

## Heineken N.V. reports 2016 half year results

Amsterdam, 1 August 2016 – Heineken N.V. (EURONEXT: HEIA; OTCQX: HEINY) today announces:

- Organic revenue +4.7% with revenue per hectolitre up +0.8%
- Consolidated beer volume +4.1% with growth in Americas, Asia Pacific and Europe offsetting weaker volume in Africa Middle East & Eastern Europe
- Heineken® volume in premium segment +2.6%
- Operating profit (beia) +12.6% organically
- Net profit (beia) of €977 million, up 11.2% organically
- Diluted EPS (beia) of €1.71 (2015: €1.59)
- FY 2016 margin expansion expected to be in line with medium term guidance

### CEO STATEMENT

Jean-François van Boxmeer, CEO, Chairman of the Executive Board, commented: "Our first half performance reflects a very good first quarter, also helped by softer comparatives, and a solid second quarter. Whilst Africa Middle East & Eastern Europe continued to be challenging, performance was strong in some key developing markets such as Vietnam and Mexico. Europe also contributed to our results with positive momentum and a clear focus on operational excellence. We are convinced that our well-balanced global footprint, sustained investment in brands and innovation, and focus on the premium segment continue to give us a unique competitive advantage to win in our markets. Despite adverse economic conditions in some developing markets and currency headwinds, we expect full year margin expansion in line with our medium term guidance of around 40bps per annum."

### FINANCIAL SUMMARY

<b>Key financials</b> <sup>1,2</sup> <i>(in mhl or € million unless otherwise stated)</i>	<b>HY16</b>	<b>HY15</b>	<b>Total growth %</b>	<b>Organic growth %</b>
Revenue	<b>10,094</b>	9,896	2.0	4.7
Revenue/hl (in €)	<b>91</b>	96	-4.9	0.8
Operating profit (beia)	<b>1,705</b>	1,549	10.1	12.6
Operating profit (beia) margin	<b>16.9%</b>	15.7%	124 bps	
Net profit (beia)	<b>977</b>	915	6.8	11.2
Net profit <sup>3</sup>	<b>586</b>	1,144	-48.8	
Diluted EPS (beia) (in €)	<b>1.71</b>	1.59	7.8	
Free operating cash flow	<b>541</b>	486	11.3	
Net debt/ EBITDA (beia) <sup>4,5</sup>	<b>2.4</b>	2.3		

<sup>1</sup> Consolidated figures are used throughout this report, unless otherwise stated; please refer to the Glossary section for an explanation of terms used throughout this report

<sup>2</sup> A reconciliation between non-GAAP measures and IFRS measures is included in note 10 on page 33

<sup>3</sup> Net profit is after EIA, for details on EIA please refer to page 3 and 13

<sup>4</sup> Includes acquisitions and excludes disposals on a 12 month pro-forma basis

<sup>5</sup> Net debt definition was revised in December 2015 and HY15 restated to reflect this, for more detail see footnote 1 on page 13

## FULL YEAR 2016 OUTLOOK STATEMENT

- For 2016 HEINEKEN expects to deliver further organic revenue and profit growth, with margin expansion in line with the medium term margin guidance of a year on year improvement in operating profit (beia) margin of around 40bps. This takes into account the tough comparatives and increasing currency headwinds in the second half of the year.
- We expect an average interest rate of c.3.1%, and an effective tax rate (beia) broadly in line with 2015 (2015: 27.8%).
- Capital expenditure related to property, plant and equipment is expected to be slightly below €2 billion (2015: €1.6 billion).

## OPERATIONAL REVIEW

After a strong first quarter, boosted by Easter timing and a strong Vietnamese and Chinese New Year, volume growth in the second quarter was more subdued. In Africa Middle East & Eastern Europe following growth in the first three months of the year, volume declined in the second quarter, due to tougher comparatives and a challenging economic backdrop. Revenue per hectolitre improved organically, with a positive contribution from both price and mix.

HEINEKEN continues to invest in key developing markets and opened a new brewery in Shanghai in May 2016.

**Revenue** increased 4.7% organically, with a 3.8% increase in total volume and a 0.8% increase in revenue per hectolitre. The underlying price mix impact for the six months was 1.1%.

**Consolidated beer volume** grew 4.1% organically in the first half of the year. Performance in the first quarter was particularly strong, up 7.0% organically, followed by more moderate growth of 1.8% in the second quarter.

<b>Consolidated beer volumes</b> <i>(in mhl)</i>	<b>2Q16</b>	2Q15	Organic growth %	<b>HY16</b>	HY15	Organic growth %
Heineken N.V.	<b>53.5</b>	50.6	1.8	<b>97.0</b>	89.9	4.1
Africa Middle East & Eastern Europe	<b>10.0</b>	9.8	-5.9	<b>19.1</b>	17.9	-1.2
Americas	<b>14.6</b>	14.1	1.6	<b>28.1</b>	26.5	4.7
Asia Pacific	<b>5.8</b>	4.7	16.0	<b>11.5</b>	9.1	19.4
Europe	<b>23.1</b>	22.0	2.4	<b>38.3</b>	36.4	2.3

**Heineken**<sup>®</sup> volume in the premium segment grew 2.6%, with positive momentum in all regions apart from Africa Middle East & Eastern Europe. In particular, the brand grew double digit in Brazil, the UK, Mexico, New Zealand, Cambodia and Romania. Brand growth was also strong in China, France and Ireland. Favourable performance across these markets more than offset weaker volume in Russia, Vietnam and Algeria. Heineken<sup>®</sup> continued to benefit from leveraging global platforms such as UEFA Champions League, the Cities, Music, and Product Stories campaigns. During the second quarter, HEINEKEN announced a multi-year Global partnership with Formula 1<sup>®</sup>, starting in September 2016 with the newly renamed Formula 1 Gran Premio Heineken d'Italia in Monza.

Heineken® volume (in mhl)	2Q16	Organic growth %	HY16	Organic growth %
<b>Heineken® volume in premium segment</b>	<b>8.3</b>	0.8	<b>15.3</b>	2.6
Africa Middle East & Eastern Europe	<b>1.1</b>	-8.8	<b>2.1</b>	-5.0
Americas	<b>2.4</b>	0.7	<b>4.7</b>	3.5
Asia Pacific	<b>1.6</b>	1.9	<b>3.2</b>	3.5
Europe	<b>3.2</b>	3.9	<b>5.3</b>	4.6

The first half saw continued success of our broader premium portfolio strategy. **Affligem**, our Belgian abbey beer, grew double digit, and was particularly strong in France. **Sol Premium**, originating from Mexico, grew double digit, driven by Brazil and Compañía Cervecerías Unidas S.A. (CCU) markets in Latin America. **Desperados**, the tequila flavoured beer, saw high single digit volume growth, with strong performance in Poland, France and Spain.

**Cider** volume increased double digit, with accelerating momentum in the second quarter. The continued success of Strongbow Dark Fruit as well as Strongbow Cloudy Apple and Old Mout, underpinned volume growth in the UK, reaffirming our leading position in the home base of cider. In Europe, Romania, Ireland and Czech Republic delivered particularly strong growth, with volume double the level of the prior year. In Americas, cider volume grew double digit in Mexico and Canada, and we grew in the US ahead of the category.

**Innovation**, which is firmly embedded in HEINEKEN company strategy, delivered €1.1 billion in revenue, implying an innovation rate of 10.5%. Our innovation agenda focuses on low and no alcohol propositions, craft and variety beers, as well as new draught systems.

**Operating profit (beia)** grew 12.6% organically, reflecting higher revenue and cost efficiencies.

## NET PROFIT

Net profit (beia) increased 11.2% organically to €977 million.

Exceptionals included an asset impairment of €233 million in the Democratic Republic of Congo (DRC).

Net profit after exceptionals was €586 million. In 2015 reported net profit included an exceptional gain of €379 million from the sale of Empaque.

## TRANSLATIONAL CURRENCY CALCULATED IMPACT

Using spot rates as at 28 July 2016 the calculated FY negative currency translational impact would be approximately €200 million at operating profit (beia), and €110 million at net profit (beia).

## INTERIM DIVIDEND

In accordance with its dividend policy, HEINEKEN fixes the interim dividend at 40% of the total dividend of the previous year. As a result, an interim dividend of €0.52 per share of €1.60 nominal value will be paid on 11 August 2016. The shares will trade ex-dividend on 3 August 2016.

## BREWING A BETTER WORLD

In the first half of the year HEINEKEN's sustainability strategy, Brewing a Better World, continued to make progress. Highlights included the installation of four wind turbines in Europe's largest brewery in Zoeterwoude, the Netherlands. Operational since the second quarter of this year, these deliver up to 40% of the brewery's entire electricity requirements. The Heineken® brand global 'Moderate Drinkers Wanted' campaign has also now featured in 14 countries, encouraging responsible alcohol consumption.

## ENQUIRIES

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## INVESTOR CALENDAR HEINEKEN N.V.

