

# **HEINEKEN: A leading premium brewer in Asia Pacific**

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President, Asia Pacific

# Agenda

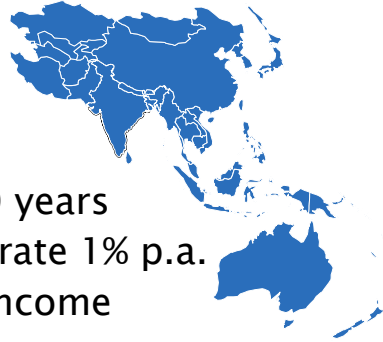
HEINEKEN: A leading premium brewer in Asia Pacific

- 1 HEINEKEN growth strategy in Asia Pacific
- 2 Heineken<sup>®</sup>: A real success story

# The Asia Pacific beer market

## Demographics

- ◆ 36 countries
- ◆ 3.8 bn inhabitants
  - ◆ Life expectancy ranges from 40–80 years
  - ◆ Population growth rate 1% p.a.
- ◆ Large differences in income



## Market Size

- ◆ 658 mhl consumed in 2010
- ◆ Consumption levels vary widely from between 1–85 litres per capita

## Beer Segmentation

- ◆ Beer markets at different stages of development
- ◆ Markets characterised by strong local mainstream brands and growing premium beer presence
- ◆ Significant potential for premium beer segment in the region

## Competitive Structure

- ◆ Top 4 local players have 60% of profit pool
- ◆ Presence of strong number 1 in most countries
- ◆ China and Hong Kong remain relatively fragmented markets

# HEINEKEN strategy for winning in Asia Pacific

Built on six key strategic pillars

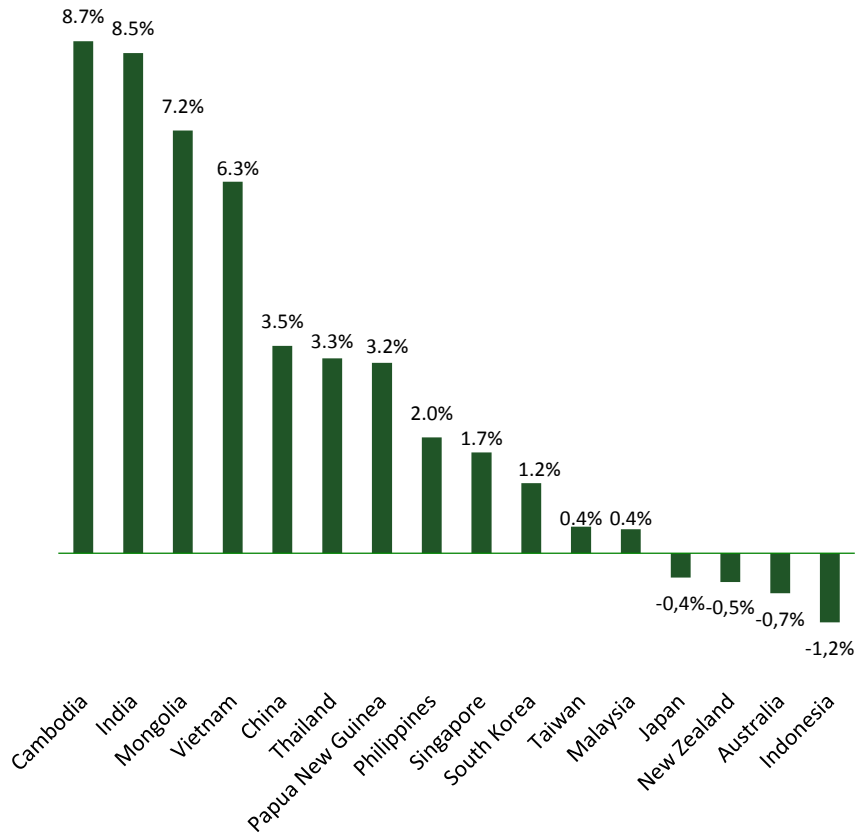


# 1. Focus on growth markets (I)

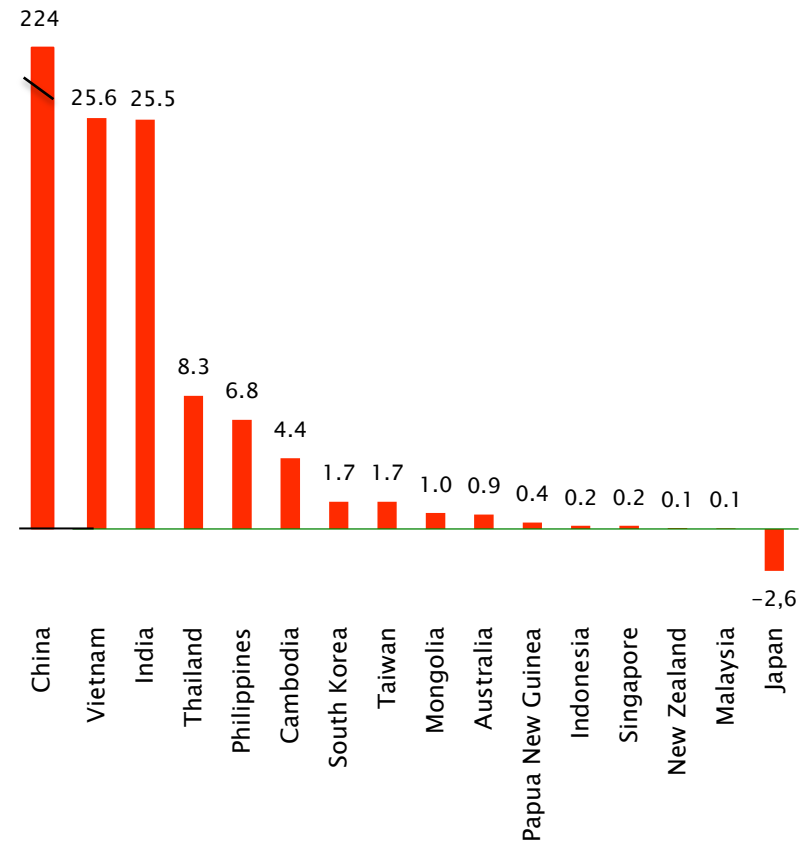
HEINEKEN expects to benefit from positive regional beer market dynamics



Per capita consumption growth:  
2010–2020F CAGR %



Incremental beer consumption by market:  
2010–2020F (mhl)



