



NOT AN INCH BACK!

Alexis Nasard

President Western Europe & Chief Marketing Officer
London, 12 November 2014

Disclaimer

This presentation 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 foreign exchange fluctuations, change in tax rates, changes in law, changes in pension costs, the actions of government regulators and weather conditions. These and other risk factors are detailed in HEINEKEN's publicly filed annual reports.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. HEINEKEN does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.

Market share estimates contained in this presentation are based on outside sources such as specialised research institutes in combination with management estimates.

Agenda

HEINEKEN: Not An Inch Back!

Western Europe – A key region for HEINEKEN

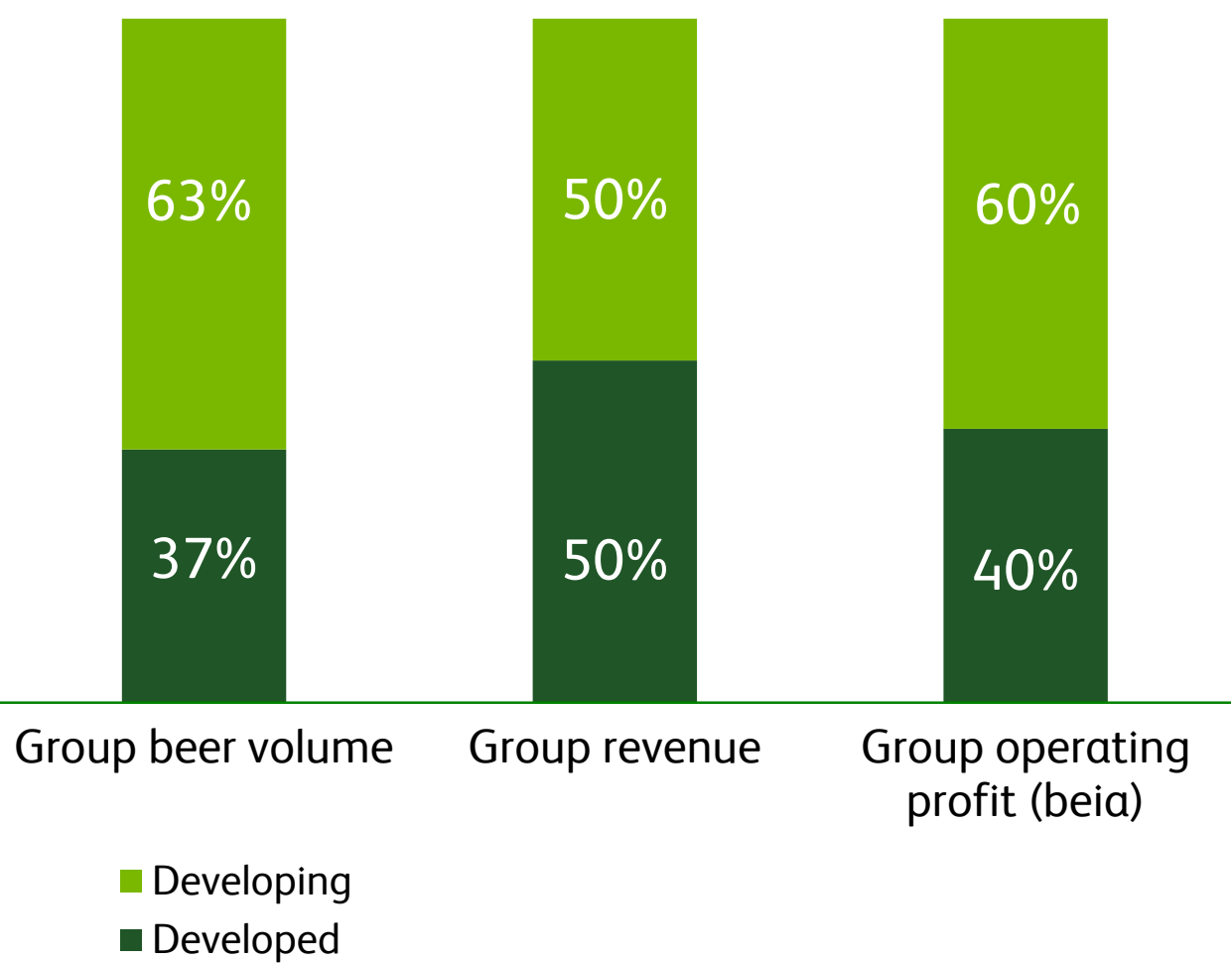
Western Europe – Still an exciting beer market

Our strategy for growth

Our strategy in action

HEINEKEN has a balanced footprint, with leading positions in developed and developing markets

HEINEKEN Developed/Developing Market Split 2013



Region	Total no. of # 1 or 2 positions* (based on volume market share)
Western Europe	9/9
Central Eastern Europe	11/14
Americas	11/15
Asia	14/20
Africa Middle East	18/22

Western Europe is an important part of **developed** markets:

56% of Volume
61% of Profit

Source: Group metrics based on 2013 consolidated financial information excluding head office and eliminations.
*Includes HEINEKEN Operating companies, JV's and Licenced operations for Americas , Asia Pacific , Africa Middle East and Central & Eastern Europe



Our growth relies on balanced exposure to developed and developing markets

	HEINEKEN Developed Markets	HEINEKEN Developing Markets
Beer Market Size 2013	650mhl	1,115mhl
Beer Market CAGR 2009-13	-0.6%	+3.7%
Population growth 2013	+0.5%	+1.0%
GDP per Capita 2013	US\$ 34,000	US\$ 3,000

- ✓ Developed markets are a high reservoir of consumer spending due to strong purchasing power and a large middle-class
- ✓ Developing markets offer high growth potential from favourable demographics and social mobility
- ✓ Need to win in both developed and developing markets for sustainable growth