Trading Update for Q3 2016

26 October 2016

What's Brewing Seminar, London

25 November 2016

Full Year 2016 Results

15 February 2017

## Conference call details

HEINEKEN will host an analyst and investor conference call in relation to its 2016 HY results today at 10:00 CET/ 9:00 BST. The call will be audio cast live via the company's website: [www.theheinekencompany.com/investors/webcasts](http://www.theheinekencompany.com/investors/webcasts). An audio replay service will also be made available after the conference call at the above web address. Analysts and investors can dial-in using the following telephone numbers:

### Netherlands

Local line: +31(0)20 716 8295

National free phone: 0800 020 2576

### United Kingdom

Local line: +44(0)20 3427 1918

National free phone: 0800 279 4841

### United States of America

Local line: +1646 254 3365

National free phone: 1877 280 1254

Participation/ confirmation code for all countries: 2472691

**Editorial information:**

HEINEKEN is the world's most international brewer. It is the leading developer and marketer of premium beer and cider brands. Led by the Heineken® brand, the Group has a powerful portfolio of more than 250 international, regional, local and specialty beers and ciders. We are committed to innovation, long-term brand investment, disciplined sales execution and focused cost management. Through "Brewing a Better World", sustainability is embedded in the business and delivers value for all stakeholders. HEINEKEN has a well-balanced geographic footprint with leadership positions in both developed and developing markets. We employ approximately 73,000 people and operate 167 breweries, malteries, cider plants and other production facilities in more than 70 countries. Heineken N.V. and Heineken Holding N.V. shares trade on the Euronext in Amsterdam. Prices for the ordinary shares may be accessed on Bloomberg under the symbols HEIA NA and HEIO NA and on Reuters under HEIN.AS and HEIO.AS. HEINEKEN has two sponsored level 1 American Depositary Receipt (ADR) programmes: Heineken N.V. (OTCQX: HEINY) and Heineken Holding N.V. (OTCQX: HKHHY). Most recent information is available on HEINEKEN's website: [www.theHEINEKENcompany.com](http://www.theHEINEKENcompany.com) and follow us via @HEINEKENCorp.

**Market Abuse Regulation**

This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

**Disclaimer:**

This press release contains forward-looking statements with regard to the financial position and results of HEINEKEN's activities. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond HEINEKEN's ability to control or estimate precisely, such as future market and economic conditions, the behaviour of other market participants, changes in consumer preferences, the ability to successfully integrate acquired businesses and achieve anticipated synergies, costs of raw materials, interest-rate and exchange-rate fluctuations, changes in tax rates, changes in law, change in pension costs, the actions of government regulators and weather conditions. These and other risk factors are detailed in HEINEKEN's publicly filed annual reports. You are cautioned not to place undue reliance on these forward-looking statements, which speak only of the date of this press release. HEINEKEN does not undertake any obligation to update these forward-looking statements contained in this press release. Market share estimates contained in this press release are based on outside sources, such as specialised research institutes, in combination with management estimates.

## REGIONAL OVERVIEW

<b>Revenue</b> <i>(in € million)</i>	<b>HY16</b>	<b>HY15</b>	<b>Organic growth %</b>
Heineken N.V.	<b>10,094</b>	9,896	4.7
Africa Middle East & Eastern Europe	<b>1,646</b>	1,629	1.0
Americas	<b>2,485</b>	2,522	7.3
Asia Pacific	<b>1,345</b>	1,172	11.6
Europe	<b>4,933</b>	4,879	2.4
Head Office & Eliminations	<b>-315</b>	-306	n.a.

<b>Operating Profit (beia)</b> <i>(in € million)</i>	<b>HY16</b>	<b>HY15</b>	<b>Organic growth %</b>
Heineken N.V.	<b>1,705</b>	1,549	12.6
Africa Middle East & Eastern Europe	<b>267</b>	331	-14.3
Americas	<b>458</b>	413	20.0
Asia Pacific	<b>419</b>	302	30.9
Europe	<b>581</b>	495	15.7
Head Office & Eliminations	<b>-20</b>	8	n.a.

<b>Developing markets</b> <i>(in mhl or € million unless otherwise stated)</i>	<b>HY16</b>		
	Group beer volume	Group revenue	Group operating profit (beia) <sup>1</sup>
<b>Developing markets in:</b>	<b>69.7</b>	<b>5,688</b>	<b>1,113</b>
Africa Middle East & Eastern Europe	19.8		
Latin America & the Caribbean	24.6		
Asia Pacific	13.1		
Europe	12.2		
<b>% of Group</b>	<b>66</b>	<b>51</b>	<b>60</b>

<sup>1</sup> Excludes Head Office & Eliminations

## Africa Middle East & Eastern Europe

<b>Key Financials</b> <i>(in mhl or € million unless otherwise stated)</i>	<b>HY16</b>	<b>HY15</b>	<b>Total growth %</b>	<b>Organic growth %</b>
Revenue	<b>1,646</b>	1,629	1.0	1.0
Revenue/ hl (in €)	<b>73</b>	77	-4.4	2.0
Operating profit (beia)	<b>267</b>	331	-19.1	-14.3
Operating profit (beia) margin	<b>16.2%</b>	20.3%	-410 bps	
Total volume	<b>22.5</b>	21.3	5.6	-0.9
Beer volume	<b>19.1</b>	17.9	6.6	-1.2
Licensed & non-beer volume	<b>3.4</b>	3.4	0.6	0.3

**Beer volume** decreased 1.2% organically mainly due to a decline in Russia, Egypt, DRC and Algeria.

**Revenue** grew 1.0% organically driven by revenue per hectolitre growth of 2.0%, partly offset by total volume decline of 0.9%.

**Operating profit (beia)** declined by 14.3% organically with weaker results across the region, particularly in the DRC, Ethiopia, Russia, Nigeria and Egypt. Adverse currency developments, low commodity prices, as well as rising inflation were the main reasons for the decline, with Egypt also particularly impacted by weaker tourism.

In **Nigeria**, underlying trading conditions remain difficult given the weaker consumer environment due to the low global oil price and lower production output. Volume grew in the first quarter on the back of weak comparatives, but was down low single digit in the second quarter. Overall half year volume grew mid single digit. Mainstream and economy brands continued to outperform, which together with inflation, put pressure on margins despite cost savings and merger synergies. On a positive note the devaluation of the Nigerian Naira on 20 June 2016, whilst early days, is helping to bring some liquidity back into the market.

In **Russia**, volume declined high single digit as the beer market remained challenging due to continued inflation, currency pressure, low consumer confidence and aggressive price competition. However, we continue to focus on the premium segment, and both Krušovice and Gösser performed well in the first half.

In the **DRC**, volume declined mid single digit driven by increasingly difficult trading conditions. An asset impairment charge of €233 million has been taken as an exceptional item reflecting the consequences of the more challenging market conditions on our long term cash flow forecasts.

In **Egypt**, volume declined double digit, with weaker tourism adversely impacting performance.

## Americas

<b>Key Financials</b> <i>(in mhl or € million unless otherwise stated)</i>	<b>HY16</b>	HY15	Total growth %	Organic growth %
Revenue	<b>2,485</b>	2,522	-1.5	7.3
Revenue/ hl (in €)	<b>86</b>	93	-6.7	2.6
Operating profit (beia)	<b>458</b>	413	10.8	20.0
Operating profit (beia) margin	<b>18.4%</b>	16.4%	200 bps	
Total volume	<b>28.8</b>	27.2	5.6	4.5
Beer volume	<b>28.1</b>	26.5	5.9	4.7
Licensed & non-beer volume	<b>0.7</b>	0.6	-5.1	-1.9

**Beer volume** grew 4.7% organically, with strong growth in Mexico more than offsetting a slight decline in Brazil and the US.

**Revenue** grew 7.3% organically driven by total volume growth of 4.5% and higher revenue per hectolitre of 2.6%, supported by revenue management initiatives and positive brand mix.

**Operating profit (beia)** grew 20.0% organically, mainly driven by Mexico and the US.

In **Mexico** beer volume grew high single digit, benefiting from a continued positive economic environment, effective marketing programmes, strong sales execution and successful activation in all key channels. Tecate and Dos Equis both saw continued strong momentum and Heineken® also grew strongly. Despite increased competitor price promotion and unfavourable currency pressure, profitability improved driven by revenue management and cost savings.

In **Brazil**, beer volume declined low single digit, reflecting the weak economic developments and tougher trading conditions. The focus on growing the premium portfolio continues, and Heineken® volume was up double digit.

In the **US**, volume was slightly negative, with depletions slightly positive. Heineken® volume saw similar trends, with Heineken® lager slightly outperforming the total beer market. The Tecate franchise grew double digit, with Tecate Light particularly strong. Dos Equis grew low single digit and Strongbow volume increased, ahead of the softer cider market and gaining share in the category.



## Asia Pacific

<b>Key Financials</b> <i>(in mhl or € million unless otherwise stated)</i>	<b>HY16</b>	HY15	Total growth %	Organic growth %
Revenue	<b>1,345</b>	1,172	14.7	11.6
Revenue/ hl (in €)	<b>114</b>	126	-9.5	-6.8
Operating profit (beia)	<b>419</b>	302	38.9	30.9
Operating profit (beia) margin	<b>31.2%</b>	25.8%	540 bps	
Total volume	<b>11.8</b>	9.3	26.8	19.7
Beer volume	<b>11.5</b>	9.1	26.6	19.4
Licensed & non-beer volume	<b>0.3</b>	0.2	40.8	39.7

**Beer volume** grew 19.4% organically, with double digit growth in Vietnam, Cambodia, and Indonesia.

**Revenue** grew 11.6% organically, with total volume up 19.7% and revenue per hectolitre down 6.8%, partly as a result of adverse country mix. Underlying price mix for the region was down 1.9% for the first six months.