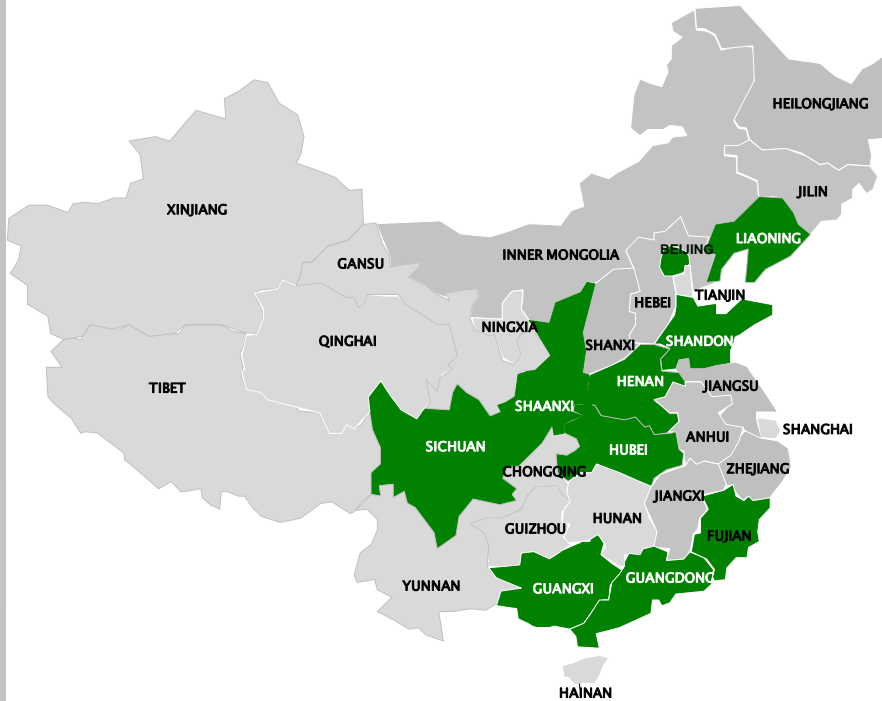
Source: Plato (World Beer Report, Oct-11)

# 1. Focus on growth markets (II)

China: Focus on leadership in premium segment



- ◆ Top 10 provinces in China represent around 80% of the country profit pool



Highest profitability in premium segment

2010 Segment	Volume MHL	EBIT/HL Index vs Mainstream
Premium	2.4	1010
Affordable Premium	4.2	430
Local Premium		430
Mainstream		100
Discount		<5

Divestment from mainstream beer:

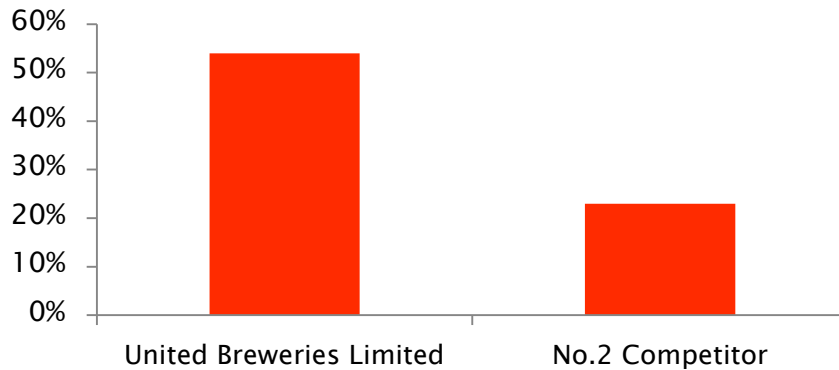
- ◆ July 2011, Heineken-APB China announced divestment of Jiangsu Dafuhao Breweries (49%) and Shanghai-APB (100%) – awaiting regulatory approval
- ◆ Industry average return on net assets for mainstream beer < 5%

# 1. Focus on growth markets (III)

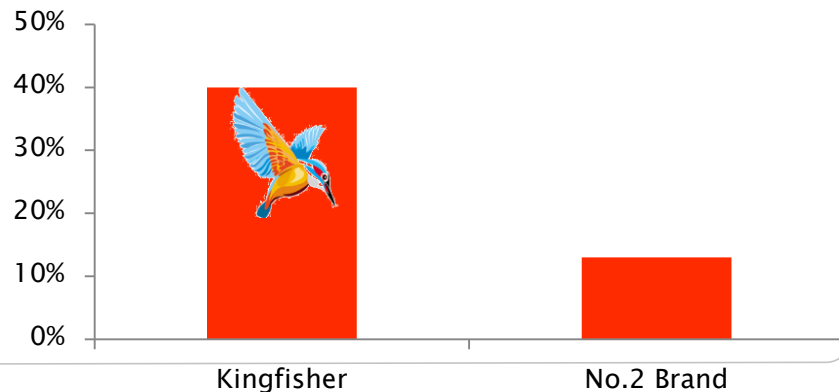
India: Build on UBL's strong market leadership position



UBL market share is more than twice that of its nearest competitor



Kingfisher brand has a leadership ratio of three times versus its nearest competitor



- ◆ Positioned to tap huge potential of Indian beer market through joint venture operation of United Breweries Limited
- ◆ Continue to build on market leadership with winning brand portfolio
- ◆ Leverage global scale to improve supply chain efficiencies, quality and innovation capabilities
- ◆ Capitalise on the opportunity for beer in India from significant growth in the legal drinking age population

# 1. Focus on growth markets (IV)

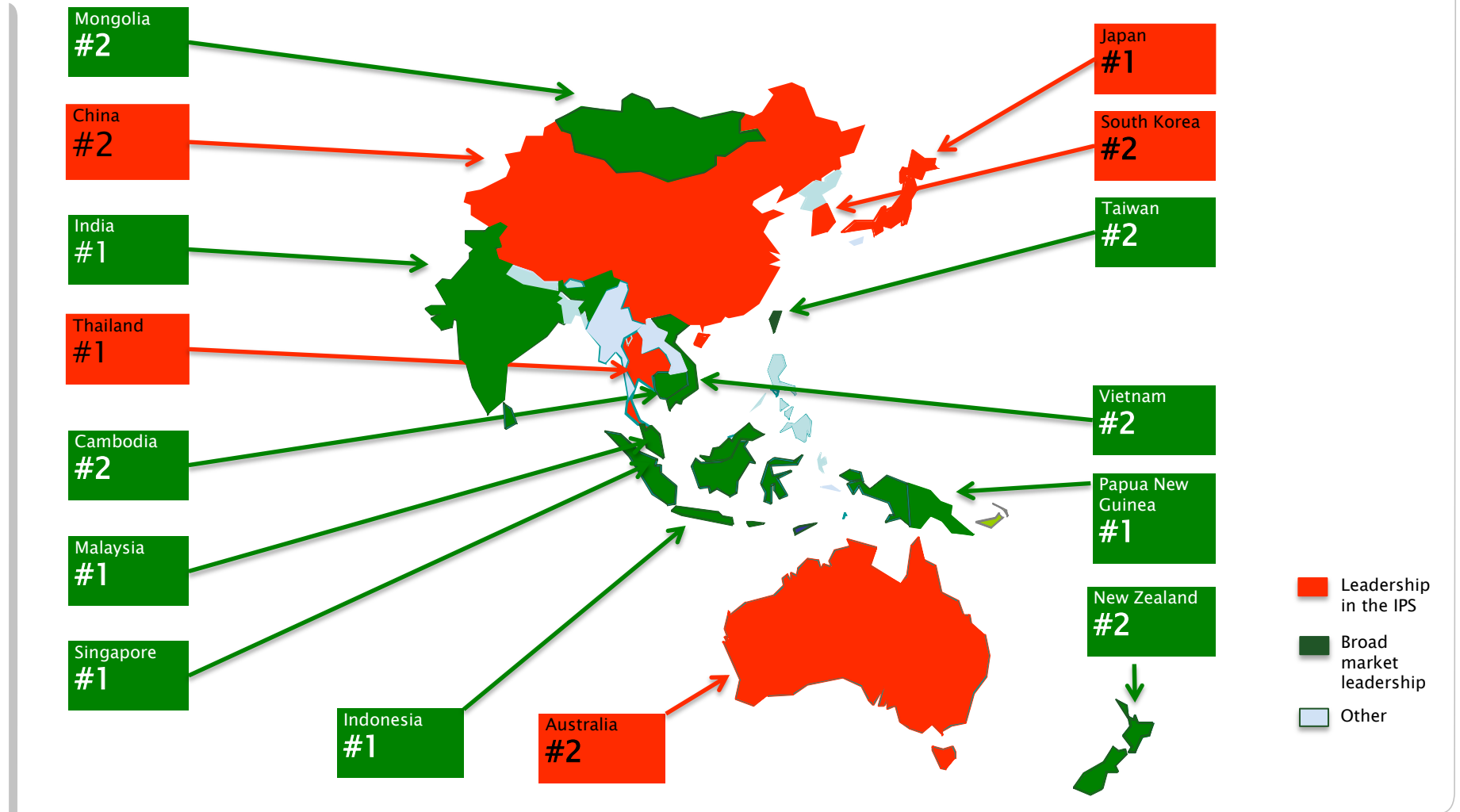
Vietnam: APB has a strong number 2 position and winning brand portfolio



