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Heineken®



Heineken N.V.  
Full Year Results 2006  
Presentation



# Heineken NV

## Full Year Results 2006

Press/Analyst Presentation

21<sup>st</sup> February 2007

Heineken  
NV



**Heineken**  
NV

## **Full Year Results 2006**

Jean-François van Boxmeer,  
CEO and Chairman Executive Board

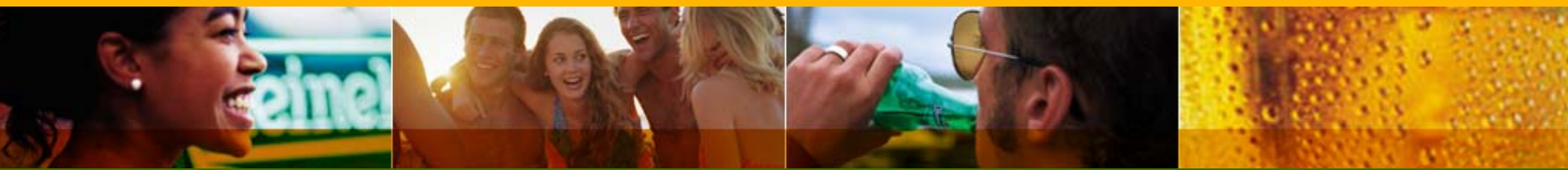
**Heineken**  
NV



## 2006: A strong year...

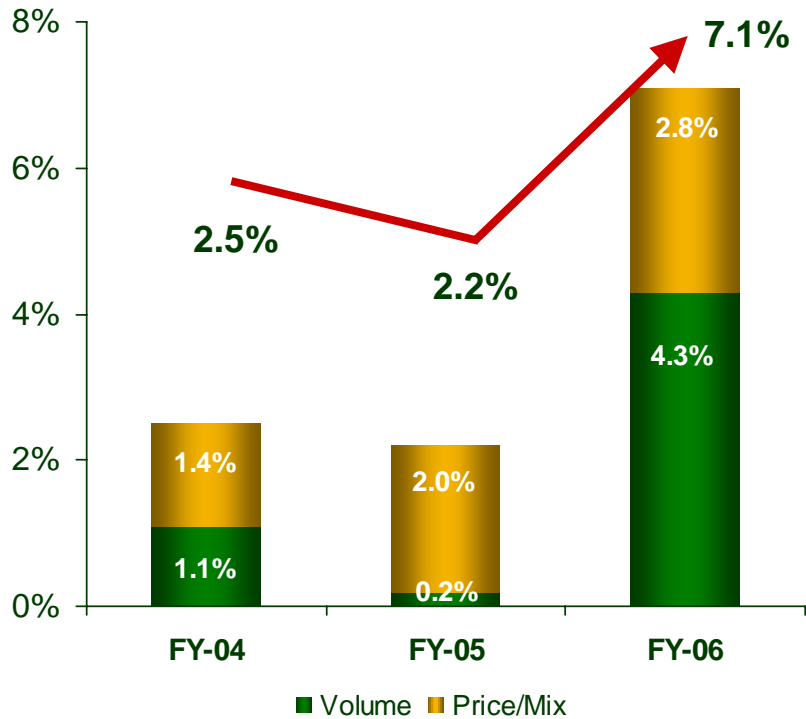


- Consolidated beer volume +11.3% to 112m hl
- Heineken® brand in international premium segment +11.8% to 22.5m hl
- Organic revenue growth +7.1%
- Organic EBIT (beia) growth +10.7%
- Organic Net profit (beia) growth +12.6%
- F2F cost saving programme accelerated