Western Europe is, and will continue to be, an important region for HEINEKEN

9
COUNTRIES

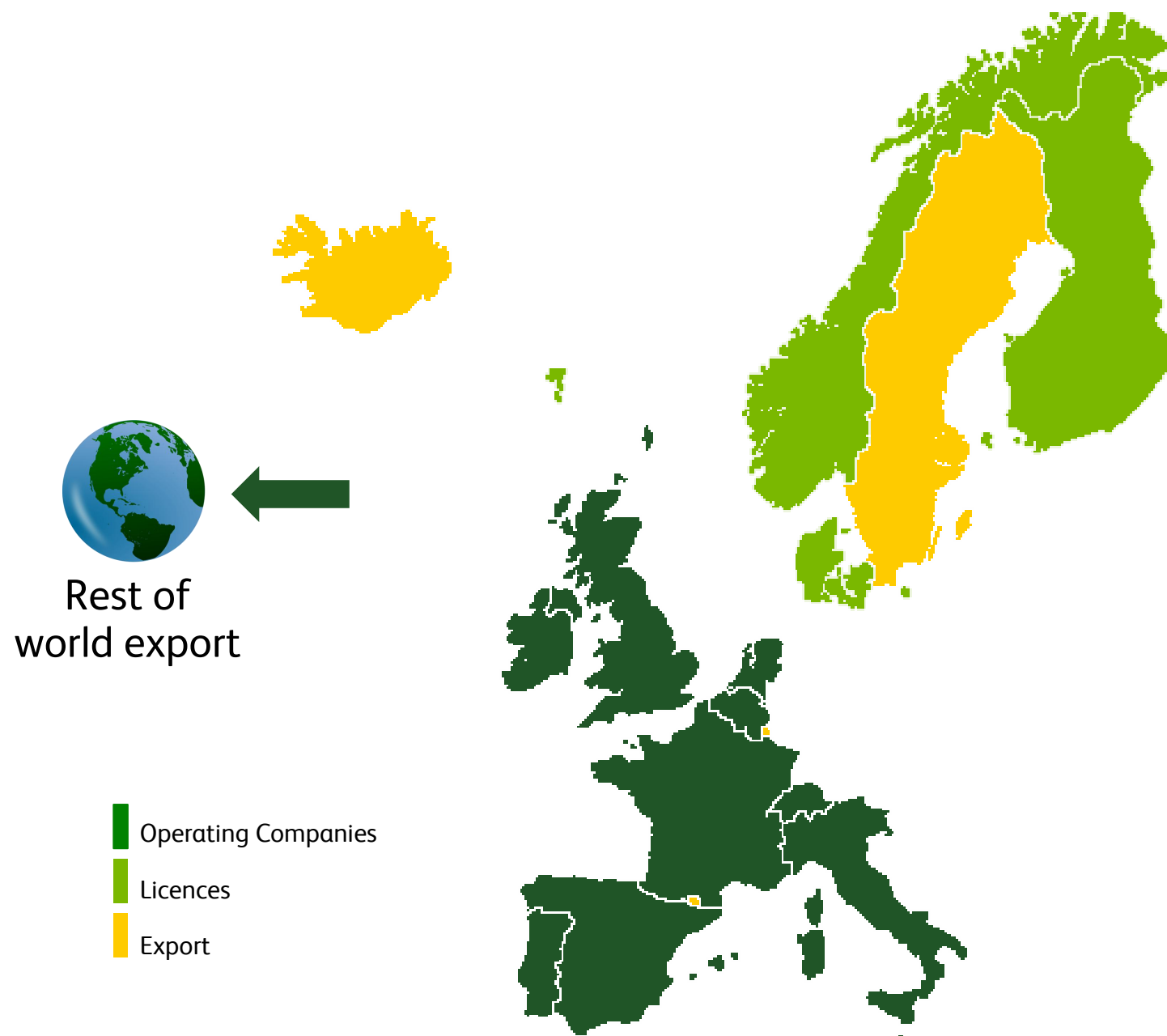
29
BREWERIES **

140+
BRANDS

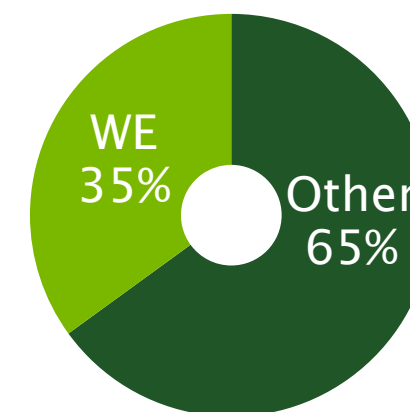
42mhl
GROUP BEER
VOLUME *

29%
OF GROUP FREE OPERATING
CASHFLOW

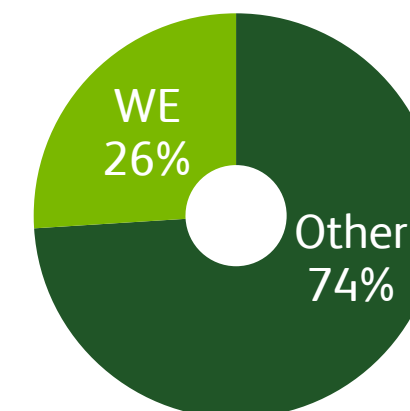
17,500
DIRECT
EMPLOYEES



Group Revenue by region (2013)*



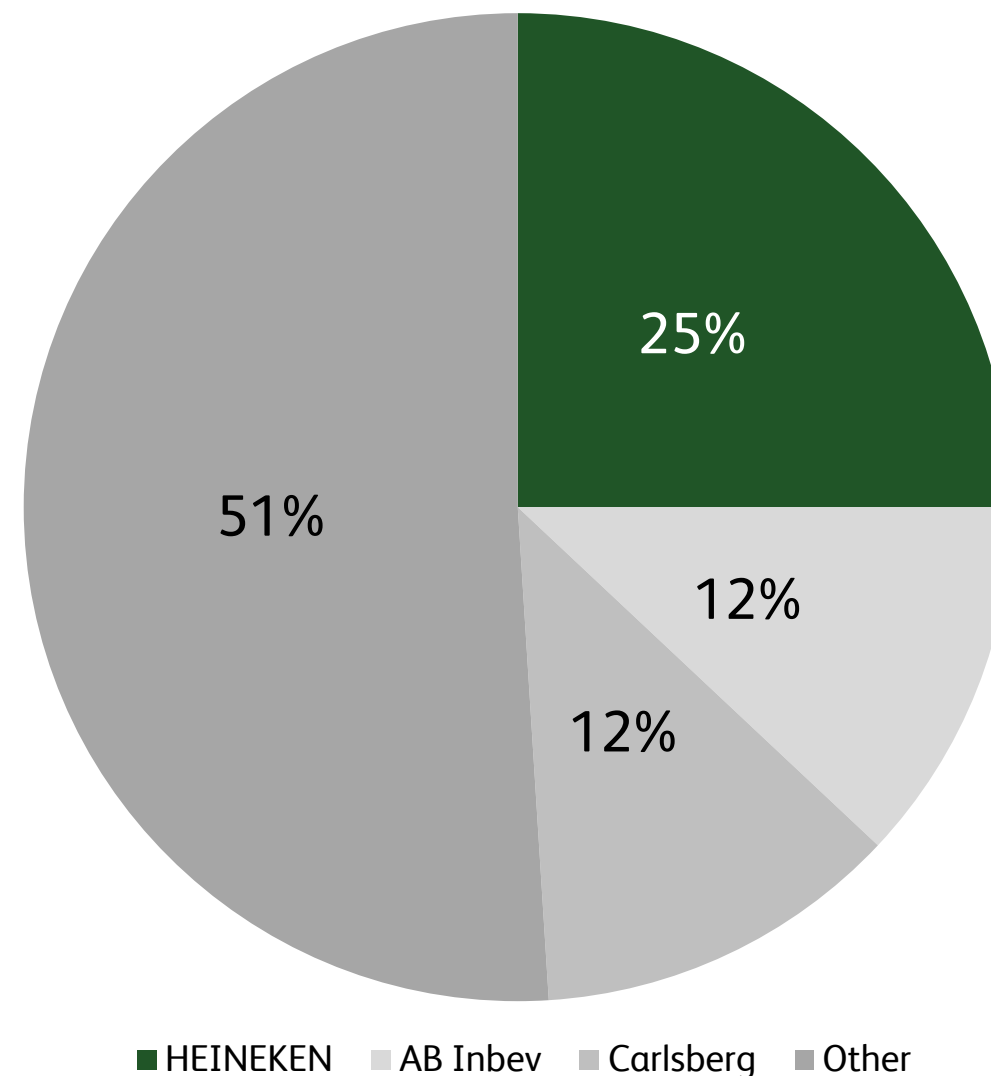
Group Operating profit (beia) by region (2013)*



Source: * Group metrics based on 2013 consolidated financial information excluding Head Office.
 ** Breweries include Cider (3), Water (1) and Soft Drink (1) plants.
 Denmark, Finland, Norway and Sweden are all Export and Licence markets

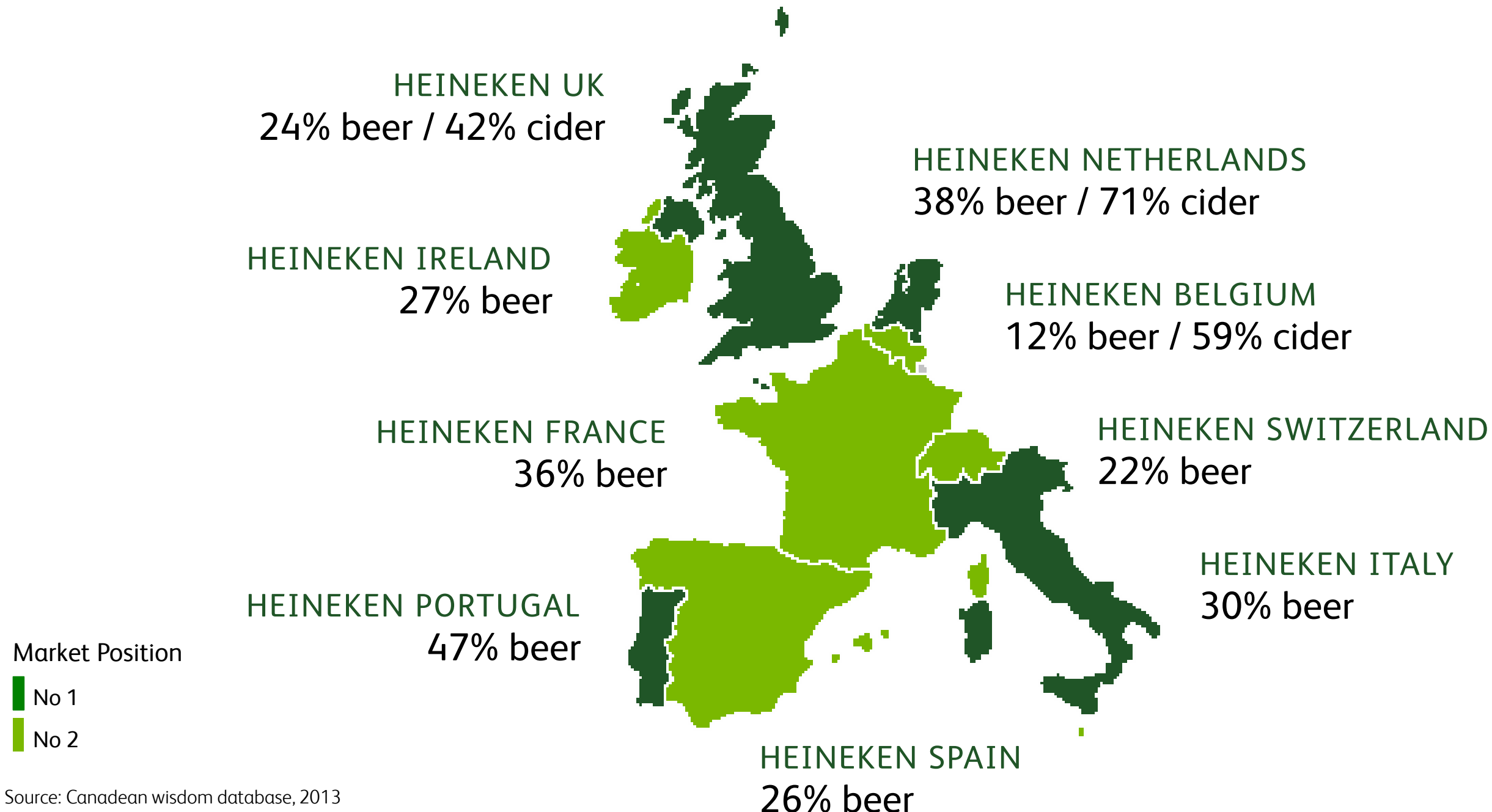
HEINEKEN is the leading brewer in Western Europe and twice the size of the closest competitor

Western Europe share of beer volume



HEINEKEN is the leading brewer in Western Europe and twice the size of the closest competitor

HEINEKEN volume market share



Source: Canadean wisdom database, 2013



With a powerful portfolio of brands

HEINEKEN UK



HEINEKEN NETHERLANDS



HEINEKEN IRELAND



HEINEKEN BELGIUM



HEINEKEN FRANCE



HEINEKEN SWITZERLAND



HEINEKEN PORTUGAL



HEINEKEN ITALY

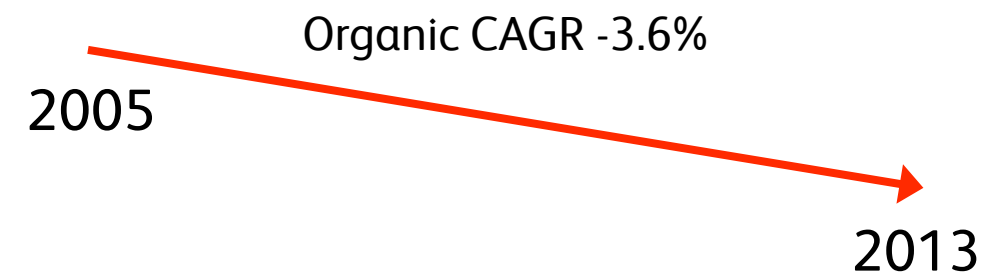


HEINEKEN SPAIN

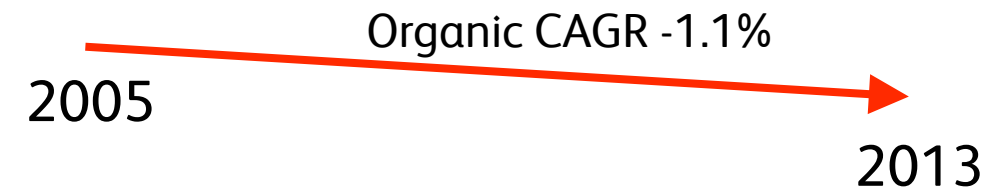


Western Europe has delivered profit growth amidst volatile market conditions

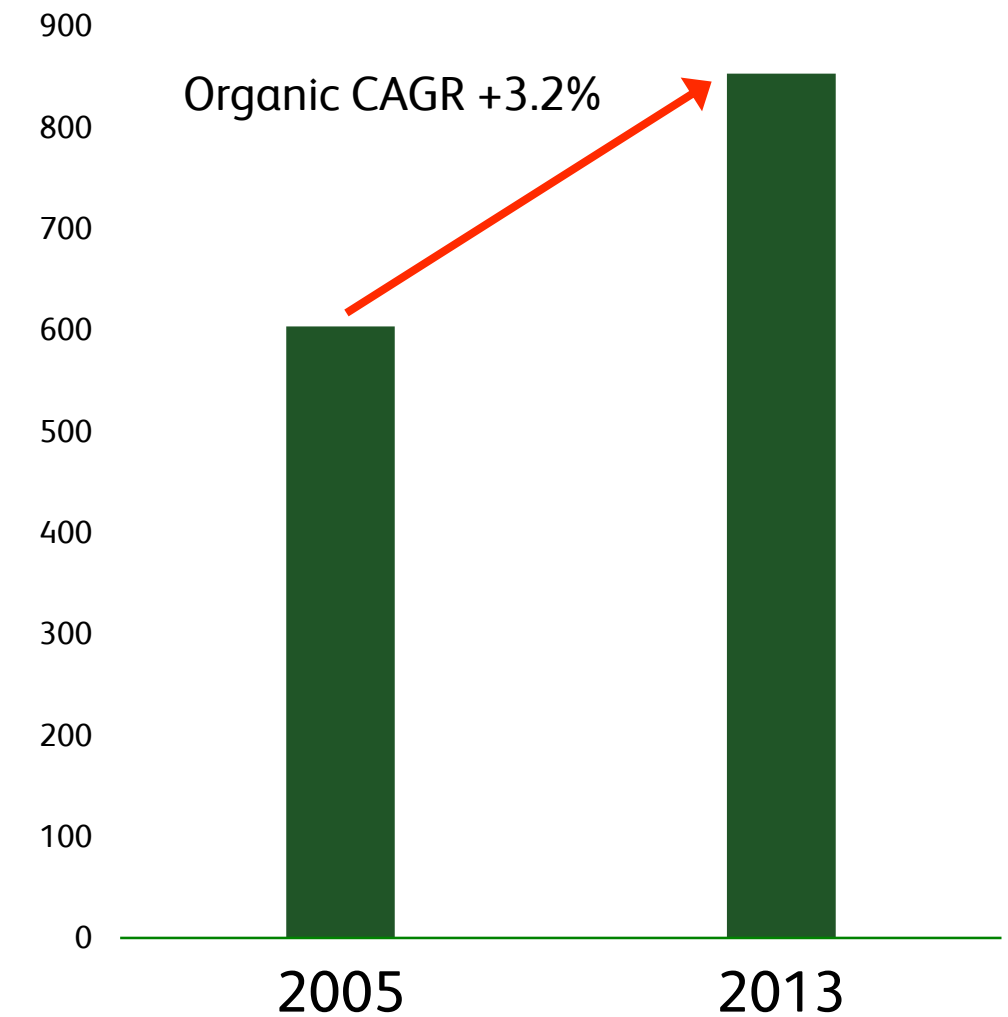
Group Beer Volume (mhl)



Group Revenue (€m)



Group Operating Profit (Beia) (€m)



Agenda

HEINEKEN: Not An Inch Back!

