in a net profit of EUR20 million that has been recognised in the income statement in the other net finance income.

Non-controlling interests are recognised based on their proportional interest in the recognised amounts of the assets and liabilities of BraNa of EUR3 million.

Acquisition related costs are not material and have been recognised in the income statement for the period ended 31 December 2012.

Acquisition of non-controlling interest

As part of the unwinding of their partnerships in Kazakhstan and Serbia with Efes Breweries International N.V. (EBI) HEINEKEN acquired EBI's 28 per cent stake in the Serbian operations and since 27 December wholly owns Central Europe Beverages (CEB). On 8 January 2013 HEINEKEN sold its 28 per cent stake in Efes Kazakhstan which is reported under the subsequent events. Selling the cross-holdings to each other will result in a consideration to be paid by EBI to HEINEKEN of USD161 million.

Disposals

On 16 April 2012 HEINEKEN sold its 9.3 per cent minority shareholding in Cervecería Nacional Dominicana S.A. ('CND') in the Dominican Republic for USD 237 million, ultimately to AmBev Brasil Bebidas S.A. ('AmBev Brasil'), a subsidiary of Companhia de Bebidas das Américas - AmBev. A pre-tax EUR175 million gain on disposal of the available for sale investment was recorded under other net finance income.

APPENDIX 10
RAW MATERIALS, CONSUMABLES AND SERVICES

<i>In millions of EUR</i>	2012	2011
Raw materials	1,892	1,576
Non-returnable packaging	2,376	2,075
Goods for resale	1,616	1,498
Inventory movements	(85)	(8)
Marketing and selling expenses	2,250	2,186
Transport expenses	1,029	1,056
Energy and water	562	525
Repair and maintenance	458	417
Other expenses	1,751	1,641
	11,849	10,966

Other expenses include rentals of EUR264 million (2011: EUR241 million), consultant expenses of EUR191 million (2011: EUR166 million), telecom and office automation of EUR179 million (2011: EUR159 million), travel expenses of EUR155 million (2011: EUR137 million) and other fixed expenses of EUR962 million (2011: EUR938 million).

APPENDIX 11
LOANS AND BORROWINGS
Non-current liabilities

<i>In millions of EUR</i>	2012	2011
Secured bank loans	28	37
Unsecured bank loans	1,221	3,607
Unsecured bond issues	8,206	2,493
Finance lease liabilities	22	33
Other non-current interest-bearing liabilities	1,828	1,825
Non-current interest-bearing liabilities	11,305	7,995
Non-current derivatives	111	177
Non-current non-interest-bearing liabilities	21	27
	11,437	8,199

Current interest-bearing liabilities

<i>In millions of EUR</i>	2012	2011
Current portion of secured bank loans	13	13
Current portion of unsecured bank loans	740	329
Current portion of unsecured bonds issued	600	–
Current portion of finance lease liabilities	16	6
Current portion of other non-current interest-bearing liabilities	12	184
Total current portion of non-current interest-bearing liabilities	1,381	532
Deposits from third parties (mainly employee loans)	482	449
	1,863	981
Bank overdrafts	191	207
	2,054	1,188

APPENDIX 11 (CONTINUED)
Net interest-bearing debt position

<i>In millions of EUR</i>	2012	2011
Non-current interest-bearing liabilities	11,305	7,995
Current portion of non-current interest-bearing liabilities	1,381	532
Deposits from third parties (mainly employee loans)	482	449
	13,168	8,976
Bank overdrafts	191	207
	13,359	9,183
Cash, cash equivalents and current other investments	(1,048)	(828)
Net interest-bearing debt position	12,311	8,355

Financial structure

For the first time in the Company's 148 year history HEINEKEN was assigned investment grade credit ratings in 2012 by the world's two leading credit agencies, Moody's Investor Service and Standard & Poor's. Both long-term credit ratings were solid, Baa1 and BBB+, respectively and both have a 'stable' outlook per the date of this release. These credit ratings were both confirmed by Moody's Investor Service and Standard & Poor's after the announcement of the approval of the acquisition of APIPL/APB.