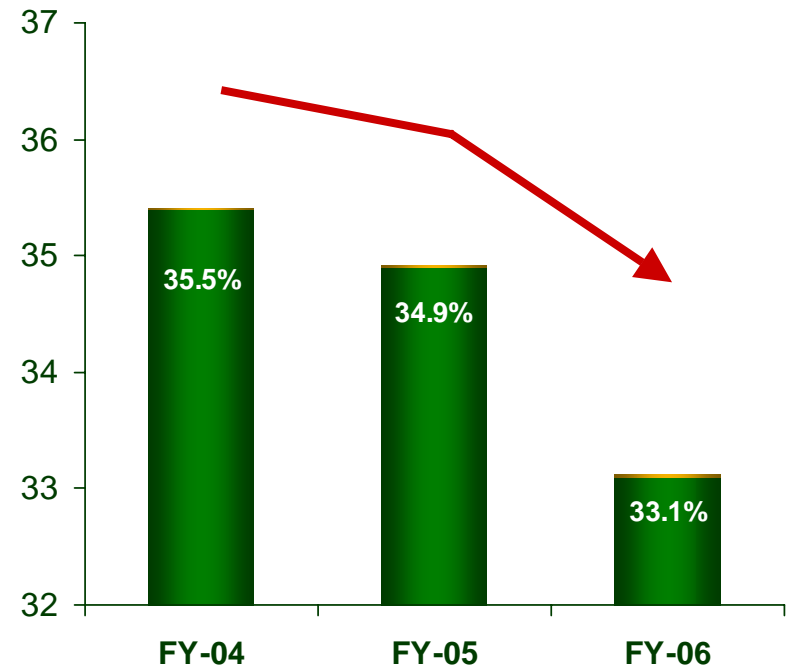


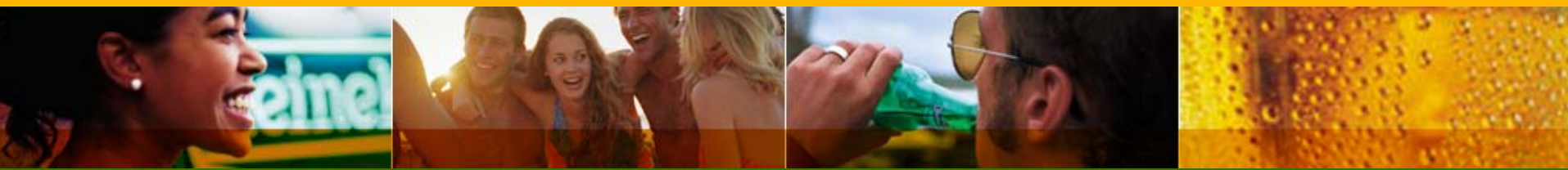
## 2006: ...reflecting a focused, changing business

