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

Amsterdam, 20 April 2022 – Heineken N.V. (EURONEXT: HEIA; OTCQX: HEINY) publishes its trading update for the first quarter of 2022.

Key Highlights

- Revenue growth 35.9%
- Net revenue (beia) organic growth 24.9%; per hectolitre 18.3%
- Beer volume 5.2% organic growth; premium volume 6.3% organically
- Heineken® volume growth 12.9%
- Outlook for full year 2022 unchanged

CEO Statement

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

"We had a solid start to the year, in line with our expectations, especially benefitting from strong channel mix from the partial on-trade recovery of Europe and assertive pricing across all regions. We continue to make progress on EverGreen and launched Heineken® Silver in Europe to drive premiumisation at scale. Looking ahead, we see more macro-economic uncertainty and expect significant additional inflationary headwinds putting further pressure on our cost base. We will take additional actions including pricing to manage these challenges whilst we continue to invest in superior, balanced growth and sustainable value creation."

Driving Superior Growth

Revenue for the first quarter of 2022 was €6,989 million (2021: €5,145 million). **Net revenue (beia)** was €5,753 million and increased by 24.9% organically, with total consolidated volume growing by 5.7% and net revenue (beia) per hectolitre up 18.3%. The latter was driven by assertive pricing and premiumisation across all regions, as well as a positive channel mix effect, particularly in Europe. Currency translation positively impacted net revenue (beia) by €186 million or 4.3%, mainly driven by the Brazilian Real, the Mexican Peso and the Vietnamese Dong. The consolidation of United Breweries Limited (UBL) in India positively impacted net revenue (beia) by €200 million or 4.6%.

Revenue[1]

(in € million or %)	**1Q22**	Total growth	Organic growth	1Q21
Revenue (IFRS)	6,989	35.9%		5,145
Net revenue (beia)	5,753		24.9%	4,307

Beer volume grew 5.2% organically versus last year and came 2.8% ahead of 2019 on an organic basis. All regions contributed to the growth, especially Europe, given the low base last year due to the COVID-related restrictions in the on-trade. Asia Pacific returned to growth following the lockdown in the second part of last year. The Americas region recorded modest growth whilst Africa, Middle East & Eastern Europe continued its positive momentum.

Beer volume

(in mhl or %)	**1Q22**	Organic growth	1Q21
Heineken N.V.	**56.4**	5.2%	50.3
Africa, Middle East & Eastern Europe	**9.8**	5.7%	9.4
Americas	**19.7**	1.3%	19.4
Asia Pacific	**11.5**	2.8%	7.7
Europe	**15.5**	11.5%	13.8

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

Driving premiumisation at scale, led by Heineken®

Premium beer volume grew 6.3%, outperforming the portfolio in the majority of our markets in the first three months of 2022. Our growth in premium is driven by **Heineken®,** which grew 12.9% in volume, significantly outperforming the total beer market and ahead of 2019 by close to one-third. Volume grew double-digits across all regions and in more than 45 markets. Growth was mainly driven by Brazil, China, the Netherlands, Spain, Ireland, Italy, the UK, Portugal, Nigeria, and the United Arab Emirates. **Heineken® 0.0** grew in the twenties with strong momentum in Brazil, Mexico, the USA, Chile and South Korea. **Heineken® Silver** continued its strong growth in Vietnam and China. We also launched Heineken® Silver in Europe, reflecting our increased focus on consumers who are looking for more differentiated taste profiles and to drive further premiumisation. We kicked off in March with the first virtual beer launch in the Metaverse and in April we entered the next phase with the real launch, making Heineken® Silver available all over Europe. Overall, Heineken® Silver grew more than eighty percent.

Heineken® volume

(in mhl or %)		**1Q22**	Organic growth
Heineken N.V.		**11.9**	12.9%
	Africa, Middle East & Eastern Europe	**1.8**	12.0%
	Americas	**4.9**	11.8%
	Asia Pacific	**2.0**	13.8%
	Europe	**3.2**	14.8%

Build a future-fit digital route-to-consumer

During the first quarter of 2022, we have continued to build a future-fit digital route-to-consumer and scale up our **e-commerce platforms:**

- Our **business-to-business digital (eB2B) platforms** captured more than **€1.3 billion in digital sales value**, more than 4x last year, driven by strong growth in Vietnam, Nigeria, Mexico, Brazil, the UK and France. We now have more than 400,000 active customers, more than 2.5x last year.
- The net revenue of **Beerwulf,** our direct-to-consumer (D2C) platform in Europe, was 75% ahead of pre-pandemic levels, despite a shift in consumption this year from in-home to the on-trade. The active customer base for our home draught systems is more than 50% ahead of pre-pandemic levels.