Western Europe – A key region for HEINEKEN

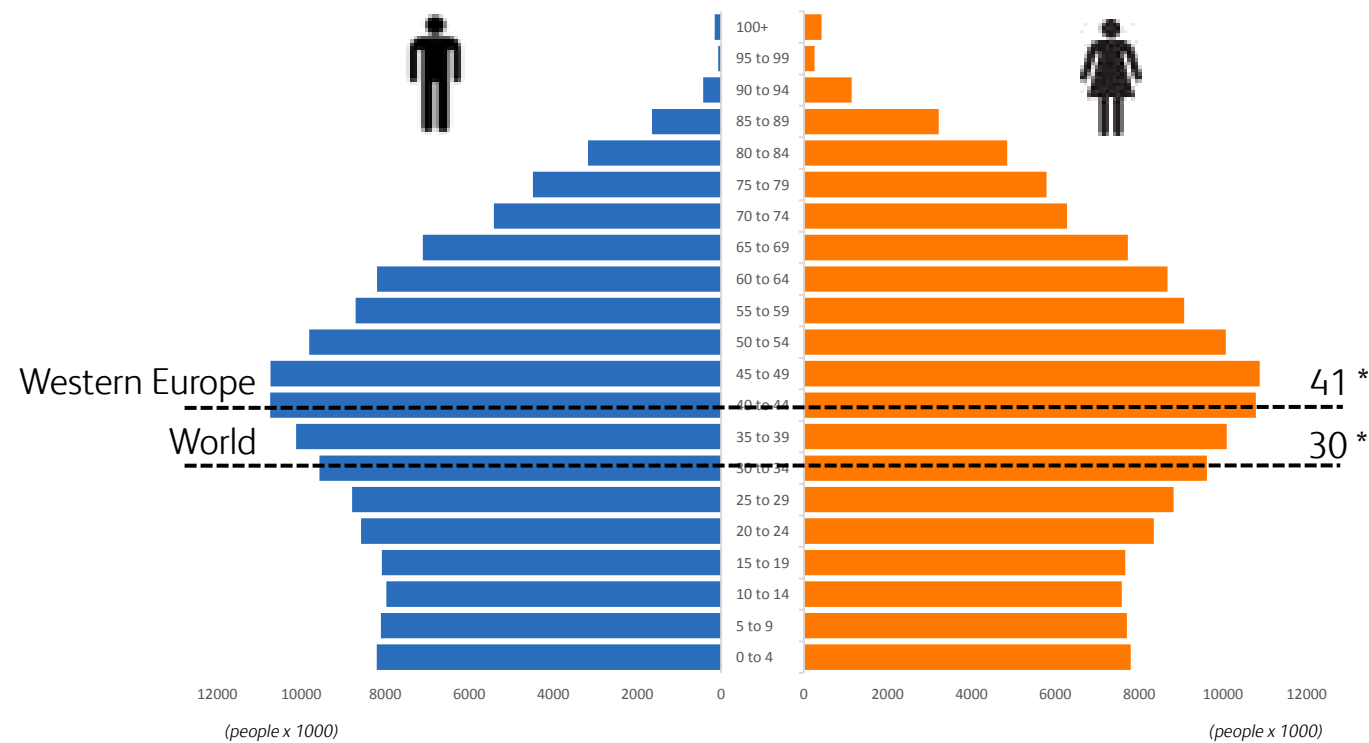
Western Europe – Still an exciting beer market

Our strategy for growth

Our strategy in action

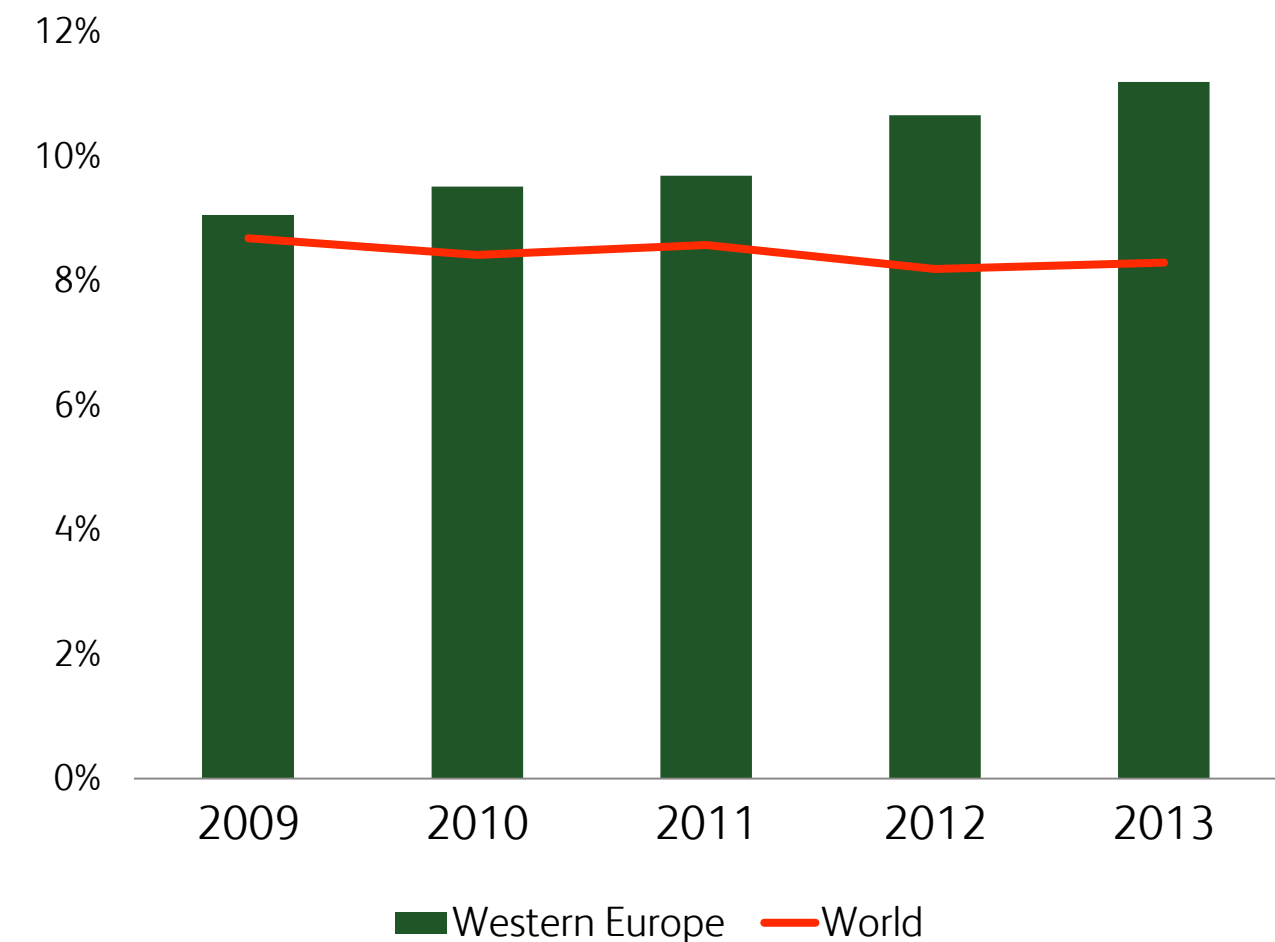
Whilst navigating demographic headwinds ...

An ageing population



Source: Age Pyramid, Eurostat, Western Europe, 2013.
* Average age

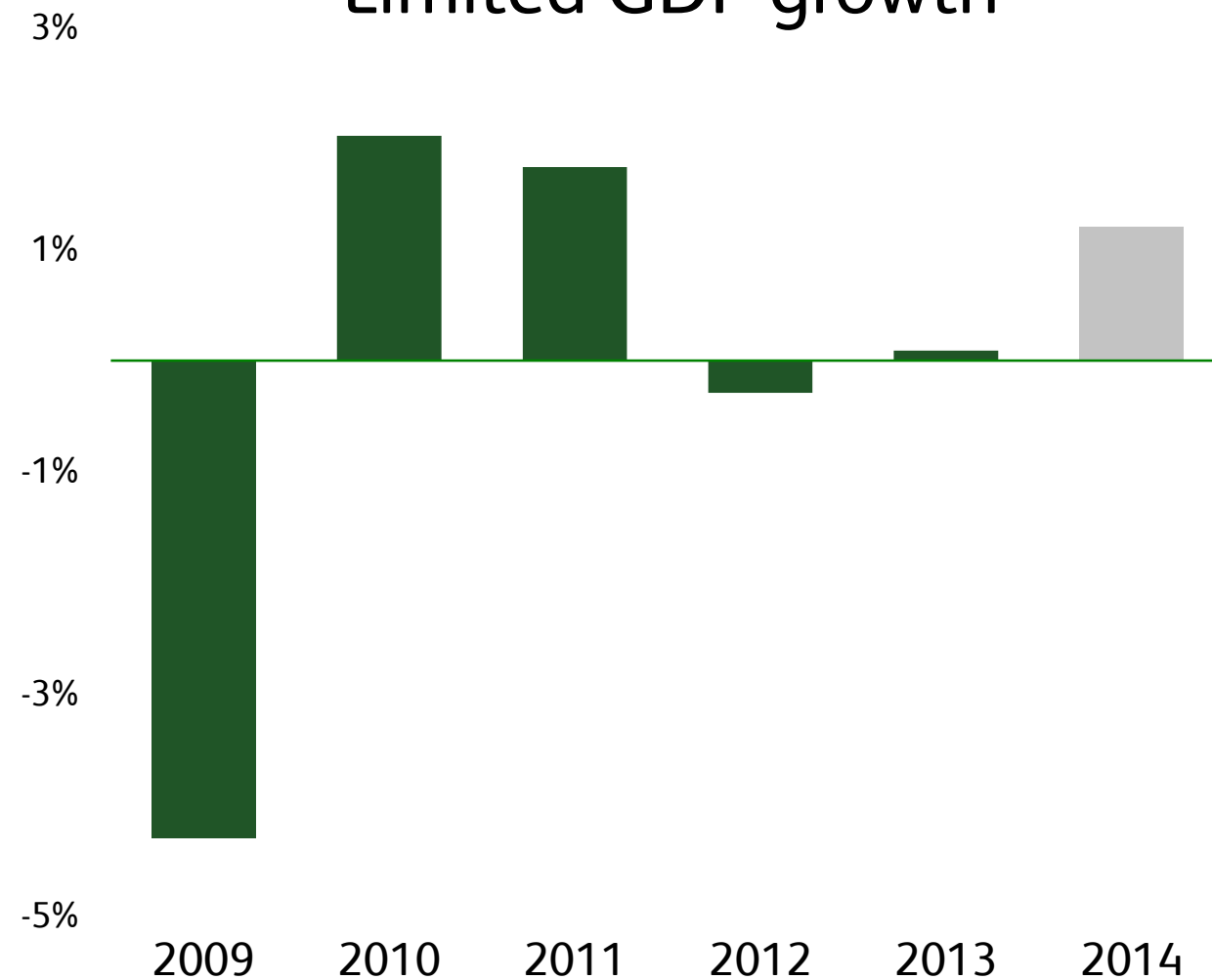
Sustained high unemployment



Source: Unemployment Rate, Global Insight, Western Europe incl. Germany, October 2014.