### Organic Revenues Growth

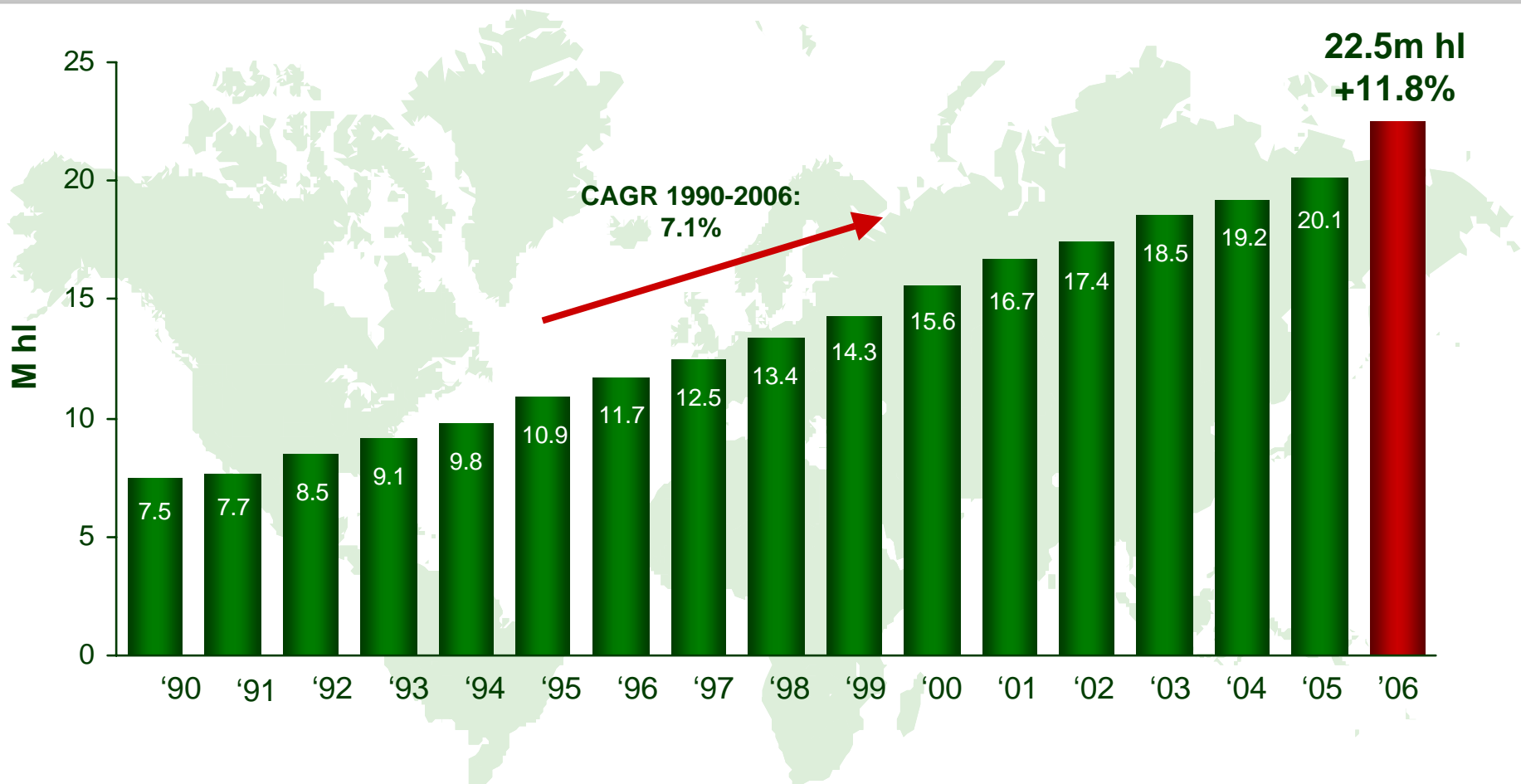


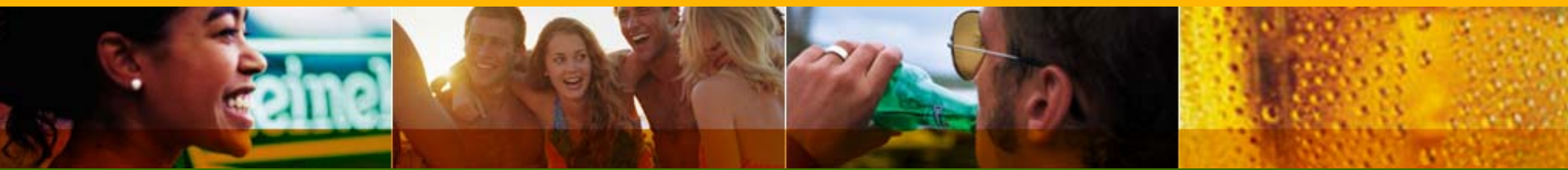
### F2F fixed cost ratio





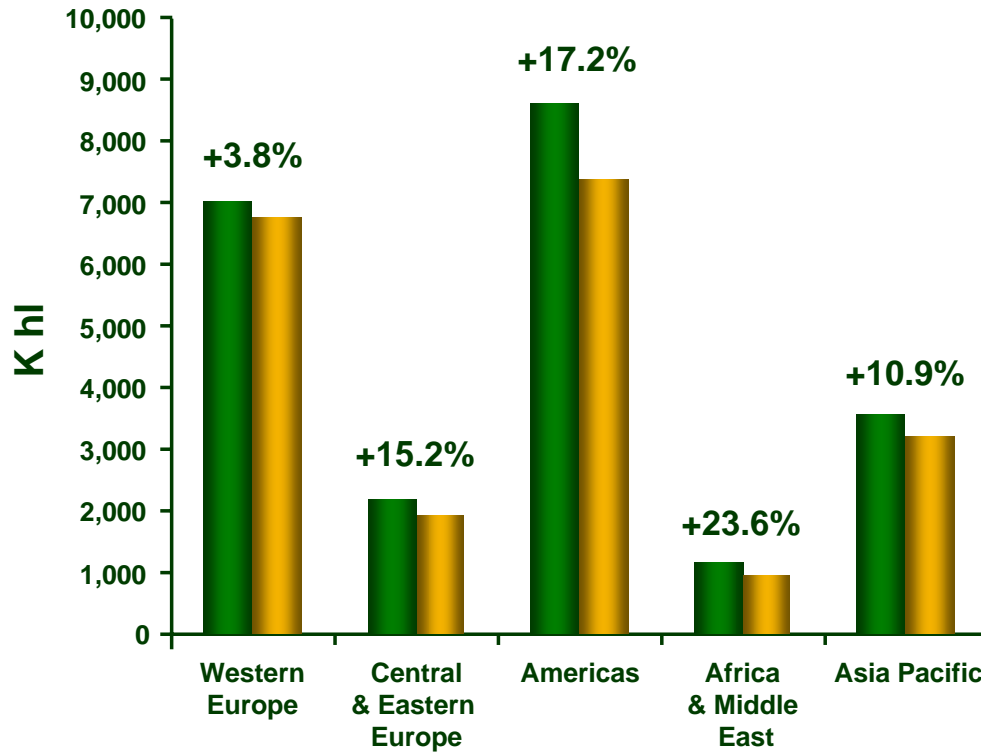
## The Heineken brand: A unique global asset





# The Heineken® brand: Growing faster, gaining share

## Heineken® brand growth by region





## Innovation: Drives growth, sets standards



- **DraughtKeg:**
  - World-wide success
  - New capacity on stream as of H1-07
  - Sold 5.4m kegs in 2006 (2.2m in 2005)
  - Available in 54 countries
- **BeerTender:**
  - New “one-way” launched in France in October
  - BeerTender rolled out in Hungary and Bulgaria
  - Sold 255,000 appliances since launch
- **David/Xtreme Draught:**
  - Rolled out to 60 markets