- ◆ Asia Pacific Breweries (APB) have a number 2 share position in Vietnam
- ◆ Compete in both mainstream and premium segment
- ◆ Regional approach to capitalise on local growth opportunities:
  - ◆ Build on segment leadership
  - ◆ Develop distribution expertise and wholesaling management
  - ◆ Leverage winning brand portfolios

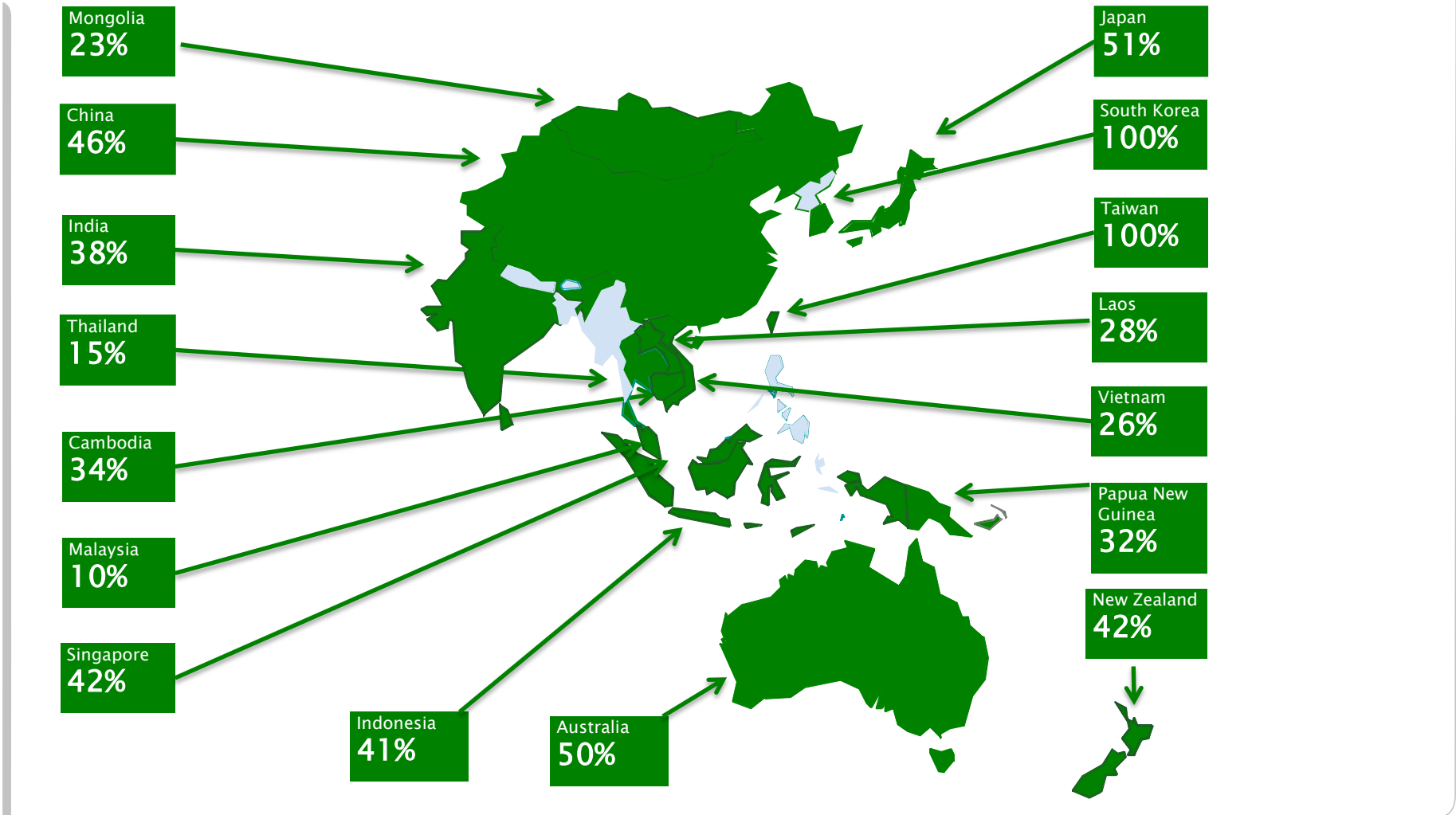
# 2. Build on footprint and local know-how