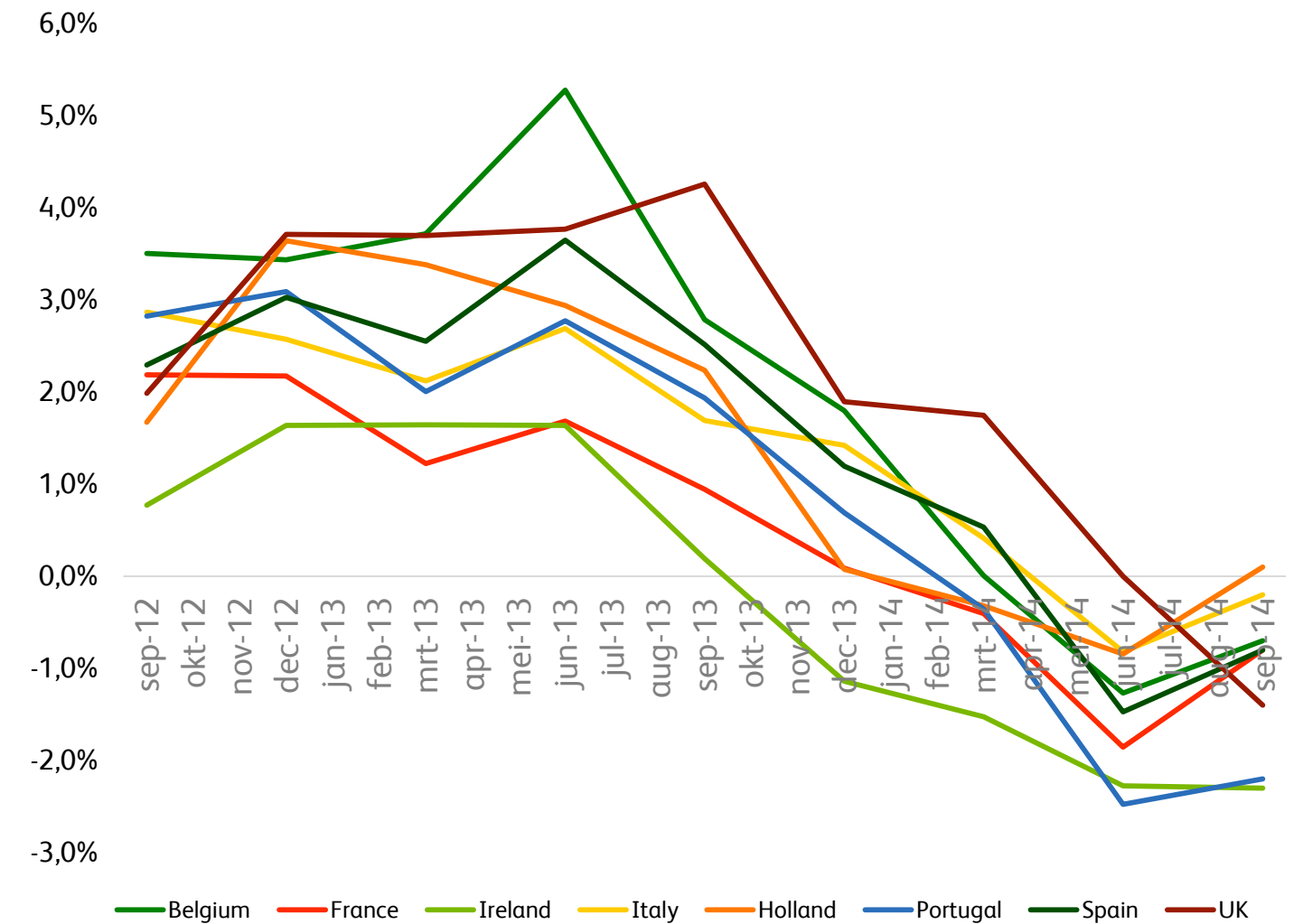
Ongoing economic uncertainty ...

Limited GDP growth



Source: Real GDP Growth, Global Insight,
Western Europe incl. Germany, October 2014