Regional Overview

Africa, Middle East & Eastern Europe

- **Net revenue (beia)** grew 24.5% organically, with total consolidated volume up 5.8% and net revenue (beia) per hectolitre up 17.7%, driven by strong pricing across the region, particularly in Nigeria, and premiumisation.
- **Beer volume** increased organically by 5.7% with most markets contributing and a particular strong performance in South Africa and Ethiopia. Premium beer volume grew in the low-teens, led by Heineken®. Most markets in the region have fully recovered relative to 2019.
- In N**igeria**, total volume decreased by a mid-single-digit due to capacity constraints leading to low stocks during the peak season. The premium portfolio grew by more than thirty percent, led by Heineken®, Tiger and Desperados.
- In **South Africa**, total volume grew in the high-teens, ahead of the market, benefitting from the relatively low base given the alcohol ban in January of last year. The growth was led by Windhoek and Amstel. We are in the process of obtaining the regulatory approvals to complete the proposed transaction with Distell Group Holdings Limited and Namibia Breweries Limited.
- In **Ethiopia**, beer volume grew in the high-twenties, ahead of the market, led by Harar and Bedele.
- In **Egypt**, total volume grew in the low-twenties, led by the growth of the non-alcoholic portfolio. Beer volume remains below 2019.
- On 28 March, HEINEKEN announced the decision to leave **Russia.**

Americas

- **Net revenue (beia)** grew 10.7% organically, with total consolidated volume down 1.9% and net revenue (beia) per hectolitre up 13.2%, led by pricing in Brazil and Mexico and continued premiumisation.
- **Beer volume** increased organically by 1.3% in the quarter led by Brazil and Mexico, and was broadly in line with 2019. Our premium portfolio grew by a high-single-digit, led by Heineken® and Dos Equis. Non-beer volume declined 57.7% following the delisting of low-margin PET soft drinks in Brazil.
- In **Mexico**, beer volume grew by a low-single-digit, held back by the timing of Easter relative to last year. Premium beer volume increased in the low-teens, led by Amstel Ultra.
- In **Brazil**, beer volume grew by a low-single-digit, ahead of the market. Our premium and mainstream portfolio grew by double-digits, led by Heineken®, Amstel and the recent introduction of Tiger. The economy brands declined in the double-digits.
- In the **USA**, beer volume was down by a mid-single-digit. Heineken® was down in the low-teens, predominantly driven by supply chain disruptions and partly by the softer market. Dos Equis grew in the mid-teens, benefitting from the on-trade growth and the continued strong performance of Dos Equis core and its line extensions.

Asia Pacific

- **Net revenue (beia)** grew 9.2% organically, with total consolidated volume up 2.8% and net revenue (beia) per hectolitre up 6.3%, mainly driven by pricing across the region, particularly in Malaysia. The consolidation of UBL in India positively impacted net revenue (beia) by €200 million or 4.6%.
- **Beer volume** increased organically by 2.8% versus last year, led by the strong recovery of Cambodia and Malaysia, ahead of 2019 levels. The premium portfolio declined by a low-single-digit driven by Vietnam, while staying ahead of 2019 by a high-single-digit.
- In **Vietnam**, beer volume declined by a low-single-digit due to the timing of the Tet and some continued on-trade restrictions at the start of the year. We continued to strengthen our leadership position in the market. Relative to 2019, beer volume was ahead in the mid-twenties. Heineken® Silver grew by more than fifty percent compared to last year.
- In **India**, beer volume grew by a high-single-digit, outperforming the market. UBL experienced progressive growth during the quarter with the declining impact of the COVID omicron variant.
- In **China**, Heineken® grew in the forties, with a strong performance of Heineken® Original and Heineken® Silver.
- In **Cambodia**, beer volume grew in the mid-twenties, ahead of the market and ahead of 2019. The strong growth benefitted from the relatively low base given the national lockdown implemented in March last year. Premium beer volume grew in the thirties, led by Tiger.
- In **Malaysia**, beer volume increased in the low-twenties versus last year and ahead of 2019, benefitting from relatively lower COVID-related restrictions in the market. The premium portfolio outperformed, led by Heineken®.
- In **Indonesia**, beer volume grew by a high-single-digit, ahead of the market, benefitting from relatively lower COVID-related restrictions versus last year. Beer volume remains behind 2019 in the low-teens. The premium portfolio grew in the low-teens and is ahead of 2019 levels, driven by Heineken®.