New Financing

On 19 March 2012, HEINEKEN issued EUR1.35 billion of Notes under its EMTN Programme comprising of EUR850 million of 7-year Notes with a coupon of 2.5 per cent and EUR500 million of 12-year Notes with a coupon of 3.5 per cent. On 3 April 2012, HEINEKEN issued USD750 million of 10-year 144A/RegS US Notes with a coupon of 3.4 per cent.

On 2 August 2012, HEINEKEN issued EUR1.75 billion of Notes under its EMTN Programme, consisting of 8-year Notes for a principal amount of EUR1 billion with a coupon of 2.125 per cent and 13-year Notes for a principal amount of EUR750 million with a coupon of 2.875 per cent.

On 3 October 2012, HEINEKEN announced that it had successfully priced 144A/RegS US Notes for a principal amount of USD3.25 billion. This comprises USD500 million of 3-year Notes at a coupon of 0.8 per cent, USD1.25 billion of 5-year Notes at a coupon of 1.4 per cent, USD1 billion of 10.5-year Notes at a coupon of 2.75 per cent and USD500 million of 30-year Notes at a coupon of 4.0 per cent.

APPENDIX 11 (CONTINUED)

The proceeds of the Notes have been mainly used for the financing of the acquisition of APIPL/APB and the repayment of debt facilities. The issues have enabled HEINEKEN to further improve the currency and maturity profile of its long-term debt.

Incurrence covenant

HEINEKEN has an incurrence covenant in some of its financing facilities. The incurrence covenant is calculated by dividing net debt (calculated in accordance with the consolidation method of the 2007 Annual Accounts) by EBITDA (beia) (also calculated in accordance with the consolidation method of the 2007 Annual Accounts and including the pro-forma full-year EBITDA of any acquisitions made in 2012). As at 31 December 2012 this ratio was 2.8 (2011: 2.1). If the ratio would be beyond a level of 3.5, the incurrence covenant would prevent us from conducting further significant debt financed acquisitions.

APPENDIX 12

NOTES TO THE APPENDICES

Reporting entity

Heineken N.V. (the 'Company') is a company domiciled in the Netherlands. The address of the Company's registered office is Tweede Weteringplantsoen 21, Amsterdam. The financial information contained in this document of the Company as at and for the year ended 31 December 2012 comprise the Company, its subsidiaries (together referred to as 'HEINEKEN' or the 'Group' and individually as 'HEINEKEN' entities) and HEINEKEN's interest in jointly controlled entities and associates.

HEINEKEN is primarily involved in the brewing and selling of beer.

Accounting Policies

The accounting policies applied by HEINEKEN in these appendices are the same as the policies applied by HEINEKEN in the consolidated financial statements for 2011. Applied are International Financial Reporting Standards (IFRS) adopted by the EU (i.e. only IFRS's that are adopted for use in the EU at the date of publication).

These appendices do not contain all the information required for a complete full-year set of financial statements.

Outstanding shares

As at 31 December 2012 the issued share capital comprised 576,002,613 ordinary shares. The ordinary shares have a par value of EUR1.60. All issued shares are fully paid.

Exceptional items

In the internal management reports HEINEKEN measures its performance primarily based on EBIT and EBIT (beia), these are non-GAAP measures not calculated in accordance with IFRS. A similar non-GAAP adjustment can be made to the IFRS profit or loss as defined in IAS 1 paragraph 7 being the total of income less expense. 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.

APPENDIX 12 (CONTINUED)

The table below presents the relationship with IFRS measures, the results from operating activities and profit and HEINEKEN non-GAAP measures being EBIT, EBIT (beia) and profit (beia) for the financial year 2012.

HEINEKEN updated its non-GAAP measure definition to properly present the future impact of intangibles recognised in the acquisition of APIPL/APB. Two specific types of contract based intangibles (beer licences and reacquired rights), that are similar to brands and customer relations, were added and HEINEKEN now refers to this group as acquisition related intangible assets. The update of the definition has no impact on prior years.