Deflationary pressure

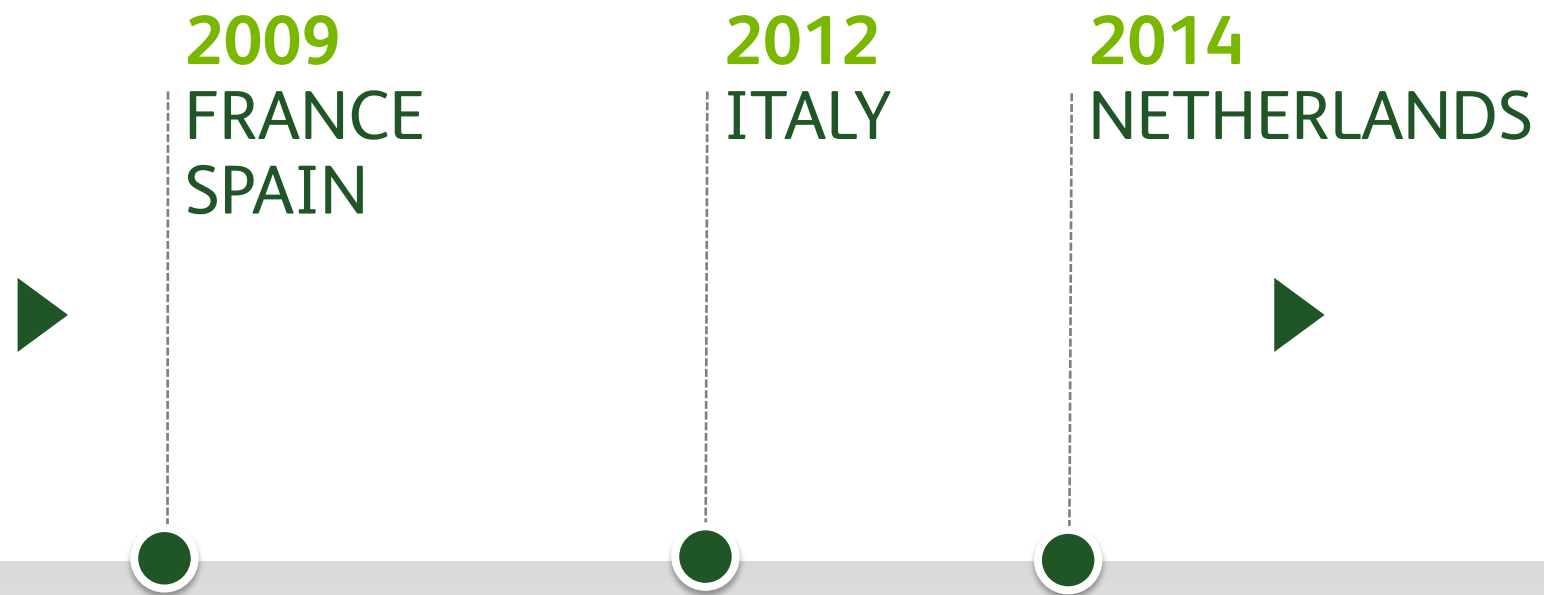


Source: Food CPI (YOY), DataStream

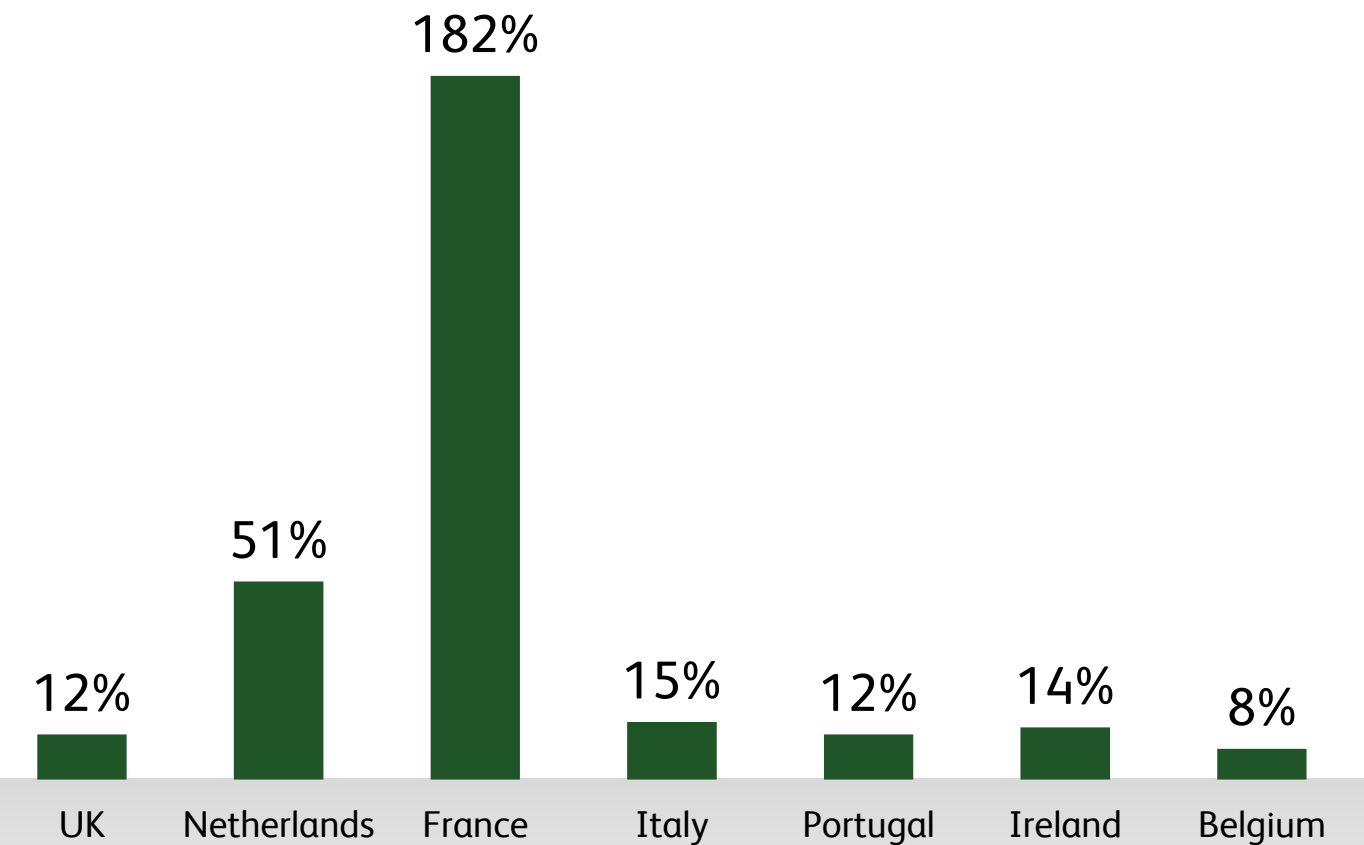
... and limits to commercial freedom

Beer legal drinking age increases

4/9 key markets increased LDA
from 16 to 18 years old

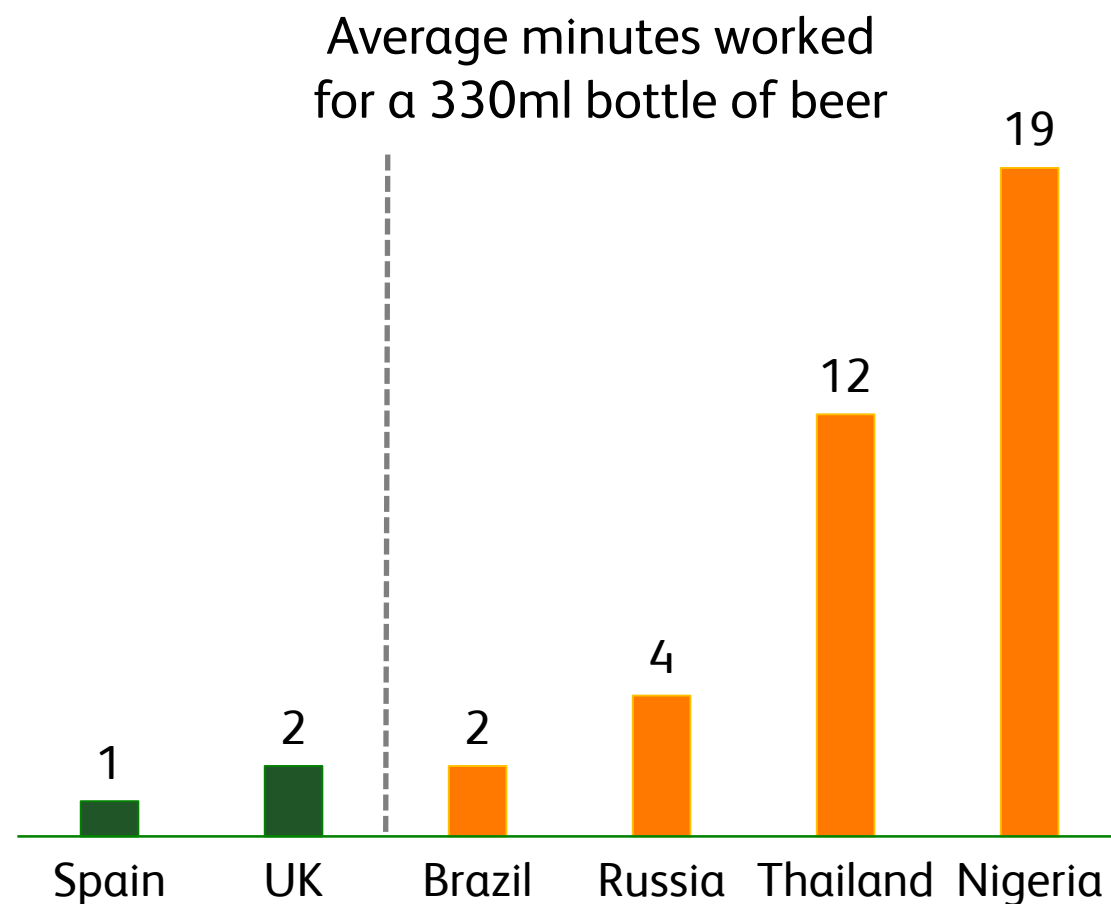


Beer excise duty increases 2008-14

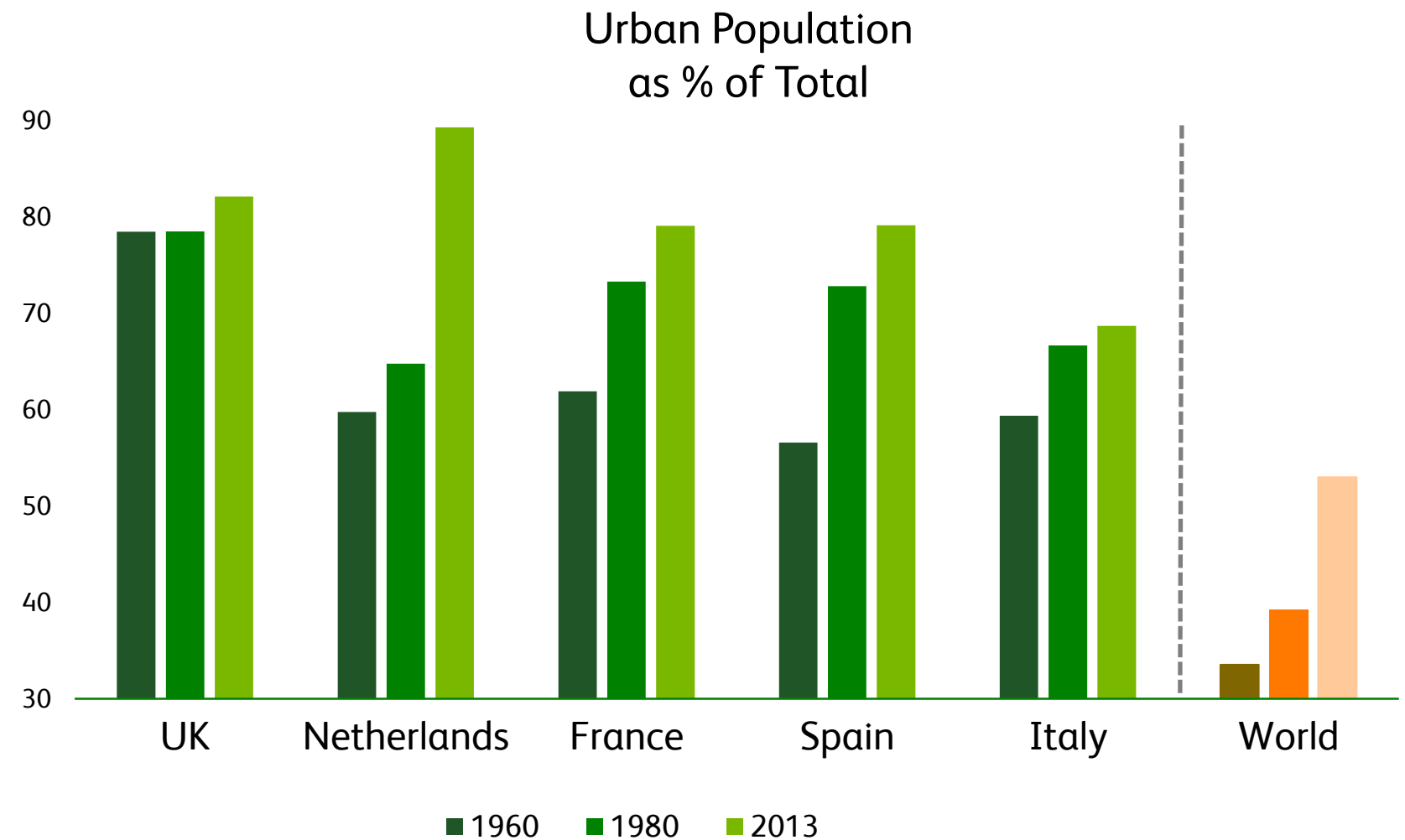


Western Europe benefits from high spending power and rising urbanisation

Beer has high relative affordability in Western Europe



Cities are growing disproportionately



Source: Beer price per litre, Canadean 2014 MAT September.
GDP per Capita, Global Insight, 2013

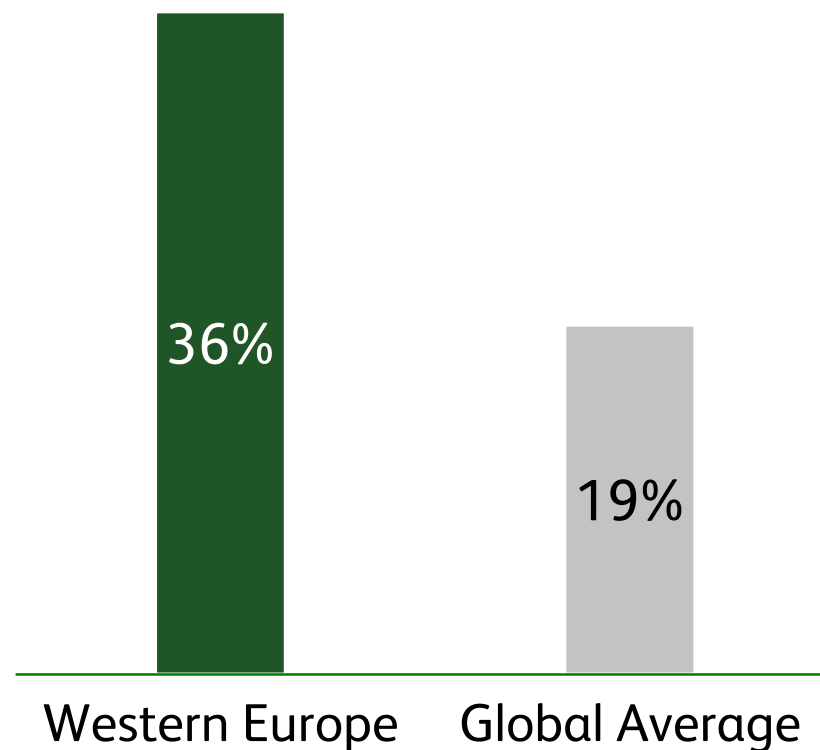
Source: Urban Population (% of Total), Worldbank



A region with high premium potential ...