Europe

- **Net revenue (beia)** grew 46.1% organically, with total consolidated volume up 16.9%, benefitting from the partial recovery of the on-trade, and net revenue (beia) per hectolitre up 29.3%, driven by positive channel and premiumisation effects and by pricing.
- **Beer volume** grew organically by 11.5%, benefitting from the partial recovery of the on-trade, remaining below 2019 by a low-single-digit. We outperformed the market in most of our operations. On-trade beer volume almost tripled relative to last year, but remained behind 2019 in the high-teens. Off-trade volume declined in the low-teens versus last year, staying ahead of 2019 by a high-single digit. Our premium portfolio grew in the low-teens. We launched Heineken® Silver across all of Europe in April.
- In the **UK**, total volume grew in the forties, driven by the on-trade recovery. Our premium portfolio grew in the thirties, led by Birra Moretti, Desperados and Old Mout.
- In **France**, total volume increased in the twenties, led by the recovery of third-party volume in our wholesale business. Our premium beer portfolio grew in the mid-teens, led by Desperados.
- In **Spain**, beer volume grew by a high-single-digit, benefitting from lower restrictions in the on-trade although held back by a national strike of truck drivers at the end of the quarter. Our premium portfolio grew in low-teens, led by El Águila and Heineken®.

- In **Italy**, total volume increased in the twenties, also benefitting from less COVID-related restrictions in the on-trade. The premium portfolio grew by a high-single-digit, driven by the strong performance of Birra Messina and Ichnusa.
- In **Poland**, beer volume was down by a mid-single-digit in a declining market. The premium portfolio declined in the low-teens.
- In the **Netherlands**, beer volume grew in the thirties following the reopening of the on-trade during February. Our premium portfolio grew in the thirties, led by Birra Moretti and Texels.

Reported Net Profit

The reported net profit for the first three months of 2022 was €417 million (2021: €168 million). The net profit growth was driven by the top-line growth, with the partial recovery of the on-trade in Europe as the main factor. The reported net profit does not include the announced impairment and other non-cash exceptional charges of approximately €0.4 billion related to the decision to transfer the ownership of our business in Russia. A further update will follow with the half-year results.

Business Outlook

The war in Ukraine has brought additional uncertainty to the global economic outlook and commodity markets. We expect mounting inflationary pressures to impact household disposable income and a consequent risk to beer consumption later in the year. While we benefit from hedges taken in 2021, further cost pressures are emerging from rising input costs, supply chain challenges, and from our decision to leave Russia. We will take additional actions and maintain our guidance of a stable to modest sequential improvement in operating profit margin (beia) in 2022.

Translational Currency Calculated Impact

Based on the impact to date, and applying spot rates of 14 April 2022 to the 2021 financial results as a baseline for the remainder of the year, we calculate a positive currency translational impact of approximately €1,150 million in net revenue (beia), €160 million at operating profit (beia) and €100 million at net profit (beia).

Reconciliation of non-GAAP measures

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

Reconciliation net revenue (beia)

In millions of €	**1Q22**	1Q21
Revenue (IFRS)	**6,989**	5,145
Excise tax expense	(1,236)	(837)
Net revenue	5,753	4,307
Exceptional items included in net revenue	—	(1)
Net revenue (beia)	**5,753**	4,307

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

Enquiries

Media

Sarah Backhouse

Director of Global Communication

Michael Fuchs

Corporate & Financial Communication Manager

E-mail: pressoffice@heineken.com

Tel: +31-20-5239355

Investors

José Federico Castillo Martinez

Director of Investor Relations

Robin Achten / Anna Nawrocka

Senior Investor Relations Analysts

E-mail: investors@heineken.com

Tel: +31-20-5239590

Editorial information:

HEINEKEN is the world's most international brewer. It is the leading developer and marketer of premium and non-alcoholic beer and cider brands. Led by the Heineken® brand, the Group has a portfolio of more than 300 international, regional, local and specialty beers and ciders. With HEINEKEN's over 82,000 employees, we brew the joy of true togetherness to inspire a better world. Our dream is to shape the future of beer and beyond to win the hearts of consumers. We are committed to innovation, long-term brand investment, disciplined sales execution and focused cost management. Through "Brew a Better World", sustainability is embedded in the business. HEINEKEN has a well-balanced geographic footprint with leadership positions in both developed and developing markets. We operate breweries, malteries, cider plants and other production facilities in more than 70 countries. Most recent information is available on our Company's website and follow us on LinkedIn, Twitter and Instagram.

Market Abuse Regulation

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

Disclaimer:

This press release contains forward-looking statements with regard to the financial position and results of HEINEKEN's activities. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond HEINEKEN's ability to control or estimate precisely, such as future market and economic conditions, developments in the ongoing COVID-19 pandemic and related government measures, the behaviour of other market participants, changes in consumer preferences, the ability to successfully integrate acquired businesses and achieve anticipated synergies, costs of raw materials, interest-rate and exchange-rate fluctuations, changes in tax rates, changes in law, change in pension costs, the actions of government regulators and weather conditions. These and other risk factors are detailed in HEINEKEN's publicly filed annual reports. You are cautioned not to place undue reliance on these forward-looking statements, which speak only of the date of this press release. HEINEKEN does not undertake any obligation to update these forward-looking statements contained in this press release. Market share estimates contained in this press release are based on outside sources, such as specialised research institutes, in combination with management estimates.