**Operating profit (beia)** increased 30.9% organically driven by strong growth in Vietnam, Indonesia and Cambodia.

In **Vietnam**, beer volume, after a successful Vietnamese New Year, continued to grow double digit in the second quarter. Tiger brand showed particularly strong momentum. Improved consumer confidence, combined with the success of our portfolio strategy and commercial execution, were the main drivers. In July we acquired a brewery in the South of Vietnam (Vũng Tàu) addressing the need for increased capacity.

In **China**, volume was up low single digit driven by strong performance of the Heineken® brand.

In **Indonesia**, double digit volume growth continued in the second quarter, after the first half last year was adversely impacted by the minimart regulation change. A strong innovation agenda also contributed to growth in the low and no alcohol category and improved performance overall.

In **Cambodia**, the strong momentum continued and volume grew double digit, supported by the capacity extension earlier this year.

## Europe

<b>Key Financials</b> <i>(in mhl or € million unless otherwise stated)</i>	<b>HY16</b>	HY15	Total growth %	Organic growth %
Revenue	<b>4,933</b>	4,879	1.1	2.4
Revenue/ hl (in €)	<b>97</b>	100	-2.9	0.8
Operating profit (beia)	<b>581</b>	495	17.2	15.7
Operating profit (beia) margin	<b>11.8%</b>	10.1%	170 bps	
Total volume	<b>47.3</b>	45.1	4.8	2.3
Beer volume	<b>38.3</b>	36.4	5.1	2.3
Licensed & non-beer volume	<b>5.1</b>	4.8	7.1	3.0

**Beer volume** increased by 2.3% driven by growth in Greece, Poland, UK, Austria, Serbia and France. Volume in Greece benefited from the additional sell in ahead of the excise duty increase at the start of June. Regional volume was supported by the Euro 2016 Football event, as well as weaker comparatives in the prior year.

**Revenue** increased by 2.4% organically, with revenue per hectolitre up 0.8%, demonstrating the success of our innovation and premiumisation focus. Deflationary pressure and off trade pricing pressure resulted in limited pricing for the region.

**Operating profit (beia)** was up 15.7% organically, as a result of the continued focus on innovation and premiumisation combined with additional commercial investments and disciplined cost management.

In the **UK**, beer volume grew low single digit driven by strong off premise performance. Premium volume increased strongly in both cider and beer, led by Heineken®. Pricing remained challenging in the market. Our pubs business continued to perform well.

In **France**, volume grew low single digit benefiting from the Euro 2016 Football event, driving strong Heineken® growth. The pricing environment remains challenging given the pressure from collective buying groups.

In **Spain**, beer volume was up low single digit supported by continued improvement in the economic environment, and an improved on trade performance.

In the **Netherlands** volume was flat due to less participation in off premise pricing promotions, particularly in the first quarter.

In **Poland**, beer volume increased low single digit. The market remains difficult and continues to be adversely impacted by channel mix and competitive pricing strategy. The focus on premiumisation including Żywiec and Desperados continued.

**INTERIM FINANCIAL REVIEW**

<b>Key figures</b> <i>(in mhl or € million unless otherwise stated)</i>	<b>HY15</b>	Currency translation	Consolidation impact	Organic growth	<b>HY16</b>	Organic growth %
Revenue (beia)	<b>9,896</b>	-538	274	462	<b>10,094</b>	4.7
Total expenses (beia)	<b>-8,347</b>	447	-222	-267	<b>-8,389</b>	-3.2
Operating profit (beia)	<b>1,549</b>	-91	52	195	<b>1,705</b>	12.6
Share of net profit of assoc./ JVs (beia)	<b>85</b>	-4	-2	—	<b>79</b>	0.3
EBIT (beia)	<b>1,634</b>	-95	50	195	<b>1,784</b>	12.0
Net interest income/(expenses) (beia)	<b>-167</b>	0	-17	5	<b>-180</b>	2.7
Other net finance income/(expenses) (beia)	<b>-36</b>	7	-2	-43	<b>-73</b>	-119.1
Income tax expense (beia)	<b>-390</b>	27	-4	-53	<b>-419</b>	-13.6
Minority interests (beia)	<b>-126</b>	5	-12	-2	<b>-135</b>	-1.4
Net profit (beia)	<b>915</b>	-56	15	102	<b>977</b>	11.2
Eia	229				-391	
Net profit	<b>1,144</b>				<b>586</b>	

**Main changes in consolidation**

- On 7 October 2015 HEINEKEN announced the acquisition of Diageo plc's shareholding in Jamaican formerly listed Desnoes & Geddes ("D&G"). Following completion of a tender offer for all outstanding ordinary shares of D&G on 21 January 2016, HEINEKEN now holds 95.8% of the share capital of this company.
- As of 7 October 2015 HEINEKEN has full ownership of GAPL Pte Ltd ("GAPL"). GAPL owns 51% of the issued share capital of HEINEKEN Malaysia Berhad, which is listed on the Malaysian Stock Exchange.
- On 15 October 2015 HEINEKEN completed the acquisition of a 53.4% stake of Pivovarna Laško d.d. in Slovenia. Following the completion of the mandatory takeover offer, HEINEKEN holds 100% of the share capital of this company.
- On 1 December 2015 HEINEKEN completed the restructuring of its operations in South Africa and Namibia. In South Africa, HEINEKEN holds a 75% stake in both DHN Drinks (Pty) Limited and in Sedibeng (Pty) Limited with Namibian Breweries Limited ("NBL") holding a 25% stake in both entities.
- On 1 February 2016 Groupa Żywiec completed the sale of its 80% shareholding in Dtribev Sp. z o.o to the Orbico Group for PLN 96 million (€23 million).

In the second half of the year the following item should impact HEINEKEN reported results with consolidation changes:

- A joint venture agreement with Asia Brewery Incorporated to create AB HEINEKEN Philippines Inc was announced on 27 May 2016. The transaction is subject to customary closing conditions and operations are expected to commence by the end of 2016.

## Revenue (beia)

In the first half, revenue reached €10,094 million, increasing organically by 4.7%, with total consolidated volume growth of 3.8% and a 0.8% increase in revenue per hectolitre. Currency had a negative impact of 5.4% (€538 million), mainly driven by adverse development of the Mexican Peso, the Brazilian Real, the British Pound, the Russian Rouble, and the Nigerian Naira. The positive impact of consolidation was €274 million, adding 2.8%.

## Total expenses (beia)

Total expenses (beia) were €8,389 million, up 3.2% organically. On an organic basis, input costs increased by 8.0% and by 4.0% on a per hectolitre basis. The organic increase in input costs was fully driven by the transactional currency impact in our key developing countries. Marketing and selling (beia) expenses increased organically by 5.8% to €1,423 million, representing 14.1% of revenues (2015: 13.9%). Personnel expenses increased organically by 1.0% to €1,583 million.

## Operating profit (beia)

Operating profit (beia) was €1,705 million, up 12.6% organically. Higher revenue and the benefit of realised cost savings more than offset higher marketing and selling expenses. After taking into account a €91 million adverse impact from foreign currency and a €52 million benefit from consolidation, operating profit (beia) grew 10.1%.

## Share of net profit of associates and joint ventures (beia)

Share of net profit of associates and joint ventures (beia) at €79 million was flat organically and decreased by €6 million including the impact of currency and consolidation.

## Net finance expenses (beia)

Net interest expenses (beia) increased by €13 million to €180 million, solely due to interest expenses related to the financing of acquisitions completed in the second half of 2015. The average interest rate in the first half of 2016 was 3.1% (2015: 3.2%). Other net finance expenses (beia) increased by €37 million to €73 million primarily due to the impact of Naira devaluation on outstanding foreign payables.

## Income tax expense (beia)

The effective tax rate (beia) in the first half of 2016 was 28.9%, in line with the first half of last year (2015: 28.9%).

## Net profit (beia) and Net profit

Net profit (beia) was €977 million, an organic increase of 11.2%. The impact of currency was unfavourable at €56 million, and consolidation changes were positive adding €15 million. Reported Net profit for the half year was €586 million.

## Exceptional items & amortisation of acquisition related intangibles (EIAs)

At EBIT level Exceptional items and amortisation of acquisition-related intangible assets for the six-month period ended 30 June 2016 amounted to a loss of €456 million (six-month period ended 30 June 2015: gain of €147 million), mainly relating to impairment of assets in the Democratic Republic of the Congo of €233 million, restructuring expenses of €52 million and amortisation of acquisition-related intangible assets amounting to €160 million (six-month period ended 30 June 2015: €150 million). Last year EIA included an exceptional gain of €379 million on the divestment of Empaque, the Mexican packaging business.