  - 62,000 installations worldwide
- **TenCan:**
  - Launched this month in Rimini, Italy
  - Strong in combination with Xtreme Draft



## Local brands: Local focus drives growth



+22%

Romania



+11%

Chile



+25%

Poland



+26%

Russia



+2%

Spain



+34%

Central Africa



## Heineken Premium Light: A catalyst for growth

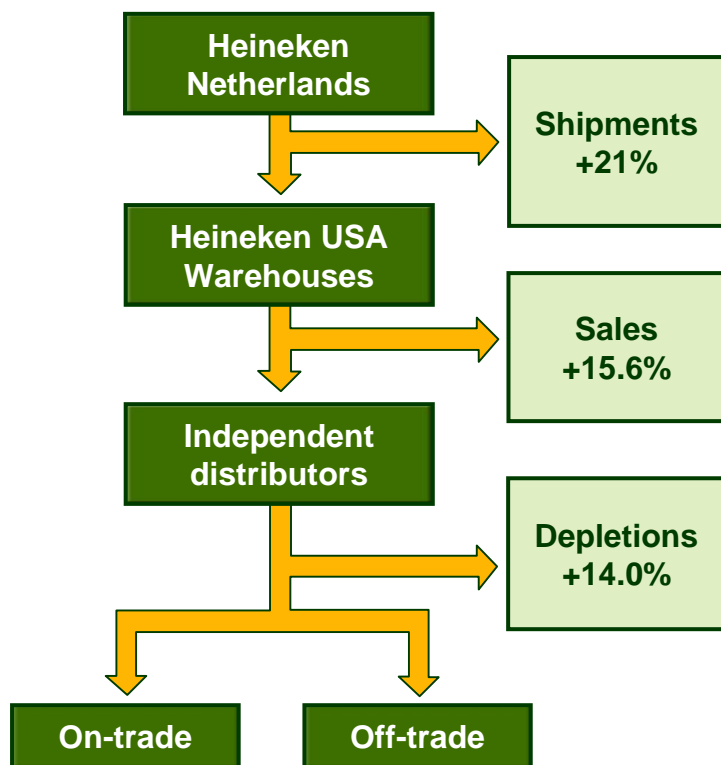


- National launch March 2006 in Luxury Light segment
- Sales volume at 680,000 hl, 70% ahead of forecast
- 2nd imported light beer in the USA
- 2007: Volumes expected to exceed 1m hl driven by:
  - Packaging extension
  - Incremental marketing spend of \$15m in 2007
  - Increased distribution
- EBIT break-even in 2007, contributing to EBIT growth in 2008