<i>In millions of EUR</i>	2012*	2011*
Results from operating activities	3,691	2,215
Share of profit of associates and joint ventures and impairments thereof (net of income tax)	213	240
HEINEKEN EBIT	3,904	2,455
Exceptional items and amortisation of acquisition related intangible assets included in EBIT	(992)	242
HEINEKEN EBIT (beia)	2,912	2,697
Profit attributable to equity holders of the Company	2,949	1,430
Exceptional items and amortisation of acquisition related intangible assets included in EBIT	(992)	242
Exceptional items included in finance costs	(206)	(14)
Exceptional items included in tax expense	(55)	(74)
HEINEKEN net profit beia	1,696	1,584

* unaudited

The 2012 exceptional items included in EBIT contain the amortisation of acquisition related intangibles for EUR198 million (2011: EUR170 million). Additional exceptional items included in EBIT relating to the acquisition of APIPL/APB are the gain on PHEI for EUR1,486 million, the reversal of the inventory fair value adjustment in cost of goods sold for EUR76 million and acquisition related costs of EUR28 million. The remainder of EUR192 million primarily relates to restructuring activities in wholesale in Western Europe for EUR97 million, impairment of assets for EUR37 million, HEINEKEN's share in the write-off of deferred tax assets in an associate for EUR36 million and adjustments to an acquisition of EUR20 million outside the provisional period.

Exceptional items in other net financing costs contain a pre-tax gain of EUR175 million for the sale of a minority stake in a brewery in the Dominican Republic, a book gain of the existing stake in BraNa of EUR20 million and fair value changes of interest rate swaps of Scottish & Newcastle for EUR11 million that do not qualify for hedge accounting.

APPENDIX 12 (CONTINUED)

The exceptional items in the tax expense are EUR53 million (2011: EUR47 million) related to acquisition related intangibles and the remainder of EUR2 million represents the net impact of other exceptional items included in EBIT and finance cost.

EBIT and EBIT (beia) are not financial measures calculated in accordance with IFRS. The presentation on these financial measures may not be comparable to similarly titled measures reported by other companies due to differences in the ways the measures are calculated.

APPENDIX 12 (CONTINUED)**Contingencies****Netherlands**

On 19 December 2012 the European Court of Justice in Luxembourg confirmed the fine imposed on HEINEKEN for their participation in a cartel on the Dutch market from 1996 to 1999. This judgement is not subject to appeal. The fine was paid in 2007 and was treated as an expense in the 2007 Annual Report.

Brazil

As part of the acquisition of the beer operations of FEMSA, HEINEKEN also inherited existing legal proceedings with labour unions, tax authorities and other parties of its, now wholly-owned, subsidiaries Cervejarias Kaiser and Cervejarias Kaiser Nordeste (jointly, Heineken Brasil). The proceedings have arisen in the ordinary course of business and are common in the current economic and legal environment of Brazil. The proceedings have partly been provided for. The contingent amount being claimed against Heineken Brasil resulting from such proceedings as at 31 December 2012 is EUR663 million. Such contingencies were classified by legal counsel as less than probable but more than remote of being settled against Heineken Brasil. However, HEINEKEN believes that the ultimate resolution of such legal proceedings will not have a material adverse effect on its consolidated financial position or result of operations. HEINEKEN does not expect any significant liability to arise from these contingencies. A significant part of the aforementioned contingencies (EUR367 million) are tax related and qualify for indemnification by FEMSA.

As is customary in Brazil, Heineken Brasil has been requested by the tax authorities to collateralise tax contingencies currently in litigation amounting to EUR292 million by either pledging fixed assets or entering into available lines of credit which cover such contingencies.

APPENDIX 12 (CONTINUED)
Guarantees
In millions of EUR

	Total 2012	Less than 1 year	1–5 years	More than 5 years	Total 2011
Guarantees to banks for loans (to third parties)	300	194	95	11	339
Other guarantees	358	63	5	290	372
Guarantees	658	257	100	301	711

Guarantees to banks for loans relate to loans to customers, which are given to external parties in the ordinary course of business of HEINEKEN. HEINEKEN provides guarantees to the banks to cover the risk related to these loans.

APPENDIX 12 (CONTINUED)**Subsequent events****Share of stake in Kazakhstan**

On 21 December 2012 HEINEKEN announced its intentions to sell its 28% stake in Efes Kazakhstan JSC FE to majority shareholders Efes Breweries International N.V. The transaction closed on 10 January 2013 and resulted in an estimated post tax book gain of EUR80 million.