Leading positions across the region



# 2. Build on footprint and local know-how

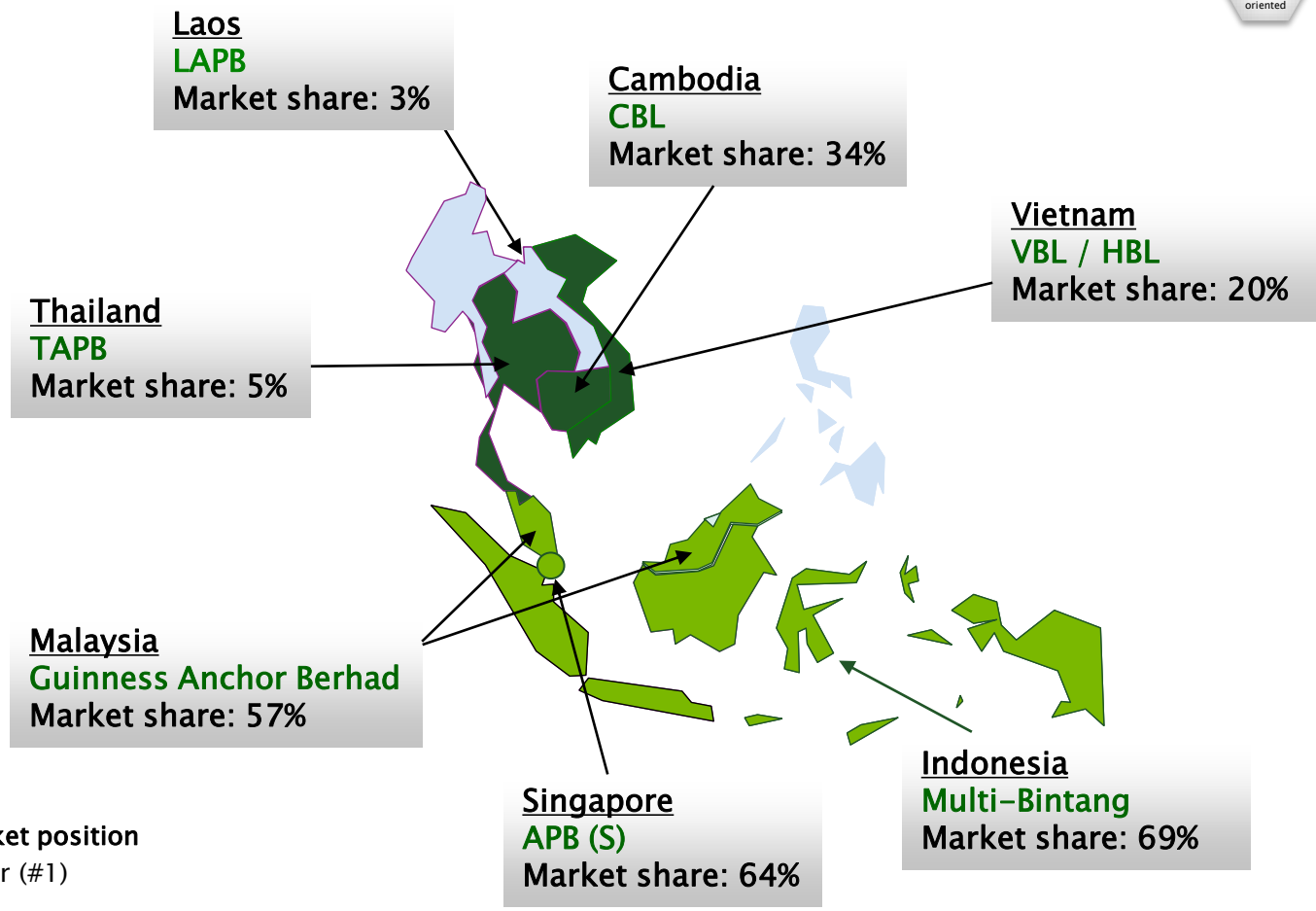
HEINEKEN's economic interest by individual market\*



\*Percentage represents HEINEKEN's equity interest in the main operating entity in each country

# 2. Build on footprint and local knowhow

APB has a stronghold position in South-East Asia



**HEINEKEN market position**

- Market leader (#1)
- #2 or #3
- Other

Source: Canadean, Plato and Company Estimates

# 2. Build on footprint and local know-how

## Joint venture operations in Japan and Australia



- ◆ Joint venture in Japan with Kirin and with Lion Nathan in Australia
- ◆ Market and sell the Heineken® brand under joint ventures
- ◆ Benefit of JV operating model in Japan/ Australia:
  - ◆ Local production
  - ◆ “Asset-light”
  - ◆ Leverage local partner’s scale
  - ◆ Utilise local knowhow to market and sell Heineken®

## 2. Build on footprint and local knowhow

Strong local brands underpin broad leadership positions in certain key markets



India



Vietnam



Papua New Guinea



Cambodia  
China  
Malaysia  
Singapore  
Vietnam



Indonesia



New Zealand

# 3. Leverage on global scale

HEINEKEN offers support and know-how across supply chain



Interests in 42 breweries in 15 countries



- ◆ Technical production
- ◆ Greenfield and expansion consultancy
- ◆ Brewery managers
- ◆ Quality and freshness management
- ◆ Sample testing
- ◆ Supply chain study
- ◆ Total Productivity Management (TPM)
- ◆ Benchmarking

# 3. Leverage on global scale

Heineken® global activation platforms and innovation



Sports



Film



Music



Innovation



# 4. Consumer Inspired; Customer-oriented




# 5. Win in international premium segment

Heineken® and Tiger have a combined leadership position in IPS in Asia Pacific



Heineken: 5.4 mhl

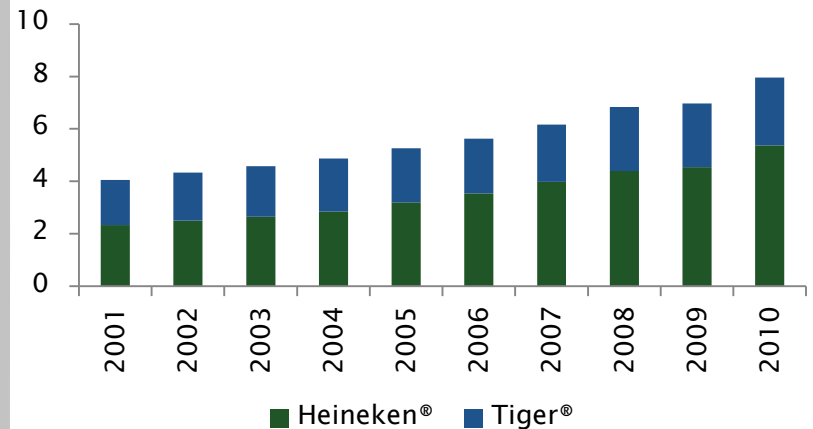


Tiger: 2.6 mhl



- ◆ The Heineken® and Tiger® brands command a market share of approximately 32% in the IPS in Asia Pacific
- ◆ Since 2001, the Heineken® and Tiger® brands have gained share of the IPS

Heineken® and Tiger combined volume in Asia Pacific (mhl)