At net profit EIAs adversely impacted results by €391 million.

The exceptional items in tax mainly relate to the tax impact of exceptional items in operating profit.

## US dollar hedging

HEINEKEN delays the impact of the US 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 1.18 in the first half of 2016, versus 1.32 last year in the same period. For the full year 2016, the net dollar inflow is forecasted at USD531 million, of which 95% has been hedged at EUR/USD 1.16 (2015: 1.30). For 2017, the net dollar inflow is forecasted at approximately USD525 million of which 66% is hedged at EUR/USD 1.13 as of 28 July 2016.

## Capital expenditure and cash flow

Capital expenditure related to property, plant and equipment amounted to €698 million in 2016 (2015: €602 million) representing 6.9% of revenues. The increase in capital expenditure on the prior year included capacity investment in Ethiopia, Ivory Coast, Mexico, Brazil and China.

Free operating cash flow amounted to €541 million (2015: €486 million), mainly driven by stronger cash generation of our business partly offset by a higher level of capital expenditure and increased working capital in the period.

## Financial structure

Total gross debt amounted to €14,570 million (31 December 2015: €14,973 million). The gross debt position reflects the change in accounting policy on netting cash and overdraft balances in cash pooling arrangements. Net debt<sup>1</sup> slightly increased to €11,808 million (31 December 2015: €11,510) as the cash outflow for dividends and acquisitions exceeded the positive free operating cash flow and positive foreign currency impact on debt.

Including the effect of cross-currency swaps, 58% of net debt is Euro-denominated and 31% is US dollar and US dollar proxy currencies. The pro-forma net debt/EBITDA (beia) ratio was 2.4x on 30 June 2016 (2015: 2.3x) in line with the long-term target net debt/EBITDA (beia) ratio of below 2.5x.

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<sup>1</sup> In December 2015, HEINEKEN amended its net debt definition to include derivative financial instruments designated as cash flow hedges if these hedges are considered to be inextricably linked to the underlying borrowings because they are used to mitigate the foreign currency exchange risk arising from the group's foreign currency borrowings.

### Average number of shares

HEINEKEN had 576,002,613 shares in issue at 30th June 2016. In the calculation of basic EPS, the weighted average number of shares outstanding in the first half of 2016 was 569,739,977. In the calculation of diluted EPS, shares to be delivered under the employee incentive programme are added to the weighted average shares outstanding. The weighted average diluted number of shares outstanding in the first half of 2016 was 570,032,764 (HY ended 30 June 2015: 575,697,335).

### Risk paragraph

The annual report 2015 outlines HEINEKEN's main risks and mitigation activities at the time of closing the 2015 financial year. In the Company's view, the nature and potential impact of these risks have not materially changed in the first half of 2016. Reference is made to pages 22 to 27 of the Annual Report 2015 for a detailed description of HEINEKEN's risks and risk control systems.

In the first half of 2016, intense competition, especially in the premium and the craft beer segments, steady pressure from distributors and foreign exchange volatility represented the key challenges to the execution of HEINEKEN's commercial strategy and profit targets.

In the current context of geopolitical uncertainty, risks related to social unrest, price and availability of raw materials, regulatory changes and especially alcohol-related regulations may also adversely impact HEINEKEN's results and remain high on its risk management agenda.

There may also be risks the Company is not aware of or currently deems immaterial but which could, at a later stage, have a material impact on the Company's business. The Company's risk management systems are focused on timely discovery of such risks.

## Interim Consolidated Metrics: Half year 2016

In mhl or €million unless otherwise stated & consolidated figures unless otherwise stated	HY15	Currency Translation	Consolidation Impact	Organic Growth	HY16	Organic Growth %
<b>Africa, Middle East &amp; Eastern Europe</b>						
Revenue	1,629	-116	115	17	1,646	1.0
Revenue per HI (in €) <sup>1</sup>	77			2	73	2.0
Operating profit (beia)	331	-12	-4	-47	267	-14.3
Operating profit (beia) margin	20.3%				16.2%	
Total volume	21.3		1.4	-0.2	22.5	-0.9
Beer volume	17.9		1.4	-0.2	19.1	-1.2
Licensed & non-beer volume	3.4		—	—	3.4	0.3
Third party products volume	—		—	—	—	—
<i>Group beer volume</i>	<i>19.9</i>				<i>19.8</i>	
<b>Americas</b>						
Revenue	2,522	-282	62	183	2,485	7.3
Revenue per HI (in €) <sup>1</sup>	93			2	86	2.6
Operating profit (beia)	413	-50	12	83	458	20.0
Operating profit (beia) margin	16.4%				18.4%	
Total volume	27.2		0.3	1.2	28.8	4.5
Beer volume	26.5		0.3	1.2	28.1	4.7
Licensed & non-beer volume	0.6		—	—	0.7	-1.9
Third party products volume	0.1		—	—	—	-15.8
<i>Group beer volume</i>	<i>28.5</i>				<i>30.4</i>	
<b>Asia Pacific</b>						
Revenue	1,172	-56	92	136	1,345	11.6
Revenue per HI (in €) <sup>1</sup>	126			-8	114	-6.8
Operating profit (beia)	302	-16	40	93	419	30.9
Operating profit (beia) margin	25.8%				31.2%	
Total volume	9.3		0.7	1.8	11.8	19.7
Beer volume	9.1		0.7	1.8	11.5	19.4
Licensed & non-beer volume	0.2		—	—	0.3	39.7
Third party products volume	—		—	—	—	—
<i>Group beer volume</i>	<i>12.0</i>				<i>14.9</i>	
<b>Europe</b>						
Revenue	4,879	-76	15	115	4,933	2.4
Revenue per HI (in €) <sup>1</sup>	100			1	97	0.8
Operating profit (beia)	495	-10	17	78	581	15.7
Operating profit (beia) margin	10.1%				11.8%	
Total volume	45.1		1.1	1.0	47.3	2.3
Beer volume	36.4		1.0	0.9	38.3	2.3
Licensed & non-beer volume	4.8		0.2	0.1	5.1	3.0
Third party products volume	3.9		-0.1	—	3.9	1.1
<i>Group beer volume</i>	<i>37.8</i>				<i>39.7</i>	
<b>Head Office &amp; Eliminations</b>						
Revenue	-306	-8	-10	10	-315	n.a.
Operating profit (beia)	8	-3	-13	-12	-20	n.a.
<b>Heineken N.V.</b>						
Revenue	9,896	-538	274	462	10,094	4.7
Revenue per HI (in €) <sup>1</sup>	96			1	91	0.8
Total expenses (beia)	-8,347	447	-222	-267	-8,389	-3.2
Operating profit (beia)	1,549	-91	52	195	1,705	12.6
Operating profit (beia) margin	15.7%				16.9%	
Share of net profit of associates / JVs (beia)	85	-4	-2	0	79	0.3
Net Interest income / (expenses) (beia)	-167	0	-17	5	-180	2.7
Other net finance income / (expenses) (beia)	-36	7	-2	-43	-73	-119.1
Income tax expense (beia)	-390	27	-4	-53	-419	-13.6
Minority Interests	-126	5	-12	-2	-135	-1.4
Net profit (beia)	915	-56	15	102	977	11.2
Total volume	103.0		3.5	3.9	110.4	3.8
Beer volume	89.9		3.4	3.7	97.0	4.1
Licensed & non-beer volume	9.0		0.2	0.2	9.4	2.3
Third party products volume	4.1		-0.1	—	4.0	0.8
<i>Group beer volume</i>	<i>98.2</i>				<i>104.9</i>	

<sup>1</sup> Revenue per HI calculation excludes interregional revenue

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

## First Quarter 2016 Metrics

In mhl or €million unless otherwise stated & consolidated figures unless otherwise stated	1Q15	Consolidation Impact	Organic Growth	1Q16	Organic Growth %
<b>Africa, Middle East &amp; Eastern Europe</b>					
Total volume	9.6	0.6	0.5	10.6	5.0
Beer volume	8.1	0.6	0.4	9.0	4.6
Licensed & non-beer volume	1.5	—	0.1	1.6	6.7
Third party products volume	—	—	—	—	—
<i>Group beer volume</i>	<i>9.0</i>			<i>9.4</i>	
<b>Americas</b>					
Total volume	12.7	0.1	1.0	13.9	8.2
Beer volume	12.4	0.1	1.0	13.6	8.2
Licensed & non-beer volume	0.3	—	—	0.3	10.4
Third party products volume	—	—	—	—	—
<i>Group beer volume</i>	<i>13.5</i>			<i>14.9</i>	
<b>Asia Pacific</b>					
Total volume	4.5	0.3	1.0	5.9	23.1
Beer volume	4.4	0.3	1.0	5.8	23.1
Licensed & non-beer volume	—	—	—	0.1	29.3
Third party products volume	0.1	—	—	—	—
<i>Group beer volume</i>	<i>5.6</i>			<i>7.1</i>	
<b>Europe</b>					
Total volume	18.1	0.5	0.4	19.0	2.3
Beer volume	14.4	0.4	0.3	15.2	2.3
Licensed & non-beer volume	2.0	0.1	0.1	2.1	1.8
Third party products volume	1.7	—	—	1.7	2.6
<i>Group beer volume</i>	<i>15.0</i>			<i>15.8</i>	
<b>Heineken N.V.</b>					
Total volume	45.0	1.5	3.0	49.4	6.6
Beer volume	39.3	1.5	2.7	43.5	7.0
Licensed & non-beer volume	3.9	0.1	0.2	4.1	5.0
Third party products volume	1.8	—	—	1.8	2.4
<i>Group beer volume</i>	<i>43.1</i>			<i>47.2</i>	