# HUSA: Revitalised

## Heineken USA\*



\* Excluding Femsa Mexican brands

- Total US beer market +1.9%, imports +9%
- HUSA sales volumes (excluding Femsa): 7.5m hl
- Dutch Portfolio: sales volume +15.6%, depletions +14.0%
- Heineken Lager: sales volume +7.3%, depletions +6.4%
- Heineken Lager grew in all regions
- Amstel Light: sales volume -8.6%, depletions -9.6%
- Femsa Mexican portfolio: sales volume +14%, depletions +13%
- Price increase: Average 2.5% in February 2007



## Russia: Fully integrated, growing fast

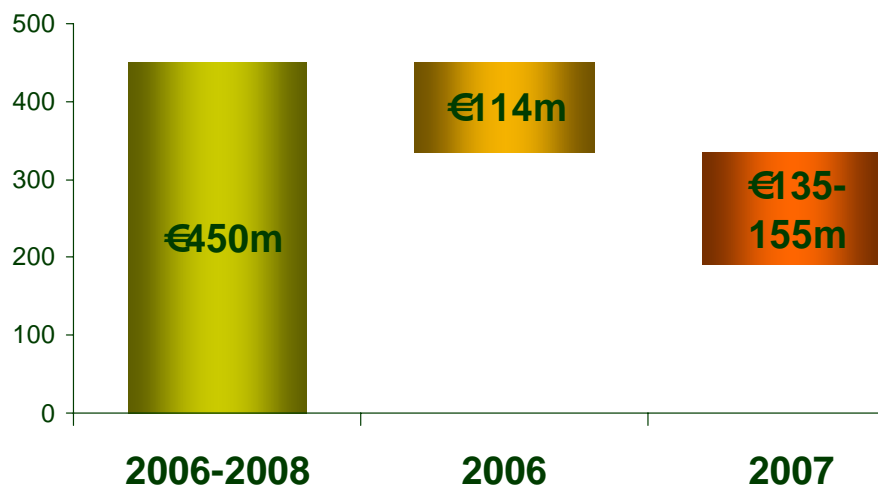


- Integration complete, no disruption of the business
- Sold 13m hl beer (+81%)
- Revenue doubled and EBIT increased despite integration costs
- Portfolio strategy: focus on strategic brands
- Successful introduction of Amstel
- Launch of Bud in Q4-06