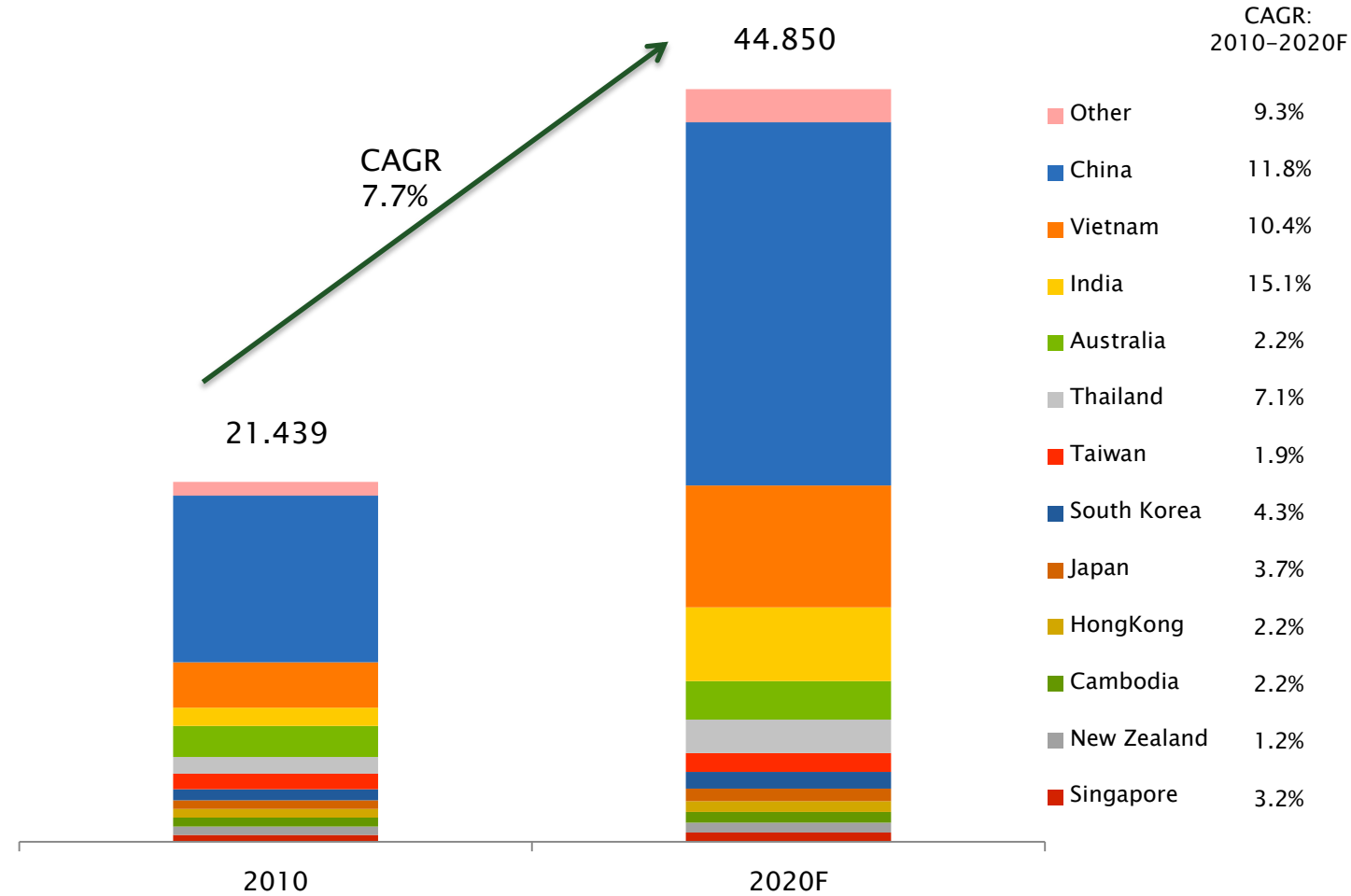
Source: Heineken data and Plato (Oct-11)

# 5. Win in international premium segment

The IPS offers attractive future growth potential



IPS in Asia Pacific by market: 2010–2020F



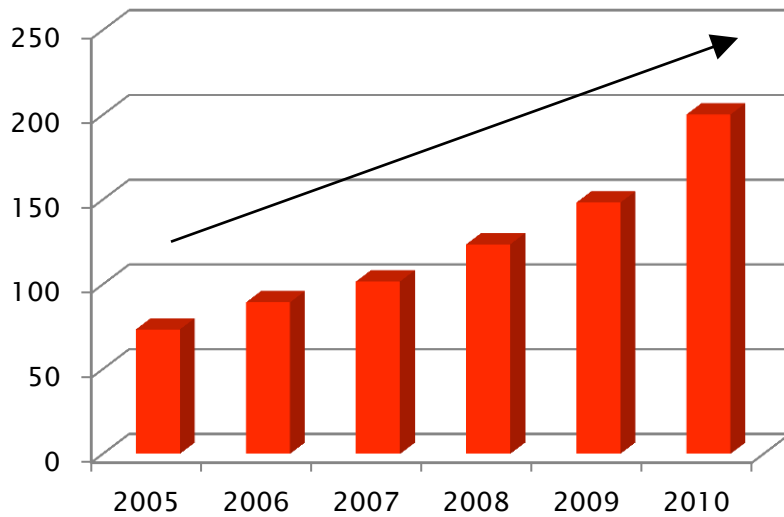
Source: Plato (Nov-11)

# 6. Create value for our stakeholders

Profitability of our Asia Pacific business has been increasing



HEINEKEN Asia Pacific EBIT (beia)\*: 2005–2010  
(€ m)



\* Based on a proportional consolidation method to aid comparability with pre-2008 financials