GLOSSARY

®

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

Beia

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

Brand specific volume (Heineken® Volume, Amstel Volume, etc.)

Brand volume produced and sold by consolidated companies plus 100% of brand volume sold under licence agreements by joint ventures, associates and third parties.

Beer Volume

Beer volume produced and sold by consolidated companies.

Premium beer

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

Consolidation changes

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

Licensed Beer Volume

100% of volume from HEINEKEN's beer brands sold under licence agreements by joint ventures, associates and third parties.

Group Beer Volume

The sum of Beer Volume, Licensed Beer Volume and attributable share of beer volume from joint ventures and associates.

Digital sales value

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

Eia

Exceptional items and amortisation of acquisition-related intangible assets.

Exceptional items

Items of income and expense of such size, nature or incidence, that in the view of management their disclosure is relevant to explain the performance of HEINEKEN for the period.

Net revenue

Revenue as defined in IFRS 15 (after discounts) minus the excise tax expense for those countries where the excise is borne by HEINEKEN.

Net revenue per hectolitre

Net revenue divided by total consolidated volume.

Non-Beer Volume

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

Organic Growth

Organic growth in volume excludes the effect of consolidation changes.

Third-Party Products Volume

Volume of third-party products (beer and non-beer) resold by consolidated companies.

Total Consolidated Volume

The sum of Beer Volume, Non-Beer Volume and Third-Party Products Volume.

Consolidated Metrics: First Quarter 2022

In mhl or €million unless otherwise stated & consolidated figures unless otherwise stated	1Q21	Currency translation	Consolidation Impact	Organic Growth	**1Q22**	Organic Growth %
		1Q22				
Africa, Middle East & Eastern Europe						
Net revenue (beia)	726	4	-27	178	**882**	24.5%
Total Consolidated Volume	12.0		-0.1	0.7	**12.5**	5.8%
Beer Volume	9.4		-0.1	0.5	**9.8**	5.7%
Non-Beer Volume	2.5		—	0.2	**2.7**	6.7%
Third-Party Products Volume	—		—	—	**—**	—
Licensed Beer Volume	*0.5*				***0.6***	
Group Beer Volume	*10.0*				***10.6***	
Americas						
Net revenue (beia)	1,565	122	—	167	**1,854**	10.7%
Total Consolidated Volume	20.6		—	-0.4	**20.2**	-1.9%
Beer Volume	19.4		—	0.3	**19.7**	1.3%
Non-Beer Volume	1.2		—	-0.7	**0.5**	-57.7%
Third-Party Products Volume	—		—	—	**—**	—
Licensed Beer Volume	*0.8*				***0.9***	
Group Beer Volume	*22.6*				***22.7***	
Asia Pacific						
Net revenue (beia)	732	45	200	67	**1,045**	9.2%
Total Consolidated Volume	8.0		3.6	0.2	**11.8**	2.8%
Beer Volume	7.7		3.6	0.2	**11.5**	2.8%
Non-Beer Volume	0.2		—	—	**0.2**	2.9%
Third-Party Products Volume	—		—	—	**—**	—
Licensed Beer Volume	*0.8*				***1.0***	
Group Beer Volume	*14.2*				***17.0***	
Europe						
Net revenue (beia)	1,455	15	20	671	**2,161**	46.1%
Total Consolidated Volume	15.9		0.1	2.7	**18.7**	16.9%
Beer Volume	13.8		0.1	1.6	**15.5**	11.5%
Non-Beer Volume	1.6		—	0.2	**1.8**	10.2%
Third-Party Products Volume	0.5		—	0.9	**1.5**	170.1%
Licensed Beer Volume	*0.1*				***0.2***	
Group Beer Volume	*14.3*				***16.1***	
Heineken N.V.						
Net revenue (beia)	4,307	186	189	1,071	**5,753**	24.9%
Total Consolidated Volume	56.4		3.5	3.2	**63.2**	5.7%
Beer Volume	50.3		3.5	2.6	**56.4**	5.2%
Non-Beer Volume	5.5		—	-0.3	**5.2**	-6.1%
Third-Party Products Volume	0.6		—	1.0	**1.6**	156.1%
Licensed Beer Volume	*2.2*				***2.7***	
Group Beer Volume	*61.1*				***66.4***	

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