## Fit 2 Fight: Higher gross savings, faster delivery

F2F

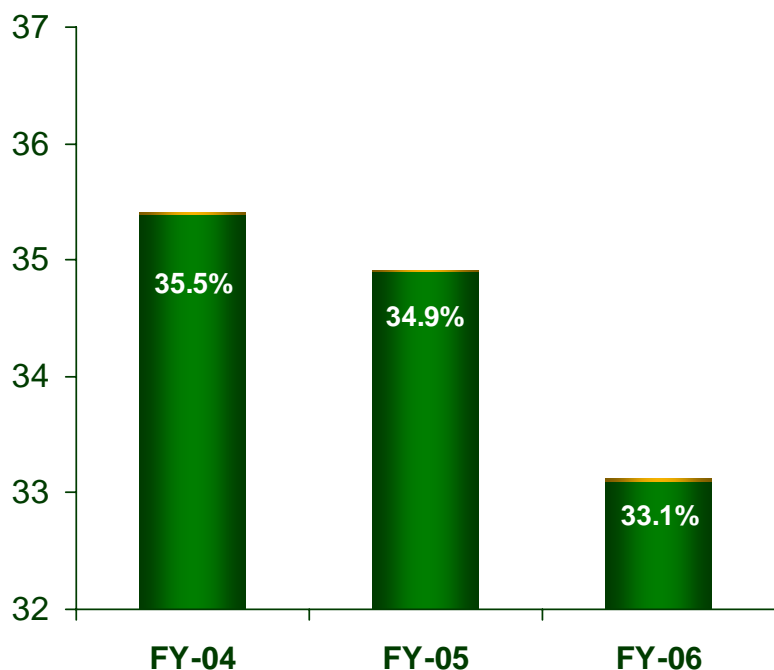


- F2F cost saving programme targeting gross €360m reduction of fixed costs before tax
- Original cumulative gross savings included €160m of cost inflation
- Cost inflation expected to be €90m higher at €250m
- Heineken increases its gross savings target by €90m to €450m by 2008
- Projects to deliver additional savings of €90m already identified



## Fit 2 Fight: On track, on time

F2F cost ratio trend



- **2006: Gross savings of €114m, 25% of cumulative amount**
- **Activated projects:**
  - **France:** restructuring wholesale, restructured organisation
  - **Netherlands:** efficiencies in production and wholesale
  - **Italy:** restructuring wholesale, closure Messina
  - **Switzerland:** restructuring commercial function
  - **Poland:** closure brewery in Bydgoszcz
  - **Slovakia:** closure brewery in Rimavska
  - **Head Office:** lower headcount. Reduction consultancy and travel costs



## Expanding our emerging markets footprint

### ● Greenfield breweries:

- Laos: cap 300,000 hl end 2007
- Tunisia: cap 250,000 hl early 2008
- India: cap 250,000 hl end 2007

### ● Acquisitions:

- India: 76%-stake in Aurangabad
- Vietnam: 3 breweries





## 2007: Maintaining performance



### Key-Actions for 2007:

- Accelerated Heineken® brand growth
- Extend rollout of DraughtKeg, extra cold beer programme, TenCan and “one-way” BeerTender
- USA: grow Heineken Premium Light®
- Russia: grow volume and improve margins
- Targeting €135-155m gross F2F fixed cost savings



## 2007 Profit Forecast

Heineken expects to achieve  
**“Organic growth in net profit  
in the range of 10%-13%.”**

This forecast reflects:

- The continuing good performance of the Heineken® brand
- Growth of Heineken Premium Light®
- Organic growth in Russia
- Higher Input costs between 7% and 8%
- Cost savings F2F-programme