Sale of Jiangsu Dafuhao Breweries Co. Ltd

On 9 January 2013 HEINEKEN's Asian subsidiary that holds a 49% stake in Jiangsu Dafuhao Breweries Co. Ltd entered into a conditional share transfer agreement whereby Nantong Fuhao Alcohol Co. Ltd. will purchase HEINEKEN's shareholding interests for USD24.5 million. The transaction closed on 15 January 2013 when the funds were received in full.

Sale of Pago International GmbH

On 17 December 2012 HEINEKEN announced the sale of its wholly-owned subsidiary Pago International GmbH to Eckes-Granini Group. The transaction is expected to close before March 2013.

Mandatory unconditional cash offer (Offer for APB shares)

On 17 January 2013 HEINEKEN announced that the final closing date of its Offer for all of the issued and paid-up ordinary APB shares other than those already owned or controlled by HEINEKEN is 31 January 2013.

On 16 January 2013 the required acceptance level of 90 per cent of the APB shares in the open market was reached. As such, HEINEKEN was entitled to exercise its right of compulsory acquisition of the remaining APB shares. The total cash consideration in relation to the acquisition of the remaining shares after 31 December 2012 amounts to approximately EUR146 million.

Strategic review of Hartwall in Finland

On 4 February 2013 HEINEKEN announced that it had started a strategic review of its Hartwall business in Finland. During this review, HEINEKEN evaluates strategic options for Hartwall to drive continued growth of the business, within or outside of HEINEKEN. The strategic review is expected to be finalised before the end of the year.

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 amongst others brands, customer-related and certain contract-based intangibles.

ASDI

Allotted share delivery instrument (ASDI) representing HEINEKEN's obligation to deliver Heineken NV shares, either through issuance and/or purchasing of its own shares.

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.

Depletions

Sales by distributors to the retail trade.

Dividend payout

Proposed dividend as percentage of net profit (beia).

Earnings per share**Basic**

Net profit divided by the weighted average number of shares – basic – during the year.

Diluted

Net profit divided by the weighted average number of shares – diluted – during the year

EBIT

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

EBITDA

Earnings before interest and taxes and net finance expenses before depreciation and amortisation.

APPENDIX 13 (CONTINUED)

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 and impairments thereof (net of income tax).

Eia

Exceptional items and amortisation of acquisition-related intangible assets

Fixed costs

Fixed costs include personnel costs, depreciation and amortisation, repair and maintenance costs, energy and water, and other fixed costs. Exceptional items are excluded from these costs.

Free operating cash flow

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

Innovation rate

The Innovation Rate is calculated as revenues generated from innovations launched / introduced in the past 12 quarters divided by revenue

Net debt

Non-current and current interest-bearing loans and borrowings and bank overdrafts less investments held for trading and cash.

Net debt/EBITDA (beia) ratio

The ratio is based on a twelve month rolling calculation for EBITDA (beia).

Net profit

Profit after deduction of non-controlling interests (profit attributable to equity holders of the Company).

Organic growth

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

APPENDIX 13 (CONTINUED)

Organic volume growth

Increase in volume, excluding the effect of the first time consolidation of acquisitions.

Operating profit

Results from operating activities

Profit

Total profit of the Group before deduction of non-controlling interests.

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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.

Region

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

Revenue

Net realised sales proceeds in euros.

Top-line growth

Growth in net revenue.

Volume*Consolidated beer volume*

100 per cent of beer volume produced and sold by fully consolidated companies (excluding the beer volume brewed and sold by joint venture companies).

Group beer volume

100 per cent of beer volume produced and sold by fully consolidated companies and joint venture companies as well as the volume of HEINEKEN's brands produced and sold under license by third parties.

Heineken® volume

The Group beer volume of the Heineken® brand.

Heineken® volume in premium segment

The Group beer volume of the Heineken® brand in the premium segment (Heineken® volume in the Netherlands is excluded).

APPENDIX 13 (CONTINUED)

Total Consolidated volume

Volume produced and sold by fully consolidated companies (including beer, cider, soft drinks and other beverages), volume of third party products and volume of HEINEKEN's brands produced and sold under license by third parties.

Weighted average number of shares*Basic*

Weighted average number of issued shares including the weighted average of outstanding ASDI, adjusted for the weighted average of own shares purchased in the year.

Diluted

Weighted average number of issued shares including weighted average of outstanding ASDI.