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



## Second Quarter 2016 Metrics

In mhl or €million unless otherwise stated & consolidated figures unless otherwise stated	2Q15	Consolidation Impact	Organic Growth	2Q16	Organic Growth %
<b>Africa, Middle East &amp; Eastern Europe</b>					
Total volume	11.7	0.8	-0.7	11.9	-5.8
Beer volume	9.8	0.8	-0.6	10.0	-5.9
Licensed & non-beer volume	1.9	—	-0.1	1.9	-4.7
Third party products volume	—	—	—	—	—
<i>Group beer volume</i>	<i>10.8</i>			<i>10.4</i>	
<b>Americas</b>					
Total volume	14.5	0.2	0.2	14.9	1.2
Beer volume	14.1	0.2	0.2	14.6	1.6
Licensed & non-beer volume	0.4	—	—	0.3	-11.3
Third party products volume	—	—	—	—	—
<i>Group beer volume</i>	<i>14.9</i>			<i>15.5</i>	
<b>Asia Pacific</b>					
Total volume	4.8	0.3	0.8	5.9	16.5
Beer volume	4.7	0.3	0.8	5.8	16.0
Licensed & non-beer volume	0.1	—	—	0.1	50.9
Third party products volume	—	—	—	—	—
<i>Group beer volume</i>	<i>6.4</i>			<i>7.8</i>	
<b>Europe</b>					
Total volume	27.0	0.7	0.6	28.3	2.3
Beer volume	22.0	0.6	0.5	23.1	2.4
Licensed & non-beer volume	2.8	0.1	0.1	3.0	3.9
Third party products volume	2.2	—	—	2.2	—
<i>Group beer volume</i>	<i>22.8</i>			<i>23.9</i>	
<b>Heineken N.V.</b>					
Total volume	58.1	2.0	0.9	61.0	1.6
Beer volume	50.6	1.9	0.9	53.5	1.8
Licensed & non-beer volume	5.2	0.1	—	5.3	0.4
Third party products volume	2.3	—	—	2.2	-0.4
<i>Group beer volume</i>	<i>55.0</i>			<i>57.7</i>	

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

Condensed consolidated interim financial statements  
for the six-month period ended 30 June 2016

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**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT**

For the six-month period ended 30 June  
In millions of EUR

	Note	2016	2015
<b>Revenue</b>	5	<b>10,094</b>	<b>9,896</b>
<b>Other income</b>	5	<b>23</b>	<b>398</b>
Raw materials, consumables and services		(6,270)	(6,201)
Personnel expenses		(1,613)	(1,660)
Amortisation, depreciation and impairments		(980)	(735)
<b>Total expenses</b>		<b>(8,863)</b>	<b>(8,596)</b>
<b>Result from operating activities</b>	5	<b>1,254</b>	<b>1,698</b>
Interest income		27	28
Interest expenses		(207)	(195)
Other net finance income/ (expenses)		(92)	(36)
<b>Net finance expenses</b>		<b>(272)</b>	<b>(203)</b>
Share of profit of associates and joint ventures and impairments thereof (net of income tax)	5	74	83
<b>Profit before income tax</b>		<b>1,056</b>	<b>1,578</b>
Income tax expenses		(363)	(328)
<b>Profit</b>		<b>693</b>	<b>1,250</b>
Attributable to:			
Equity holders of the Company (net profit)		586	1,144
Non-controlling interests		107	106
<b>Profit</b>		<b>693</b>	<b>1,250</b>
Weighted average number of shares – basic	11	569,739,977	574,510,552
Weighted average number of shares – diluted	11	570,032,764	575,697,335
Basic earnings per share (EUR)		1.03	1.99
Diluted earnings per share (EUR)		1.03	1.99

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

*For the six-month period ended 30 June*

*In millions of EUR*

	Note	2016	2015
<b>Profit</b>		<b>693</b>	<b>1,250</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial gains and losses		(238)	(97)
<b>Items that may be subsequently reclassified to profit or loss:</b>			
Currency translation differences		(792)	599
Recycling of currency translation differences to profit or loss		—	14
Effective portion of net investment hedges		32	(17)
Effective portion of changes in fair value of cash flow hedges		19	40
Effective portion of cash flow hedges transferred to profit or loss		14	5
Net change in fair value available-for-sale investments		(8)	23
Share of other comprehensive income of associates/joint ventures		—	8
<b>Other comprehensive income, net of tax</b>		<b>(973)</b>	<b>575</b>
<b>Total comprehensive income</b>		<b>(280)</b>	<b>1,825</b>
Attributable to:			
Equity holders of the Company		(333)	1,697
Non-controlling interests		53	128
<b>Total comprehensive income</b>		<b>(280)</b>	<b>1,825</b>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

As at

In millions of EUR

	Note	30 June 2016	31 December 2015*
<b>Assets</b>			
Property, plant and equipment	7	8,872	9,552
Intangible assets		17,477	18,183
Investments in associates and joint ventures		2,044	1,985
Other investments and receivables		862	856
Advances to customers		265	266
Deferred tax assets		925	958
<b>Total non-current assets</b>		<b>30,445</b>	<b>31,800</b>
Inventories		1,797	1,702
Other investments		10	16
Trade and other receivables		3,456	2,873
Prepayments		391	343
Income tax receivables		35	33
Cash and cash equivalents	8	2,556	3,232
Assets classified as held for sale		38	123
<b>Total current assets</b>		<b>8,283</b>	<b>8,322</b>
<b>Total assets</b>		<b>38,728</b>	<b>40,122</b>
<b>Equity</b>			
Share capital		922	922
Share premium		2,701	2,701
Reserves		(1,239)	(655)
Retained earnings		10,157	10,567
<b>Equity attributable to equity holders of the Company</b>	11	<b>12,541</b>	<b>13,535</b>
Non-controlling interests		1,243	1,535
<b>Total equity</b>		<b>13,784</b>	<b>15,070</b>
<b>Liabilities</b>			
Loans and borrowings	12	11,356	10,658
Tax liabilities		3	3
Employee benefits		1,479	1,289
Provisions		311	320
Deferred tax liabilities		1,697	1,858
<b>Total non-current liabilities</b>		<b>14,846</b>	<b>14,128</b>
Bank overdrafts and commercial papers	8/12	1,757	2,950
Loans and borrowings	12	1,496	1,397
Trade and other payables		6,301	6,013
Tax liabilities		410	379
Provisions		134	154
Liabilities classified as held for sale		—	31
<b>Total current liabilities</b>		<b>10,098</b>	<b>10,924</b>
<b>Total liabilities</b>		<b>24,944</b>	<b>25,052</b>
<b>Total equity and liabilities</b>		<b>38,728</b>	<b>40,122</b>

\*Revised to reflect the change in accounting policy on netting cash and overdraft balances in cash pooling arrangements with legally enforceable rights to offset. Refer to note 3 Significant accounting policies and note 8 Cash and cash equivalents for further details.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**
*For the six-month period ended 30 June*
*In millions of EUR*

	Note	2016	2015
<b>Operating activities</b>			
Profit		693	1,250
Adjustments for:			
Amortisation, depreciation and impairments		980	735
Net interest expenses		180	167
Gain on sale of property, plant and equipment, intangible assets and subsidiaries, joint ventures and associates		(23)	(398)
Investment income and share of profit and impairments of associates and joint ventures and dividend income on available-for-sale and held-for-trading investments		(82)	(85)
Income tax expenses		363	328
Other non-cash items		194	23
<b>Cash flow from operations before changes in working capital and provisions</b>		<b>2,305</b>	<b>2,020</b>
Change in inventories		(182)	(181)
Change in trade and other receivables		(745)	(495)
Change in trade and other payables		425	235
<b>Total change in working capital</b>		<b>(502)</b>	<b>(441)</b>
Change in provisions and employee benefits		(47)	(47)
<b>Cash flow from operations</b>		<b>1,756</b>	<b>1,532</b>
Interest paid		(196)	(212)
Interest received		41	46
Dividends received		54	109
Income taxes paid		(320)	(335)
<b>Cash flow related to interest, dividend and income tax</b>		<b>(421)</b>	<b>(392)</b>
<b>Cash flow from operating activities</b>		<b>1,335</b>	<b>1,140</b>
<b>Investing activities</b>			
Proceeds from sale of property, plant and equipment and intangible assets		46	35
Purchase of property, plant and equipment		(698)	(602)
Purchase of intangible assets		(42)	(30)
Loans issued to customers and other investments		(104)	(83)
Repayment on loans to customers		4	26
<b>Cash flow (used in)/from operational investing activities</b>		<b>(794)</b>	<b>(654)</b>
<b>Free operating cash flow</b>		<b>541</b>	<b>486</b>