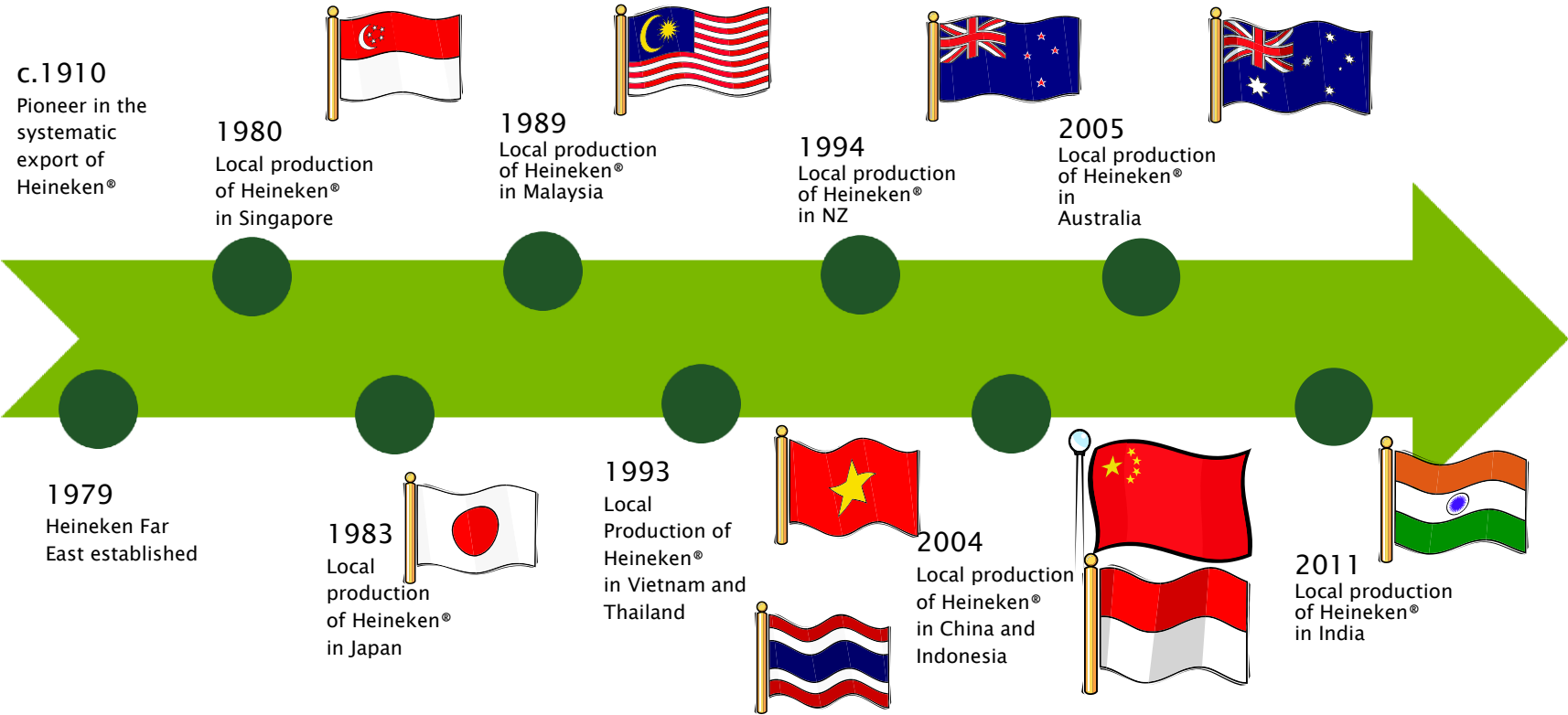


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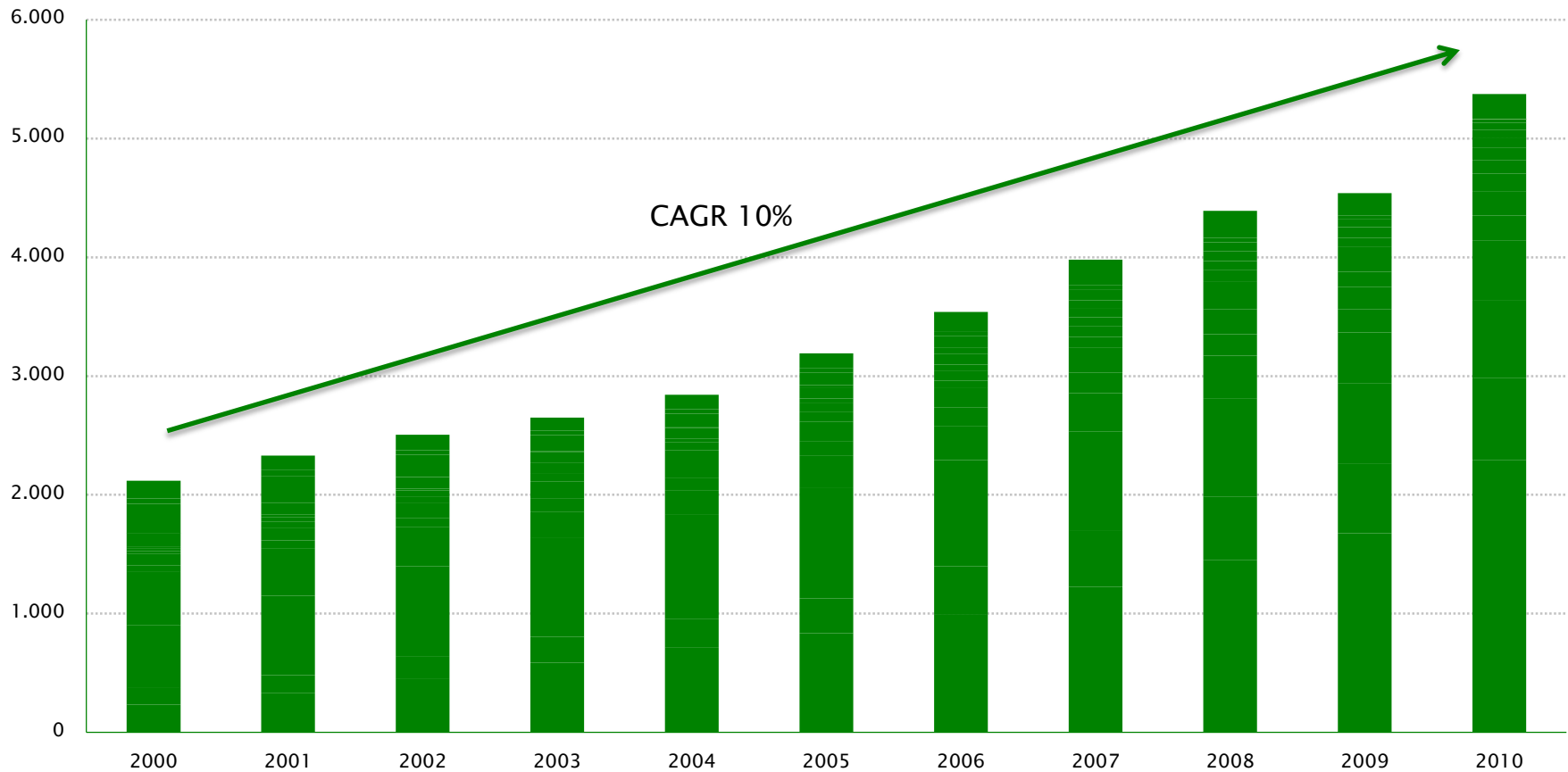
# Expansion of the Heineken® brand in Asia Pacific



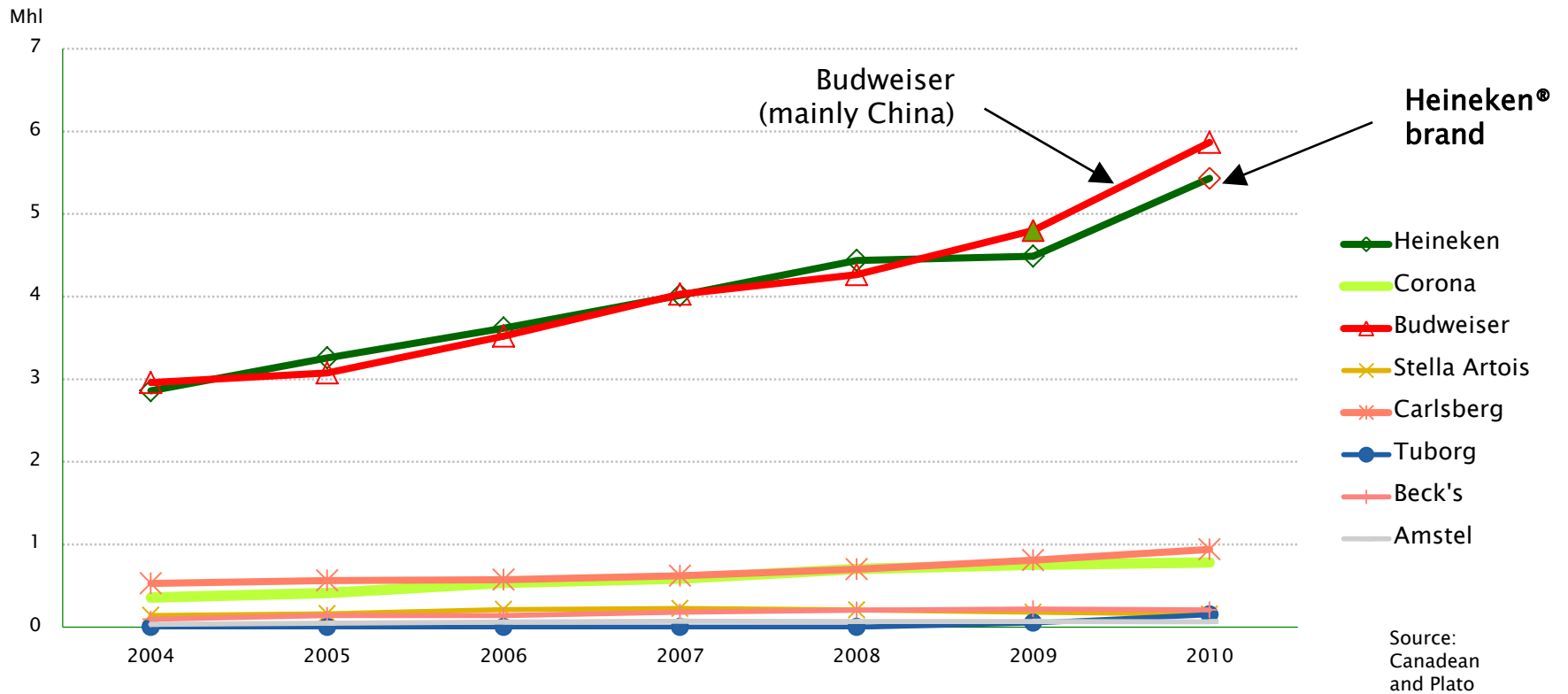
# Heineken® volume development since 2000