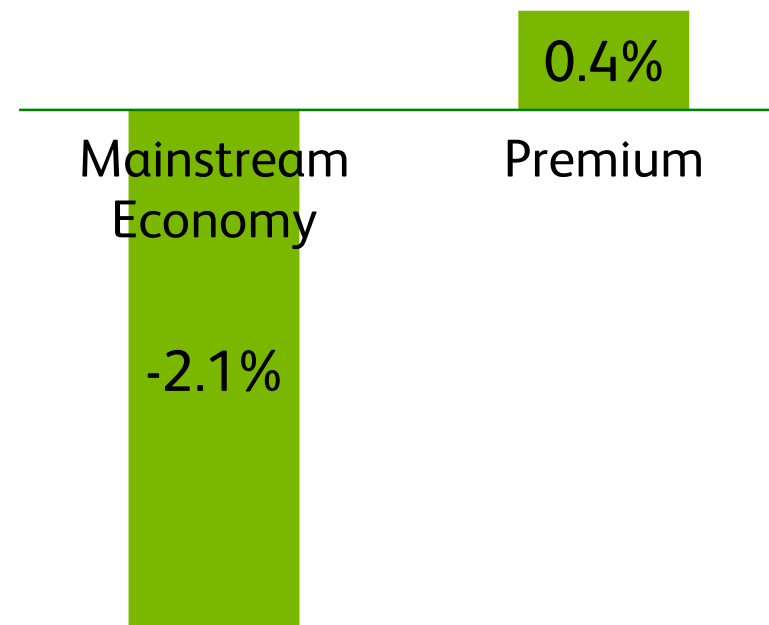
The Premium segment is important in Western Europe

Beer Market Share of Premium 2013



Premium is outgrowing the rest of the beer market

Western Europe
CAGR 2009-13



Premium growth is expected to accelerate

+2.0%

Western Europe forecast CAGR 2014-18

An exciting
emerging
sub-segment

**Super
Premium**
(index 150+)

+2.8%

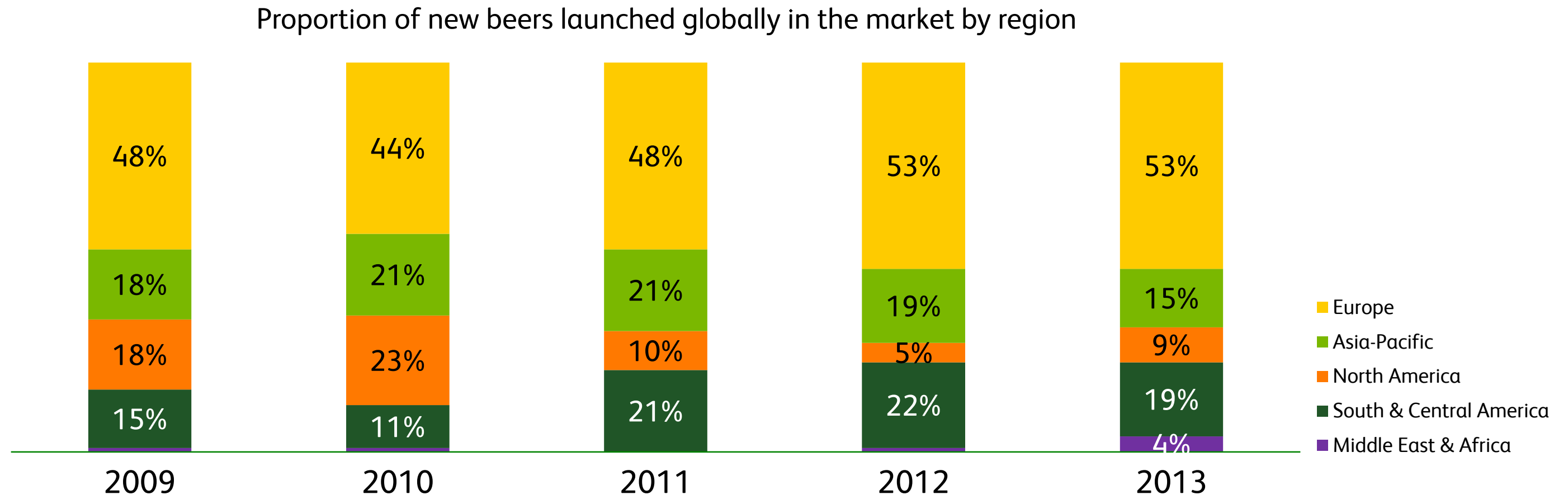
Western Europe forecast CAGR 2014-18

Source: Canadean.

Premium is defined by taking the leading brand in the most popular pack type as the standard (=100), all other brands have been indexed against this brand/pack type. Brands which have an index of ≥ 115 have been taken to be premium.



... fuelled by rising levels of innovation led by HEINEKEN



HEINEKEN contributed c. 40% of beer innovation revenues
in Western Europe in 2013

Source: Global innovations - Datamonitor, Product Launch Analytics, February 2014. Western Europe innovation revenues - Nielsen/IRI Off Trade 2013, based on new beer products launched over the last 3 years (including new pack-sizes).

One of the most profitable global beer markets

Western Europe profit pool*

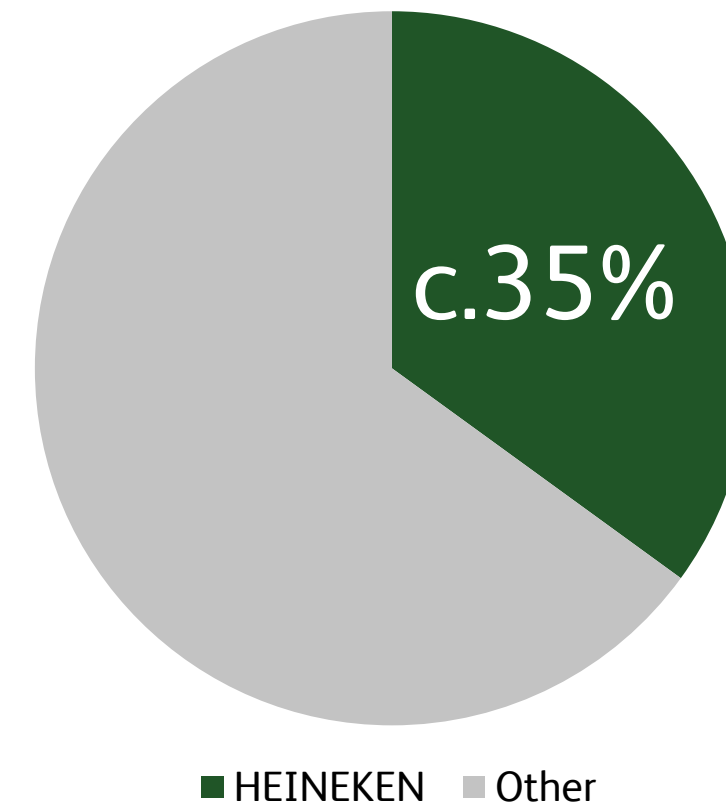
c. €2.4bn

Western Europe beer /hl
vs. global average

>+20%

HEINEKEN beer profit share is above volume
share of 25% due to focus on premium

Western Europe share of profit pool



Agenda

HEINEKEN: Not An Inch Back!

Western Europe – A key region for HEINEKEN
Western Europe – Still an exciting beer market

Our strategy for growth

Our strategy in action



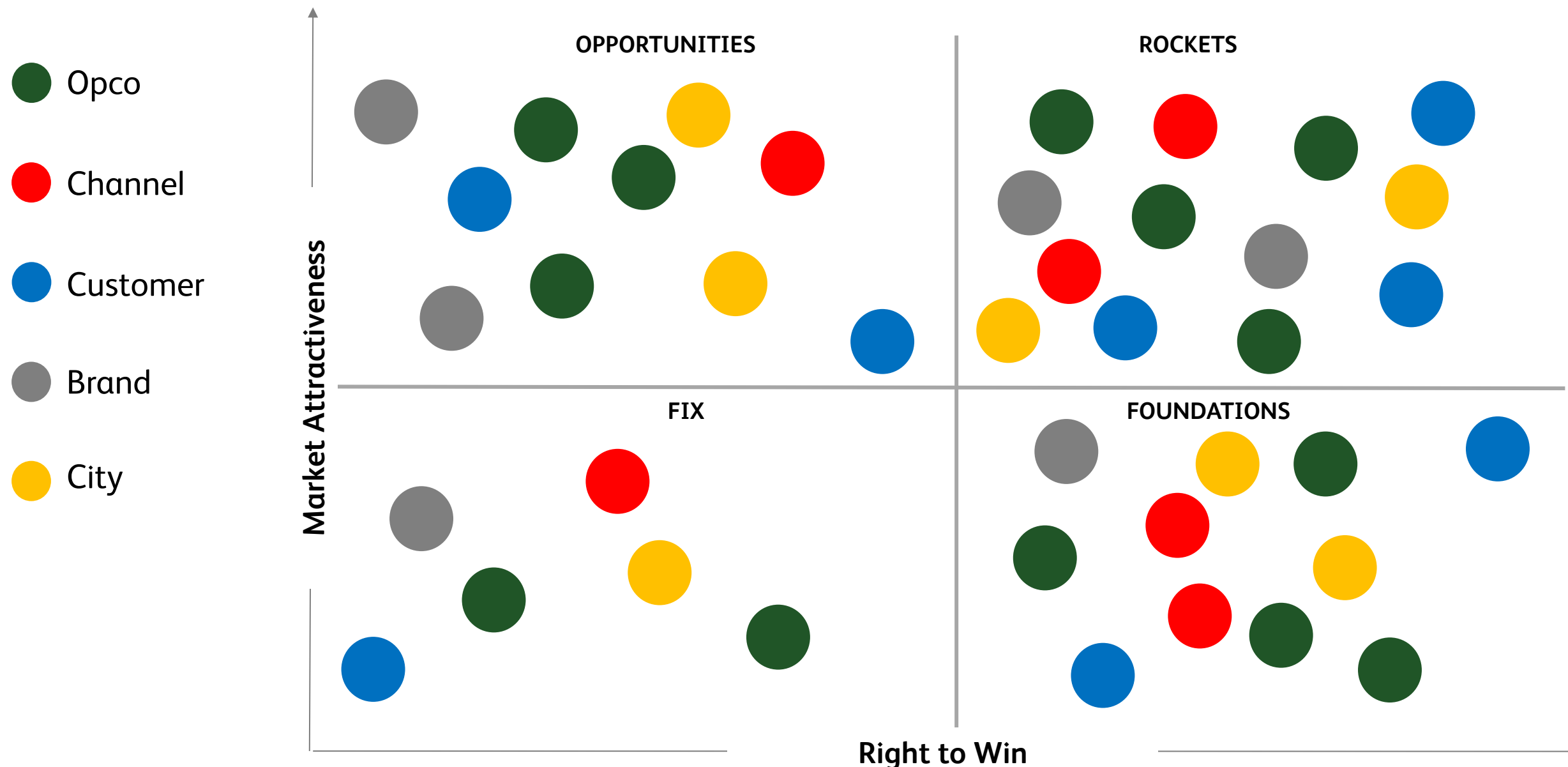
NOT AN INCH BACK!