For the six-month period ended 30 June

In millions of EUR

	Note	2016	2015
Acquisition of subsidiaries, net of cash acquired	6	—	79
Acquisition of/additions to associates, joint ventures and other investments		(47)	(6)
Disposal of subsidiaries, net of cash disposed of		16	979
Disposal of associates, joint ventures and other investments		(2)	29
<b>Cash flow (used in)/from acquisitions and disposals</b>		<b>(33)</b>	<b>1,081</b>
<b>Cash flow (used in)/from investing activities</b>		<b>(827)</b>	<b>427</b>
<b>Financing activities</b>			
Proceeds from loans and borrowings		994	324
Repayment of loans and borrowings		(98)	(823)
Dividends paid		(676)	(554)
Purchase own shares and shares issued		(17)	(193)
Acquisition of non-controlling interests	6	(268)	(22)
Other		7	(2)
<b>Cash flow (used in)/from financing activities</b>		<b>(58)</b>	<b>(1,270)</b>
<b>Net cash flow</b>		<b>450</b>	<b>297</b>
Cash and cash equivalents as at 1 January <sup>1</sup>		282	72
Effect of movements in exchange rates		67	(1)
<b>Cash and cash equivalents as at 30 June<sup>1</sup></b>		<b>799</b>	<b>368</b>

<sup>1</sup> Cash and cash equivalents less bank overdrafts and commercial papers.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

<i>In millions of EUR</i>	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
<b>Balance as at 1 January 2016</b>	<b>922</b>	<b>2,701</b>	<b>(1,017)</b>	<b>(47)</b>	<b>122</b>	<b>719</b>	<b>(432)</b>	<b>10,567</b>	<b>13,535</b>	<b>1,535</b>	<b>15,070</b>
Profit	—	—	—	—	—	77	—	509	586	107	693
Other comprehensive income	—	—	(706)	31	(7)	—	—	(237)	(919)	(54)	(973)
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>(706)</b>	<b>31</b>	<b>(7)</b>	<b>77</b>	<b>—</b>	<b>272</b>	<b>(333)</b>	<b>53</b>	<b>(280)</b>
Transfer to retained earnings	—	—	—	—	—	23	—	(23)	—	—	—
Dividends to shareholders	—	—	—	—	—	—	—	(490)	(490)	(209)	(699)
Purchase/ reissuance own/ non-controlling shares	—	—	—	—	—	—	(30)	—	(30)	13	(17)
Own shares delivered	—	—	—	—	—	—	28	(28)	—	—	—
Share-based payments	—	—	—	—	—	—	—	(15)	(15)	—	(15)
Acquisition of non-controlling interests without a change in control	—	—	—	—	—	—	—	(126)	(126)	(149)	(275)
Changes in consolidation	—	—	—	—	—	—	—	—	—	—	—
<b>Balance as at 30 June 2016</b>	<b>922</b>	<b>2,701</b>	<b>(1,723)</b>	<b>(16)</b>	<b>115</b>	<b>819</b>	<b>(434)</b>	<b>10,157</b>	<b>12,541</b>	<b>1,243</b>	<b>13,784</b>



*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
<b>Balance as at 1 January 2015</b>	<b>922</b>	<b>2,701</b>	<b>(1,097)</b>	<b>(99)</b>	<b>96</b>	<b>743</b>	<b>(70)</b>	<b>9,213</b>	<b>12,409</b>	<b>1,043</b>	<b>13,452</b>
Profit	—	—	—	—	—	87	—	1,057	1,144	106	1,250
Other comprehensive income	—	—	578	45	23	—	—	(93)	553	22	575
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>578</b>	<b>45</b>	<b>23</b>	<b>87</b>	<b>—</b>	<b>964</b>	<b>1,697</b>	<b>128</b>	<b>1,825</b>
Transfer to retained earnings	—	—	—	—	—	(88)	—	88	—	—	—
Dividends to shareholders	—	—	—	—	—	—	—	(426)	(426)	(172)	(598)
Purchase/ reissuance own/ non-controlling shares	—	—	—	—	—	—	(193)	(2)	(195)	3	(192)
Own shares delivered	—	—	—	—	—	—	21	(21)	—	—	—
Share-based payments	—	—	—	—	—	—	—	16	16	(1)	15
Acquisition of non-controlling interests without a change in control	—	—	—	—	—	—	—	2	2	(1)	1
Changes in consolidation	—	—	14	(17)	—	(7)	—	24	14	—	14
<b>Balance as at 30 June 2015</b>	<b>922</b>	<b>2,701</b>	<b>(505)</b>	<b>(71)</b>	<b>119</b>	<b>735</b>	<b>(242)</b>	<b>9,858</b>	<b>13,517</b>	<b>1,000</b>	<b>14,517</b>

## Notes to the condensed consolidated interim financial statements

## 1. REPORTING ENTITY

Heineken N.V. (the 'Company') is a company domiciled in the Netherlands. The condensed consolidated interim financial statements of the Company as at and for the six-month period ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as 'HEINEKEN') and HEINEKEN's interest in jointly controlled entities and associates.

The consolidated financial statements of HEINEKEN as at and for the year ended 31 December 2015 are available upon request from the Company's registered office at Tweede Weteringplantsoen 21, Amsterdam or at [www.theheinekencompany.com](http://www.theheinekencompany.com).

## 2. BASIS OF PREPARATION

**(a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of HEINEKEN as at and for the year ended 31 December 2015.

These condensed consolidated interim financial statements were approved by the Executive Board of the Company on 29 July 2016. Deloitte Accountants B.V. has reviewed the condensed consolidated interim financial statements. Their report is included on page 37.

**(b) Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest million unless stated otherwise.

**(c) Use of estimates and judgements**

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying HEINEKEN's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

## 3. SIGNIFICANT ACCOUNTING POLICIES

**(a) General**

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in HEINEKEN's consolidated financial statements as at and for the year ended 31 December 2015, except for netting cash and overdraft balances in cash pooling arrangements with legally enforceable rights to offset.

**Netting cash pooling arrangements with legally enforceable rights to offset**

HEINEKEN previously presented the cash and overdraft balances within cash pooling arrangements on a net basis in the statement of financial position, based on the legally enforceable right to offset and the intention to settle on a net basis. In March 2016 the IFRS Interpretations Committee (IFRIC) decided on when and whether entities are able to offset balances in accordance with IAS 32. HEINEKEN has revised its accounting policy accordingly, by applying the stricter IFRIC interpretation on the intention to settle on a net basis.

This change in accounting policy has been accounted for retrospectively and as a result of this, the amount of 'Cash and cash equivalents' and 'Bank overdrafts and commercial papers' increased by EUR2,408 million as per 31 December 2015. Legal offset rights for the cash pooling arrangements continue to be in place. The amount subject to legal offset rights, but not netted in the statement of financial position is EUR1,519 million per 30 June 2016. If netted, 'Cash and cash equivalents' would amount to EUR1,037 million and 'Bank overdrafts and commercial papers' to EUR238 million. Refer to note 8 for further details. The Net interest-bearing debt position remains unchanged.

**(b) Income tax**

Income tax expenses are recognised based on management's best estimate of the weighted average expected full year income tax rate per country.

**4. SEASONALITY**

The performance of HEINEKEN is subject to seasonal fluctuations as a result of weather conditions. HEINEKEN's full year results and volumes are dependent on the performance in the peak-selling seasons (May through to August and December). The impact from this seasonality is also noticeable in several working capital related items such as inventory, trade receivables and payables.

## 5. OPERATING SEGMENTS

**For the six-month period ended 30 June 2016 and 30 June 2015**

<i>In millions of EUR</i>	Europe		Americas		Africa, Middle East & Eastern Europe		Asia Pacific		Head Office & Other/ Eliminations		Consolidated	
	2016	2015 <sup>1</sup>	2016	2015	2016	2015 <sup>1</sup>	2016	2015	2016	2015 <sup>1</sup>	2016	2015
<b>Revenue</b>												
Third party revenue	4,581	4,501	2,483	2,519	1,644	1,626	1,343	1,169	43	81	10,094	9,896
Interregional revenue	352	378	2	3	2	3	2	3	(358)	(387)	—	—
<b>Total revenue</b>	<b>4,933</b>	<b>4,879</b>	<b>2,485</b>	<b>2,522</b>	<b>1,646</b>	<b>1,629</b>	<b>1,345</b>	<b>1,172</b>	<b>(315)</b>	<b>(306)</b>	<b>10,094</b>	<b>9,896</b>
Other income	19	14	3	4	1	1	—	—	—	379 <sup>4</sup>	23	398
<b>Result from operating activities</b>	<b>538</b>	<b>464</b>	<b>406</b>	<b>369</b>	<b>24</b>	<b>305</b>	<b>332</b>	<b>218</b>	<b>(46)</b>	<b>342</b>	<b>1,254</b>	<b>1,698</b>
Net finance expenses											(272)	(203)
Share of profit of associates and joint ventures and impairments thereof	4	6	33	37	23	25	14	15	—	—	74	83
Income tax expenses											(363)	(328)
<b>Profit</b>											<b>693</b>	<b>1,250</b>
<b>EBIT reconciliation</b>												
EBIT <sup>2</sup>	542	470	439	406	47	330	346	233	(46)	342	1,328	1,781
Eia <sup>2</sup>	44	32	56	44	244	25	87	86	25	(334)	456	(147)
<b>EBIT (beia)<sup>2</sup></b>	<b>586</b>	<b>502</b>	<b>495</b>	<b>450</b>	<b>291</b>	<b>355</b>	<b>433</b>	<b>319</b>	<b>(21)</b>	<b>8</b>	<b>1,784</b>	<b>1,634</b>
<b>As at 30 June 2016 and 31 December 2015</b>												
<b>Total segment assets<sup>3</sup></b>	<b>13,702</b>	<b>14,187</b>	<b>8,513</b>	<b>8,789</b>	<b>4,218</b>	<b>4,826</b>	<b>9,508</b>	<b>9,566</b>	<b>1,852</b>	<b>1,778</b>	<b>37,793</b>	<b>39,146</b>
Unallocated assets											935	976
<b>Total assets</b>											<b>38,728</b>	<b>40,122</b>

<sup>1</sup> 2015 numbers have been revised to reflect the new regional segmentation as implemented in July 2015.