Brand has grown at a CAGR of 10% since 2000

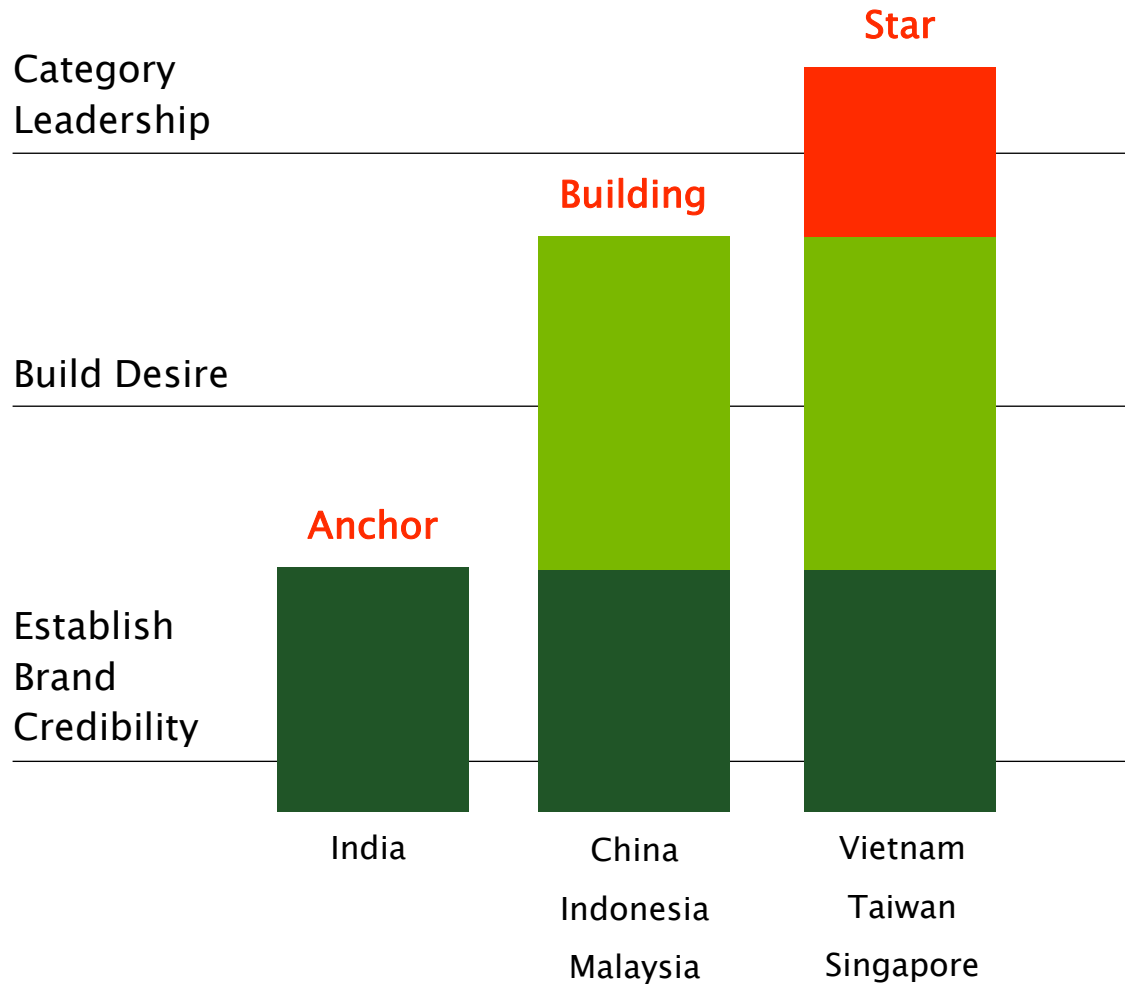
Top 4 Countries by Volume: Vietnam, Taiwan, Thailand and China