1. We discriminate across the playground
2. We drive revenue management systematically, with a premium skew
3. We are commercially assertive
4. We take responsibility and fight for the category
5. We extract cost for revenue
6. We leverage scale and we simplify

We discriminate across the playground

With distinct roles per country, channel, customer, brand and city

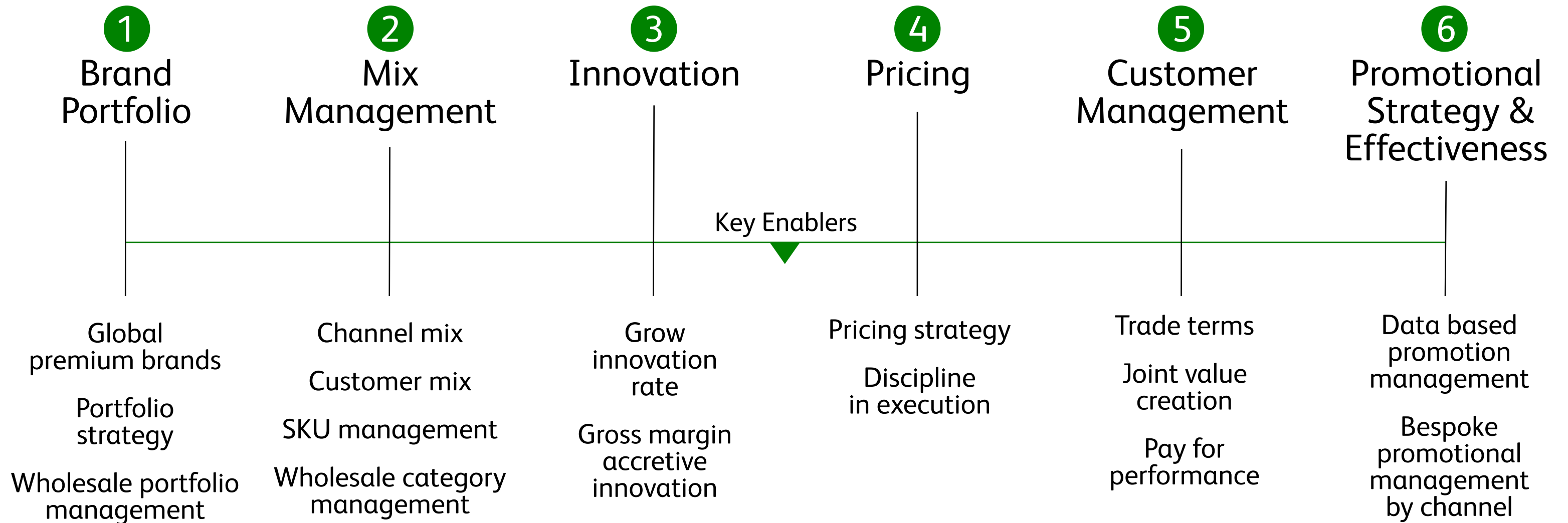
DISCRIMINATION MATRIX *



Implications

- Capex
- Marketing & Selling spend
- Human resources
- KPI's
- Brewery footprint

We drive revenue management systematically

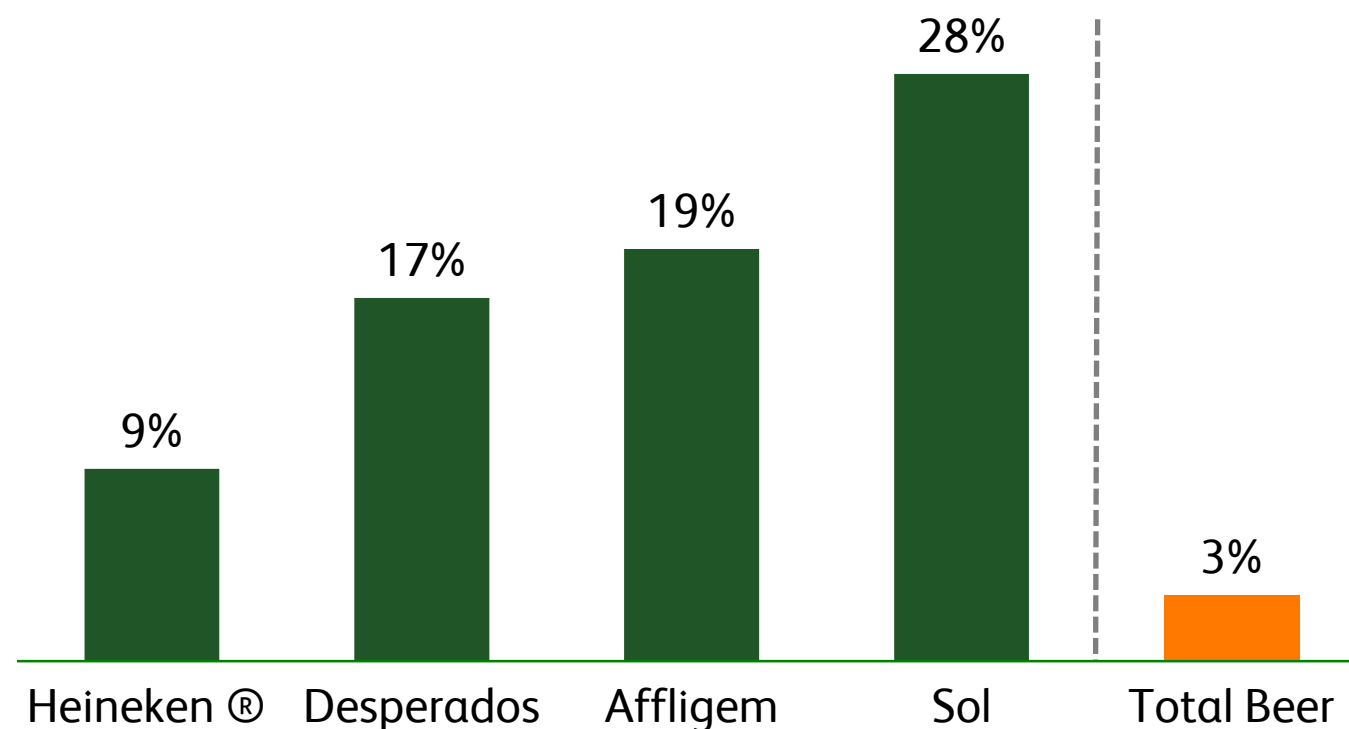


Premiumisation drives revenue per hl

Today c.30% of Western Europe revenues come from premium propositions

Global premium brands
are growing disproportionately

HEINEKEN Western Europe global brand volume
growth Sept YTD 2014



Rev/hl of global brands at a
significant premium vs mainstream

Heineken® **+130**

Desperados **+220**

Sol **+150**

Affligem **+240**

*Premium volumes – outside of home country
Revenue/hl indexed vs HEINEKEN portfolio excl. global brands.

HEINEKEN is commercially assertive in Western Europe

In Marketing

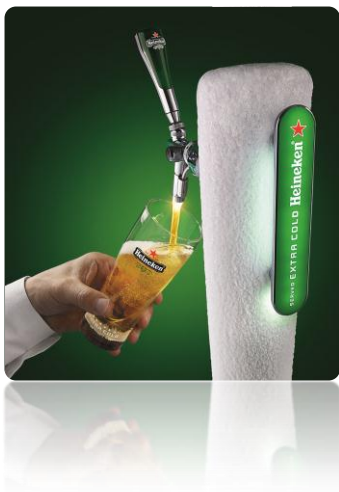
Innovation
Claims
Taste
Creativity
Investment

In On-Trade

Distribution
Visibility
Throughput
Quality
Innovation

In Off-Trade

Availability
Pricing
Visibility
Innovation
Joint business plans



Moretti Radler

Advertisement video



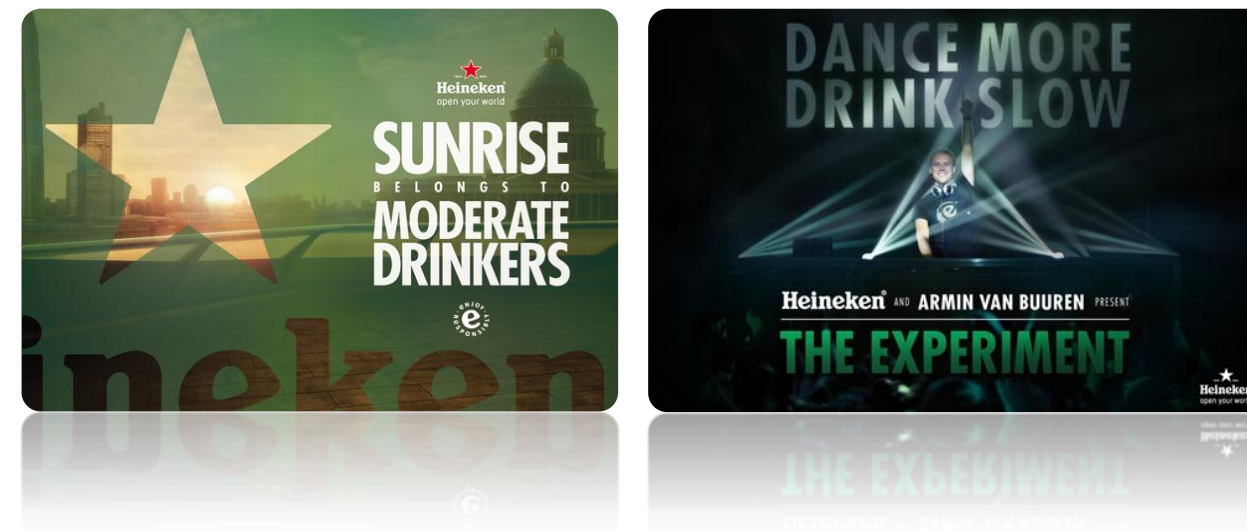
HEINEKEN taking responsibility and fighting for the category

Leading the conversation



In tight collaboration with government and other stakeholders proposals to increase beer excise overturned or reduced in **5 countries in Western Europe** in the past 2 years

Leading in responsible consumption



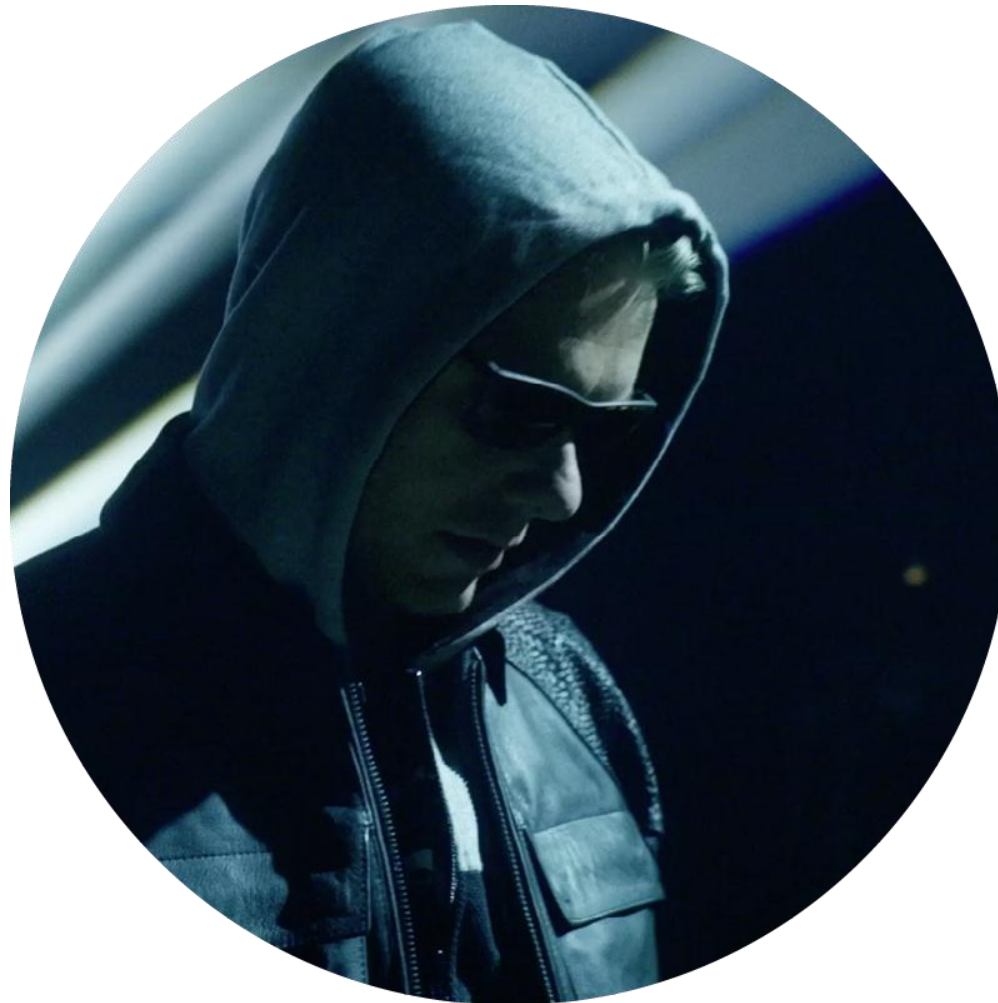
10% of marketing spend for Heineken® brand allocated to responsibility