<sup>2</sup> For definitions see 'Glossary'. Note that these are non-GAAP measures and therefore not subject to review by external auditor. For further details please refer to note 10.

<sup>3</sup> 2015 numbers for Total segment assets have been revised for the change in accounting policies. For further details please refer to note 3 and note 8.

<sup>4</sup> In 2015, the disposal gain in relation to EMPAQUE is included in Other income.

## 6. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

### Acquisitions and disposals of subsidiaries

There were no individually material acquisitions or disposals of subsidiaries during the six-month period ended 30 June 2016.

### Acquisitions of non-controlling interests

During the six-month period ended 30 June 2016 HEINEKEN paid total cash consideration of EUR150 million for 22.46 per cent of Desnoes & Geddes ('D&G') shares outstanding in the market. HEINEKEN owned a 95.8 per cent stake in D&G as at 30 June 2016.

During the six-month period ended 30 June 2016 HEINEKEN paid total cash consideration of EUR104 million for the remaining Pivovarna Lasko ('Lasko') shares outstanding in the market.

The value of non-controlling interests and equity impact (result buy-out) are disclosed in the table below:

<i>In millions of EUR</i>	Consideration paid	Value of non-controlling interest	Result buy-out
Desnoes & Geddes (Jamaica)	150	82	68
Pivovarna Lasko (Slovenia)	104	58	46
Other	14	2	12

## 7. PROPERTY, PLANT AND EQUIPMENT

### Impairment loss

A slowdown of the expected future economic growth in The Democratic Republic of the Congo (DRC) due to lower commodity prices, power constraints and lower investments and consumption resulting from political uncertainties, resulted in an impairment of assets in our cash generating unit (CGU) DRC of EUR233 million post tax.

The CGU DRC is part of the Africa and Middle East and Eastern Europe segment. The impairment primarily relates to property, plant and equipment and has been recorded on the line 'Amortisation, depreciation and impairments' in the Income Statement. The determination of the recoverable amount of these assets is based on a fair value less cost of disposal (FVLCD) valuation. The FVLCD is based on a discounted cash flow approach, using 10 years of forecasts (level 3). The key assumptions used to determine the cash flows are based on market expectations and management's best estimates. See the table below with the key assumptions.

<i>in per cent</i>	2017-2026	After that
Sales volume growth (CAGR)	4.9	0.0
Cost inflation	3.9	4.2
Discount rate - post tax	15.8	15.8

**8. CASH AND CASH EQUIVALENTS**

<i>In millions of EUR</i>	30 June 2016	31 December 2015*
Cash and cash equivalents	2,556	3,232
Bank overdrafts and commercial papers	(1,757)	(2,950)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>799</b>	<b>282</b>

\*Revised to reflect the change in accounting policy on netting cash and overdraft balances in cash pooling arrangements with legally enforceable rights to offset.

HEINEKEN has cash pooling arrangements with legally enforceable rights to offset cash and overdraft balances. Where there is an intention to settle on a net basis, cash and overdraft balances relating to the cash pooling arrangements are reported on a net basis in the statement of financial position.

The following table presents the recognised 'Cash and cash equivalents' and 'Bank overdrafts and commercial papers' and the impact of netting on the gross amounts. The column 'Net amount' shows the impact on HEINEKEN's balance sheet if all amounts subject to legal offset rights had been netted.

<i>as at 30 June 2016</i>					
<i>In millions of EUR</i>	Gross amounts	Gross amounts offset in statement of financial position	Net amounts presented in the statement of financial position	Amounts subject to legal offset rights	Net amount
<b>Assets</b>					
Cash and cash equivalents	4,524	(1,968)	<b>2,556</b>	(1,519)	<b>1,037</b>
<b>Liabilities</b>					
Bank overdrafts and commercial papers	(3,725)	1,968	<b>(1,757)</b>	1,519	<b>(238)</b>

<i>as at 31 December 2015</i>					
<i>In millions of EUR</i>	Gross amounts	Gross amounts offset in statement of financial position	Net amounts presented in the statement of financial position	Amounts subject to legal offset rights	Net amount
<b>Assets</b>					
Cash and cash equivalents	3,677	(445)	<b>3,232</b>	(2,408)	<b>824</b>
<b>Liabilities</b>					
Bank overdrafts and commercial papers	(3,395)	445	<b>(2,950)</b>	2,408	<b>(542)</b>

## 9. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

**Financial risk management**

The aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2015.

**Fair value**

For bank loans and finance lease liabilities the carrying amount is a reasonable approximation of fair value. The fair value of the unsecured bond issued as at 30 June 2016 was EUR10,733 million (31 December 2015: EUR10,025 million) and the carrying amount was EUR10,399 million (31 December 2015: EUR9,669 million). The fair value of the other interest bearing liabilities as at 30 June 2016 was EUR1,874 million (31 December 2015: EUR1,870 million) and the carrying amount was EUR1,780 million (31 December 2015: EUR1,759 million).

**Fair value hierarchy**

The tables below present the financial instruments accounted for or disclosed at fair value by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

*As at 30 June 2016*

<i>In millions of EUR</i>	Level 1	Level 2	Level 3
Available-for-sale investments	90	104	82
Non-current derivative assets	—	204	—
Current derivative assets	—	37	—
Investments held for trading	10	—	—
	<b>100</b>	<b>345</b>	<b>82</b>
Non-current derivative liabilities	—	(16)	—
Loans and borrowings	(10,733)	(1,874)	—
Current derivative liabilities	—	(70)	—
	<b>(10,733)</b>	<b>(1,960)</b>	—

As at 31 December 2015

<i>In millions of EUR</i>	Level 1	Level 2	Level 3
Available-for-sale investments	98	105	84
Non-current derivative assets	—	210	—
Current derivative assets	—	52	—
Investments held for trading	16	—	—
	<b>114</b>	<b>367</b>	<b>84</b>
Non-current derivative liabilities	—	(32)	—
Loans and borrowings	(10,025)	(1,870)	—
Current derivative liabilities	—	(89)	—
	<b>(10,025)</b>	<b>(1,991)</b>	<b>—</b>

There were no transfers between level 1 and level 2 of the fair value hierarchy during the six-month period ended 30 June 2016.

### Level 2

HEINEKEN determines level 2 fair values for over-the-counter securities based on broker quotes. The fair values of simple over-the-counter derivative financial instruments are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where available.

The fair value of derivatives is calculated as the present value of the estimated future cash flows based on observable interest yield curves, basis spread and foreign exchange rates. These calculations are tested for reasonableness by comparing the outcome of the internal valuation with the valuation received from the counterparty. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of HEINEKEN and counterparty when appropriate.

### Level 3

Details of the determination of level 3 fair value measurements are set out below.

<i>As at</i>	30 June 2016	31 December 2015
<b>Available-for-sale-investments based on level 3</b>		
<b>Balance as at 1 January</b>	<b>84</b>	<b>68</b>
Fair value adjustments recognised in other comprehensive income	(7)	16
Disposals	—	—
Transfers	5	—
<b>Balance as at end of period</b>	<b>82</b>	<b>84</b>

The fair values for the level 3 available-for-sale investments are based on the financial performance of the investments and the market multiples of comparable equity securities.



## 10. NON-GAAP MEASURES

In the internal management reports HEINEKEN measures its performance primarily based on EBIT and EBIT beia (before exceptional items and amortisation of acquisition-related intangible assets). Both are non-GAAP measures which are not calculated in accordance with IFRS, but are measures that are considered to be useful to investors and other users of our financial information to understand our business performance. These metrics are not necessarily comparable with other companies.

The table below presents the relationship between IFRS measures, being results from operating activities and net profit, and the following non-GAAP measures: EBIT, EBIT (beia), Operating profit (beia) and Net profit (beia), for the six-month period ended 30 June.