# Heineken® brand has broad reach across Asia Pacific

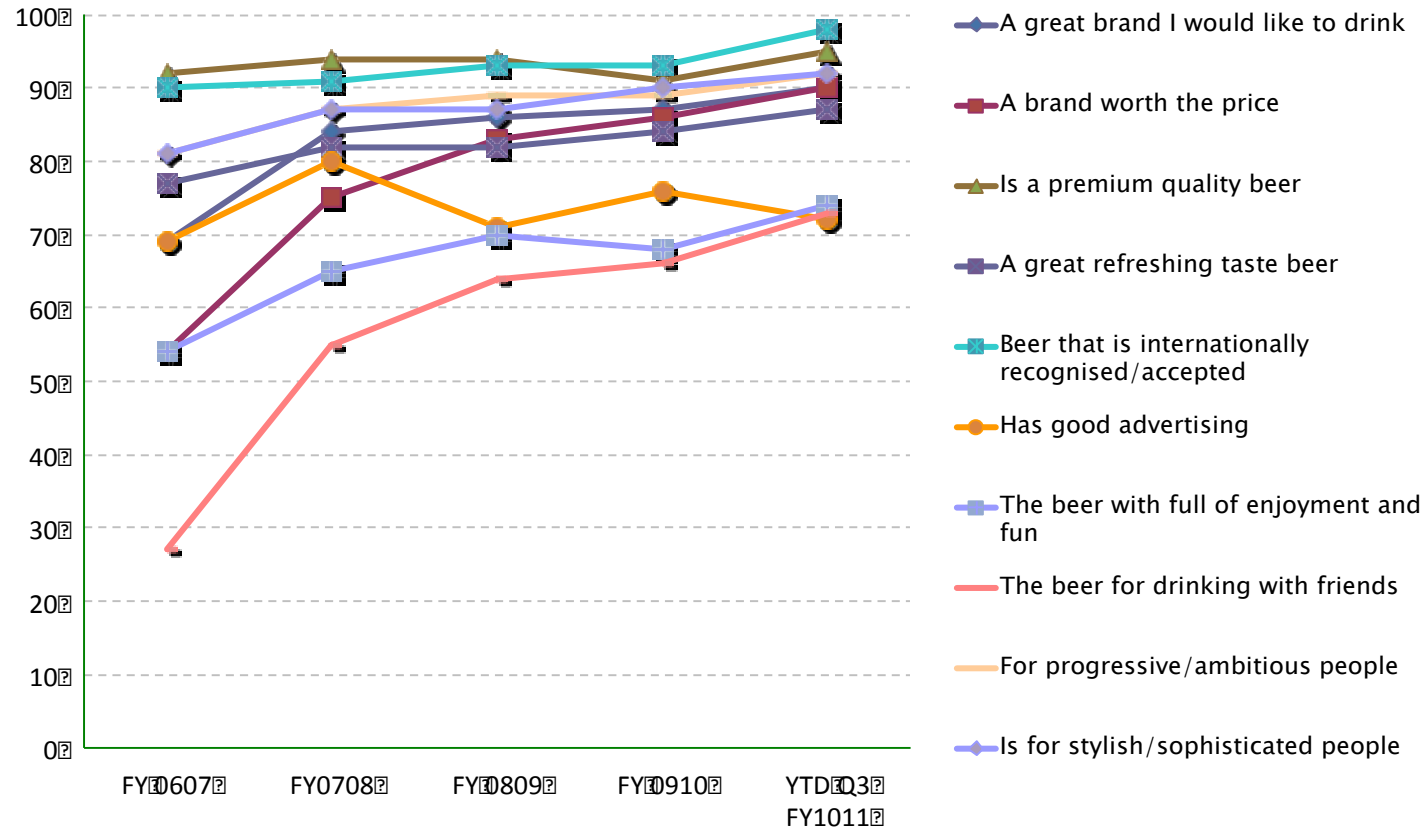


# The three stages for Heineken® brand building in Asia Pacific



# Vietnam: Heineken® brand indicators are strong and growing

Consumer Perception 2006/07 - Q3 2010/11

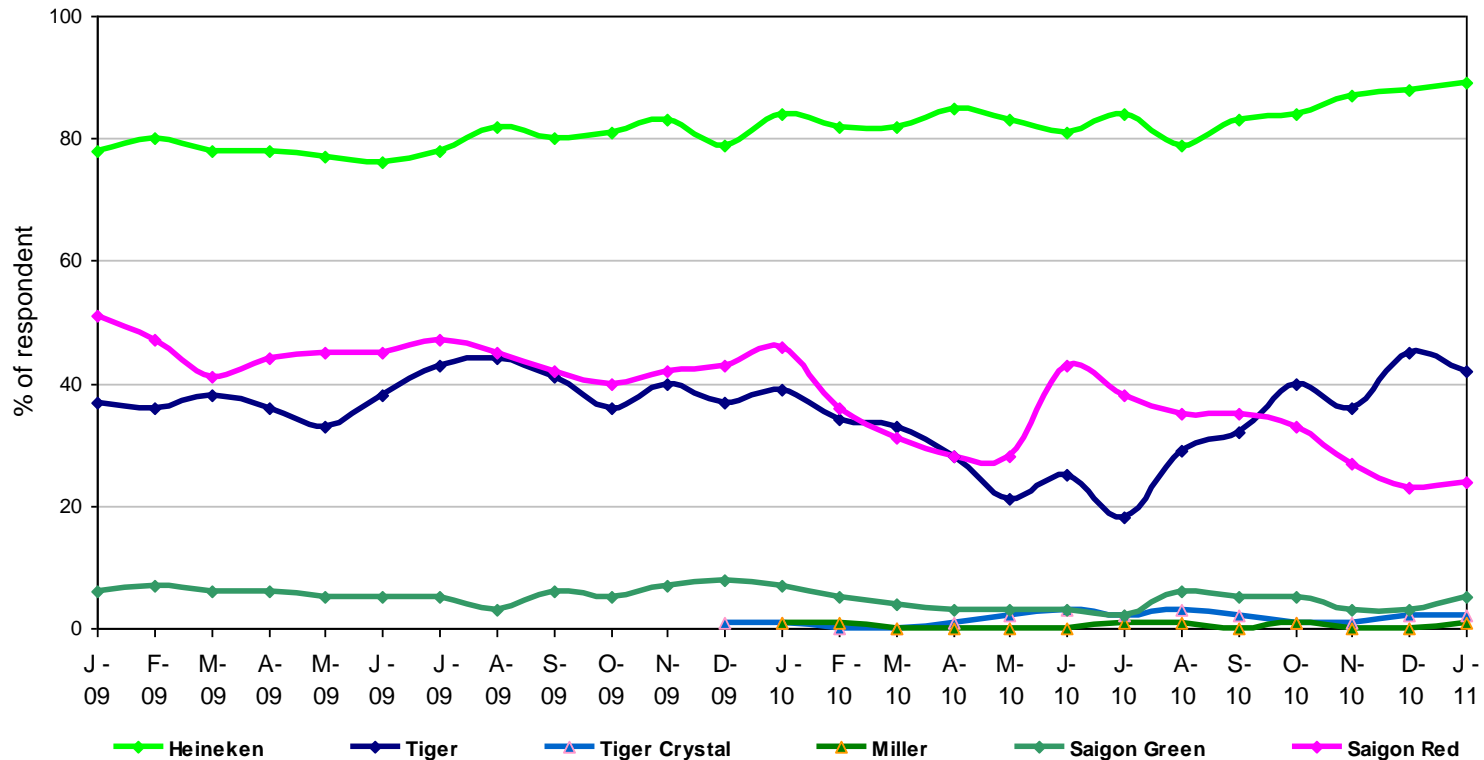


Source: Usage and Attitude Research carried out in Vietnam

# Vietnam: Heineken® has highest brand equity versus competition

## Brand Equity Study: Is Worth Paying More For

Is Worth Paying More For - Total VBL



Source: Usage and Attitude Research carried out in Vietnam  
 Note: VBL = Vietnam Brewery Limited

# Summary

- ◆ HEINEKEN has a broad and diverse business across Asia Pacific
- ◆ HEINEKEN's strategy is clearly focused on realising the attractive potential of premium beer in Asia Pacific
- ◆ HEINEKEN adopts a broad or segment leadership approach in markets where it competes
- ◆ Strength of Heineken® brand and excellence in market place execution key drivers of future success in Asia
- ◆ HEINEKEN leveraging its global scale and capabilities for growth in Asia

# Questions please



HEINEKEN

FINANCIAL MARKETS

CONFERENCE 2011

SINGAPORE