“Brewing a Better World”



Armin van Buuren

Video



Extracting cost to reinvest behind top-line growth

Drive gross margin growth

End to end productivity
Value engineering
Procurement
Premiumisation

Reduce Support Function costs

Finance shared services
IT scale, simplification
& asset management
Human Resources optimisation

Balancing cost efficiency with business enablement

HEINEKEN Western Europe
Marketing & Selling (beia) expense

+14%

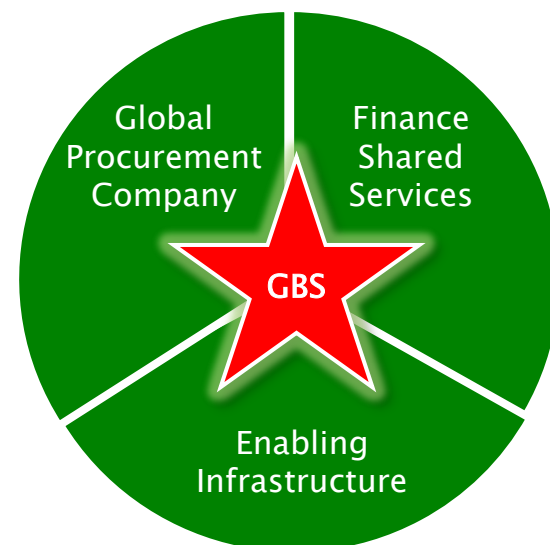
Sept YTD 2014 vs. 2013

HEINEKEN Western Europe
Gross Margin

+60bps

Sept YTD 2014 vs. 2013

Leveraging scale and driving simplification



c.60% of Western Europe procurement is now governed by HEINEKEN Group Procurement

Brewery footprint optimisation increases utilisation rate +2.7% 2010-14



Western Europe media costs reduced by 21% on a like for like basis by use of a central media agency

6 transnational partnerships with retailers including Western Europe



Sharp governance enables efficiency and flexibility

Talented multi cultural,
multi functional management
team sharing
40% common targets

**Centralised resource
allocation** quickly
and easily to any part
of the business

Permanent senior management
strategy cabinets meeting
regularly to ensure discipline in
execution and senior level ownership

**Integrated Supply Chain
management** minimising
risk and maximising flexibility

Agenda

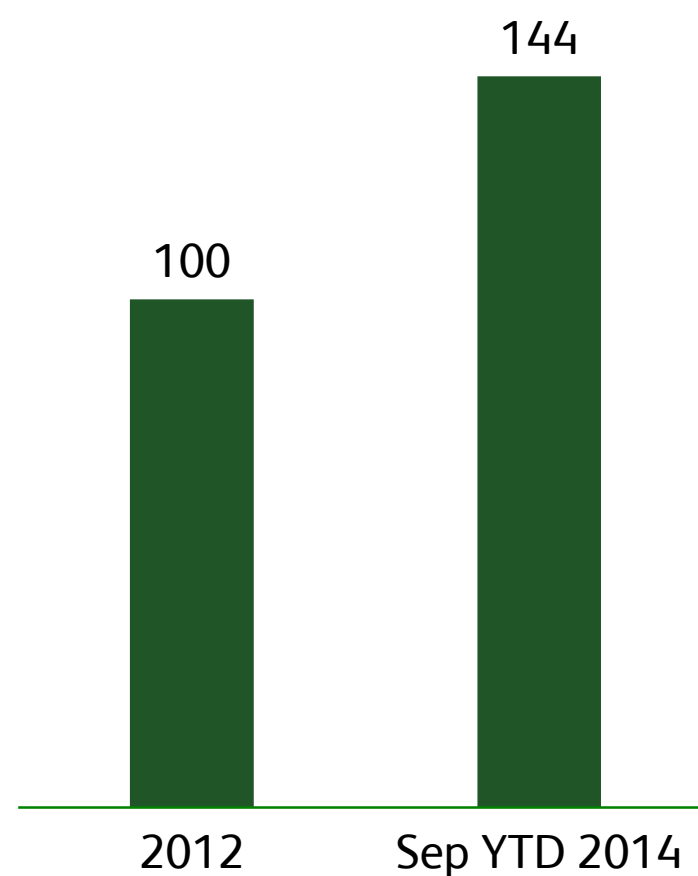
HEINEKEN: Not An Inch Back!

Western Europe – A key region for HEINEKEN
Western Europe – Still an exciting beer market
Our strategy for growth

Our strategy in action

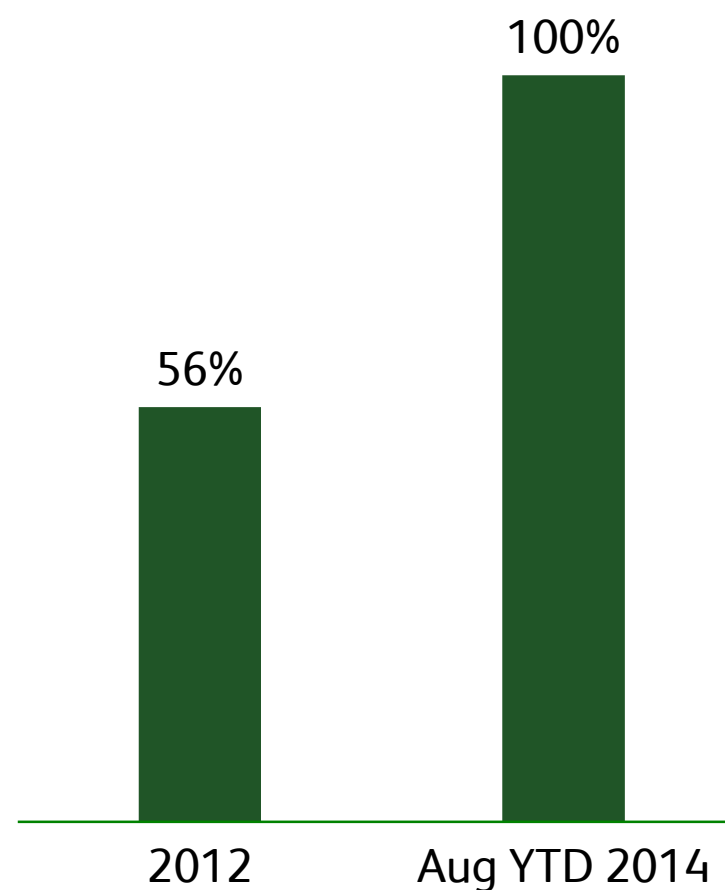
Our strategy is delivering encouraging top-line results

HEINEKEN Western Europe
Innovation Rate¹ (Indexed)

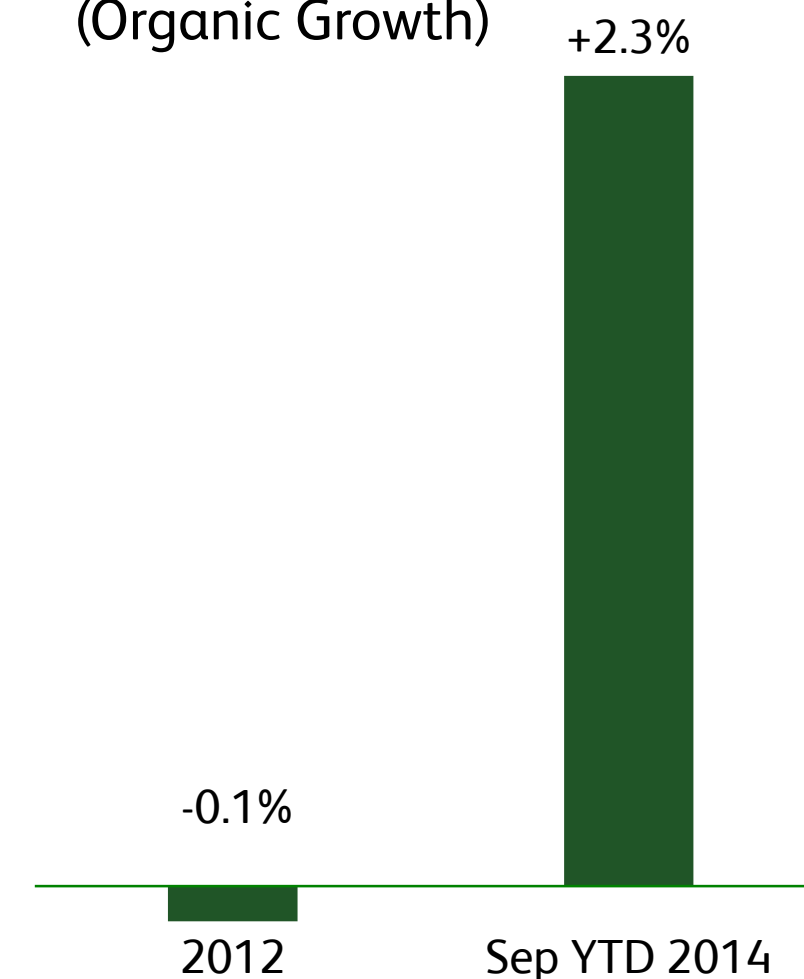


Index 2012 = 100

HEINEKEN Western Europe
% of Markets Growing Share



HEINEKEN Western Europe
Revenue
(Organic Growth)



Summary

- ✓ Western Europe is an important market in HEINEKEN's balanced growth model due to its size and resilience
- ✓ Despite its structural challenges, Western Europe still provides good opportunities for growth, particularly through premiumisation and innovation
- ✓ As the leading brewer, HEINEKEN will drive and capitalise on this growth through a set of clear and disciplined priorities:
 1. Discriminate across the playground
 2. Drive revenue management systematically, with a premium skew
 3. Be commercially assertive
 4. Take responsibility and fight for the category
 5. Extract cost for revenue
 6. Leverage scale and simplify

In the rest of the presentation



13.15-14.00 INNOVATION: A KEY COMPETITIVE ADVANTAGE

by François-Xavier Mahot, Senior Director Global Innovation

14.00-14.15 Coffee break



14.15-15.00 COMMERCIAL ASSERTIVENESS IN WESTERN EUROPE

by Ronald Den Elzen, Managing Director Heineken Portugal

15.00-15.45 COST FOR REVENUE

by Alberto Toni, Senior Finance Director Region Western Europe
and Wiggert Deelen, Senior Director Supply Chain Region Western Europe

15.45-16.00 Coffee break



16.00-16.45 NOT AN INCH BACK IN THE UK

by David Forde, Managing Director Heineken UK

16.45-17.00 Closing remarks by Alexis Nasard

17.00 Drinks reception
Whats Brewing Seminar event concludes





Heineken NL 
@Heineken_NL

 Volgen

Dear Apple... #BendGate



NO WORRIES...
IT HAPPENS TO US ALL THE TIME.

*Met trots voor u gebrouwen.
Geen 18, geen alcohol.*

RETWEETS
11.657

FAVORIETEN
4.590



05:26 - 25 sep. 2014



Q&A

Western Europe