<i>In millions of EUR</i>	2016*	2015*
<b>Results from operating activities</b>	<b>1,254</b>	<b>1,698</b>
Share of profit of associates and joint ventures and impairments thereof (net of income tax)	74	83
<b>EBIT</b>	<b>1,328</b>	<b>1,781</b>
Exceptional items and amortisation of acquisition-related intangible assets included in EBIT	456	(147)
<b>EBIT (beia)</b>	<b>1,784</b>	<b>1,634</b>
<b>Results from operating activities</b>	<b>1,254</b>	<b>1,698</b>
Exceptional items and amortisation of acquisition-related intangible assets included in result from operating activities	451	(149)
<b>Operating profit (beia)</b>	<b>1,705</b>	<b>1,549</b>
<b>Profit attributable to equity holders of the Company (net profit)</b>	<b>586</b>	<b>1,144</b>
Exceptional items and amortisation of acquisition-related intangible assets included in EBIT	456	(147)
Exceptional items included in finance costs	18	—
Exceptional items included in income tax expense	(55)	(62)
Exceptional items included in non-controlling interest	(28)	(20)
<b>Net profit (beia)</b>	<b>977</b>	<b>915</b>

\* Not subject to review by external auditor.

Exceptional items and amortisation of acquisition-related intangible assets for the six-month period ended 30 June 2016 on EBIT level amounted to a loss of EUR456 million (six-month period ended 30 June 2015: gain of EUR147 million), mainly relating to the impairment of assets in The Democratic Republic of the Congo of EUR233 million, restructuring expenses of EUR52 million and amortisation of acquisition-related intangible assets amounting to EUR160 million (six-month period ended 30 June 2015: EUR150 million). Last year EIA included an exceptional gain on the divestment of Empaque, the Mexican packaging business of EUR379 million.

The exceptional items in tax mainly relate to the tax impact of exceptional items in EBIT.

## 11. EQUITY

### Reserves

The reserves consist of translation reserve, hedging reserve, fair value reserve, other legal reserve and reserve for own shares. The main variance in comparison to prior year is driven by foreign currency translation in translation reserve.

### Weighted average number of shares

<i>For the six-month period ended 30 June</i>		
<i>In shares</i>	2016	2015
Total number of shares issued	576,002,613	576,002,613
Effect of own shares held	6,262,636	1,492,061
<b>Weighted average number of basic shares</b>	<b>569,739,977</b>	<b>574,510,552</b>
Dilutive effect of share based payment plan obligations	292,787	1,186,783
<b>Weighted average number of diluted shares</b>	<b>570,032,764</b>	<b>575,697,335</b>

### Dividends

The following dividends were declared and paid by HEINEKEN:

<i>In millions of EUR</i>	2016	2015
Prior year final dividend declared and paid in 2016 EUR0.86 (2015: EUR0.74)	490	426

After the balance sheet date the Executive Board announced the following interim dividend that has not been provided for:

<i>In millions of EUR</i>	2016	2015
EUR0.52 per qualifying ordinary share (2015: EUR0.44)	296	253

## 12. NET INTEREST-BEARING DEBT POSITION

<i>In millions of EUR</i>	30 June 2016	31 December 2015 <sup>1</sup>
Non-current interest-bearing liabilities	11,317	10,626
Current portion of non-current interest-bearing liabilities	861	802
Deposits from third parties (mainly employee loans)	635	595
	<b>12,813</b>	<b>12,023</b>
Bank overdrafts and commercial papers	1,757	2,950
Market value of cross-currency interest rate swaps	(196)	(215)
	<b>14,374</b>	<b>14,758</b>
Cash, cash equivalents and current other investments	(2,566)	(3,248)
<b>Net interest-bearing debt position<sup>2</sup></b>	<b>11,808</b>	<b>11,510</b>

<sup>1</sup> Revised to reflect the change in accounting policy on netting cash and overdraft balances in cash pooling arrangements with legally enforceable rights to offset.

<sup>2</sup> Non-GAAP measure, not subject to review by external auditor.

**New financing**

On 4 May 2016, HEINEKEN placed 10-year Notes with a coupon of 1.0 per cent for a principal amount of EUR800 million. The notes are issued under the Company's Euro Medium Term Note Programme and are listed on the Luxembourg Stock Exchange.

**Financing headroom\***

As at 30 June 2016, no amounts were drawn on the existing revolving credit facility of EUR2,500 million. This revolving credit facility was extended by one year in May 2016 and matures in 2021. The committed financing headroom at Group level was approximately EUR2,876 million as at 30 June 2016 and consisted of the undrawn revolving credit facility and centrally available cash.

**Incurrence covenant\***

HEINEKEN has an incurrence covenant in some of its financing facilities. This incurrence covenant is calculated by dividing net debt by EBITDA (beia) (both based on proportional consolidation of joint ventures and including acquisitions and excluding disposals on a 12-month pro-forma basis). As at 30 June 2016 this ratio was 2.4 (as at 30 June 2015: 2.3). If the ratio would be beyond a level of 3.5, the incurrence covenant would prevent HEINEKEN from conducting further significant debt financed acquisitions.

\* Non-GAAP measure, not subject to review by external auditor.

**13. RELATED PARTY TRANSACTIONS**

HEINEKEN has related party relationships with its shareholders, associates and joint ventures, pension funds, employees and key management. Transactions with shareholders, associates and joint ventures are conducted on terms comparable to transactions with third parties.

The related party transactions in the six-month period ended 30 June 2016 do not significantly deviate from the transactions as reflected in the financial statements as at and for the year ended 31 December 2015.

**14. SUBSEQUENT EVENTS**

No subsequent events occurred that are material to HEINEKEN.

## STATEMENT OF THE EXECUTIVE BOARD

Statement ex Article 5:25d Paragraph 2 sub c Financial Markets Supervision Act (“Wet op het financieel toezicht”).

To our knowledge:

1. The condensed consolidated interim financial statements for the six-month period ended 30 June 2016, which have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, give a true and fair view of the assets, liabilities, financial position, and profit of Heineken N.V. and the undertakings included in the consolidation as a whole;
2. The management report of the Executive Board for the six-month period ended 30 June 2016 (as set out on pages 6–17 of this press release) includes a fair review of the information required pursuant to article 5:25d paragraphs 8 and 9 of the Dutch Financial Markets Supervision Act (“Wet op het financieel toezicht”).

### **Executive Board**

Jean-François van Boxmeer (Chairman/CEO)

Laurence Debroux (CFO)

Amsterdam, 29 July 2016

## REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Executive Board and Supervisory Board of Heineken N.V.

### **Introduction**

We have reviewed the accompanying condensed consolidated interim financial statements as at 30 June 2016 of Heineken N.V., Amsterdam, which comprise the condensed consolidated interim statement of financial position as at 30 June 2016, the condensed consolidated interim income statement and the condensed consolidated interim statements of comprehensive income, changes in equity, and cash flows for the period of six months ended 30 June 2016, and the notes (the “interim financial statements”). Management is responsible for the preparation and presentation of these interim financial statements in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### **Scope**

We conducted our review in accordance with Dutch law including standard 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements as at 30 June 2016 are not prepared, in all material respects, in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union.

Amsterdam, 29 July 2016

Deloitte Accountants B.V.

J. Dalhuisen

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

### **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.

### **Cash flow (used in)/from operational investing activities**

This represents the total of cash flow from sale and purchase of property, plant and equipment and intangible assets, proceeds and receipts of loans to customers and other investments.

### **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, taxes and net finance expenses. EBIT includes HEINEKEN's share in net profit of joint ventures and associates.

### **EBITDA**

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

### **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.

**Free operating cash flow**

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

**Innovation rate**

Revenues generated from innovations (introduced in the past 40 quarters for a new category, 20 quarters for a new brand and 12 quarters for all other innovations, excluding packaging renovations) divided by total revenue.

**Net debt**

Non-current and current interest bearing loans and borrowings, bank overdrafts and commercial papers and market value of cross-currency interest rate swaps less investments held for trading and cash.

**Net profit**

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

**Operating profit****Operating profit (beia)**

Results from operating activities (beia).

**Group operating profit (beia)**

Results from operating activities (beia) plus attributable share of operating profit (beia) from joint ventures and associates.

**Organic growth**

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

**Organic volume growth**

Growth in volume, excluding the effect of consolidation changes.

**Profit**

Total profit of HEINEKEN before deduction of non-controlling interests.

®

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.

**Group revenue**

Consolidated revenue plus attributable share of revenue from joint ventures and associates.

**Volume****(Consolidated) beer volume**

100 per cent of beer volume produced and sold by consolidated companies.

**Group beer volume**

Consolidated beer volume plus attributable share of beer volume from joint ventures and associates.

**Heineken® volume in premium segment**

Heineken® volume excluding Heineken® volume in the Netherlands.

**Licensed & non-beer volume**

HEINEKEN's brands produced and sold under licence by third parties as well as cider, soft drinks and other non-beer volume sold in consolidated companies.

**Third party products volume**

Volume of third party products sold through consolidated companies.

**Total volume**

100 per cent of volume produced and sold by 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 licence by third parties.

**Weighted average number of shares****Basic**

Weighted average number of outstanding shares.

**Diluted**

Weighted average number of outstanding shares and the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares as a result of HEINEKEN's share based payment plans.