# Commercial

## Heineken Premium Light





# Heineken NV

## Full Year Results 2006

René Hooft Graafland  
CFO and Member of the Executive Board

Heineken  
NV

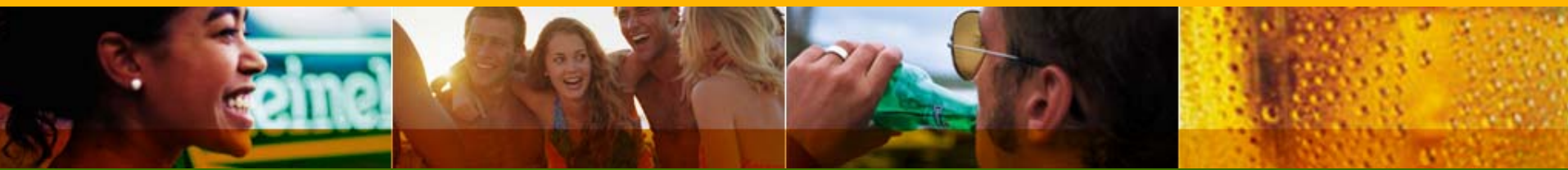


## Key figures 2006 (million of hl/€million)

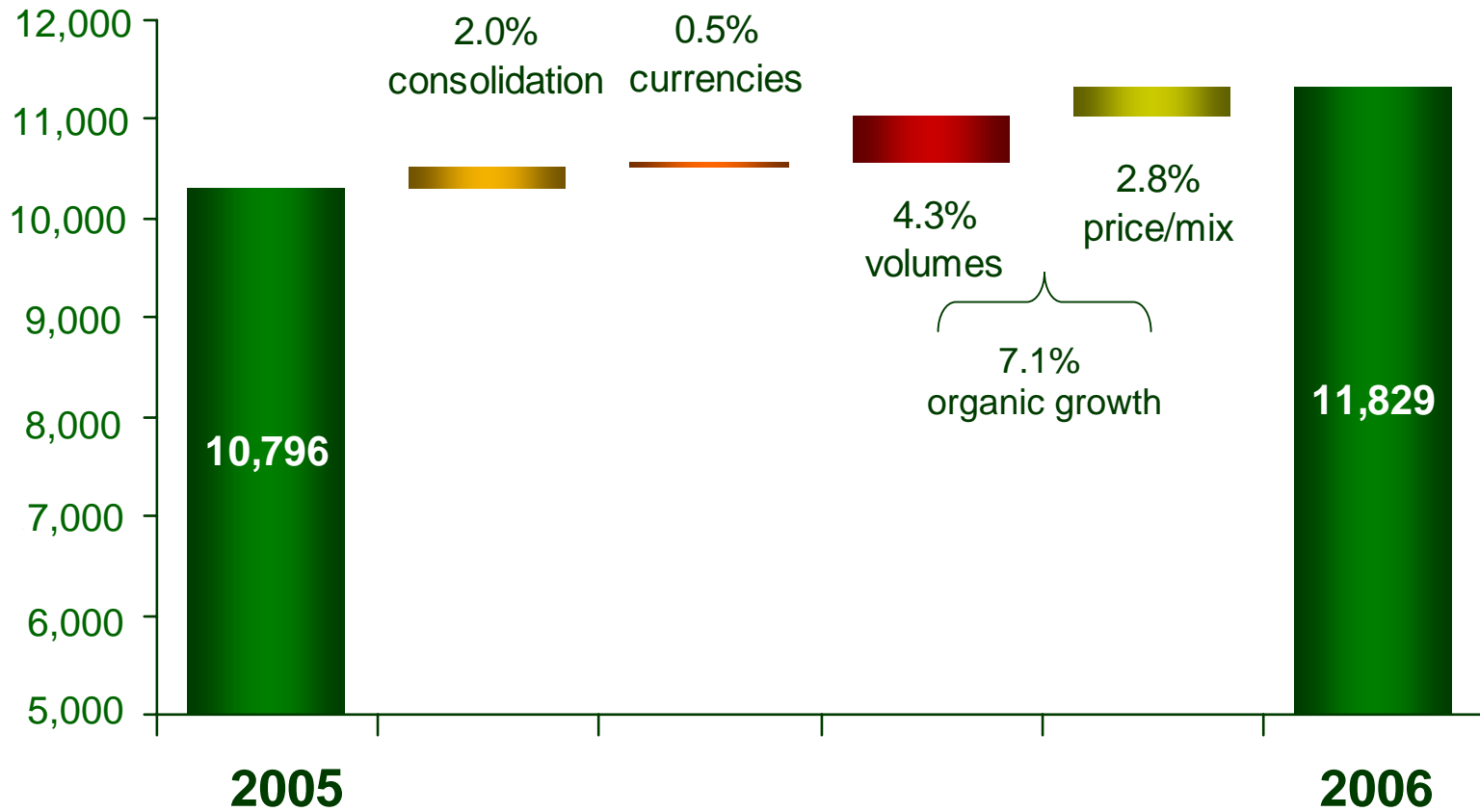
|                   | 2006   | 2005   | Increase | Organic growth |
|-------------------|--------|--------|----------|----------------|
| Cons. beer volume | 111.9  | 100.5  | 11.3%    | 6.9%           |
| Revenue           | 11,829 | 10,796 | 9.6%     | 7.1%           |
| EBIT*             | 1,832  | 1,283  | 42.7%    |                |
| EBIT (beia)       | 1,569  | 1,392  | 12.7%    | 10.7%          |
| Net profit**      | 1,211  | 761    | 59.1%    |                |
| Net profit (beia) | 930    | 840    | 10.7%    | 12.6%          |

\* Includes exceptional items before tax in 2006: +€273m (in 2005: -€102m) and amortisation of brands (in 2006: -€10m, in 2005: -€7m).

\*\* Includes exceptional items after tax in 2006: +€291m (in 2005: -€72m) and amortisation of brands (in 2006: -€10m, in 2005: -€7m).

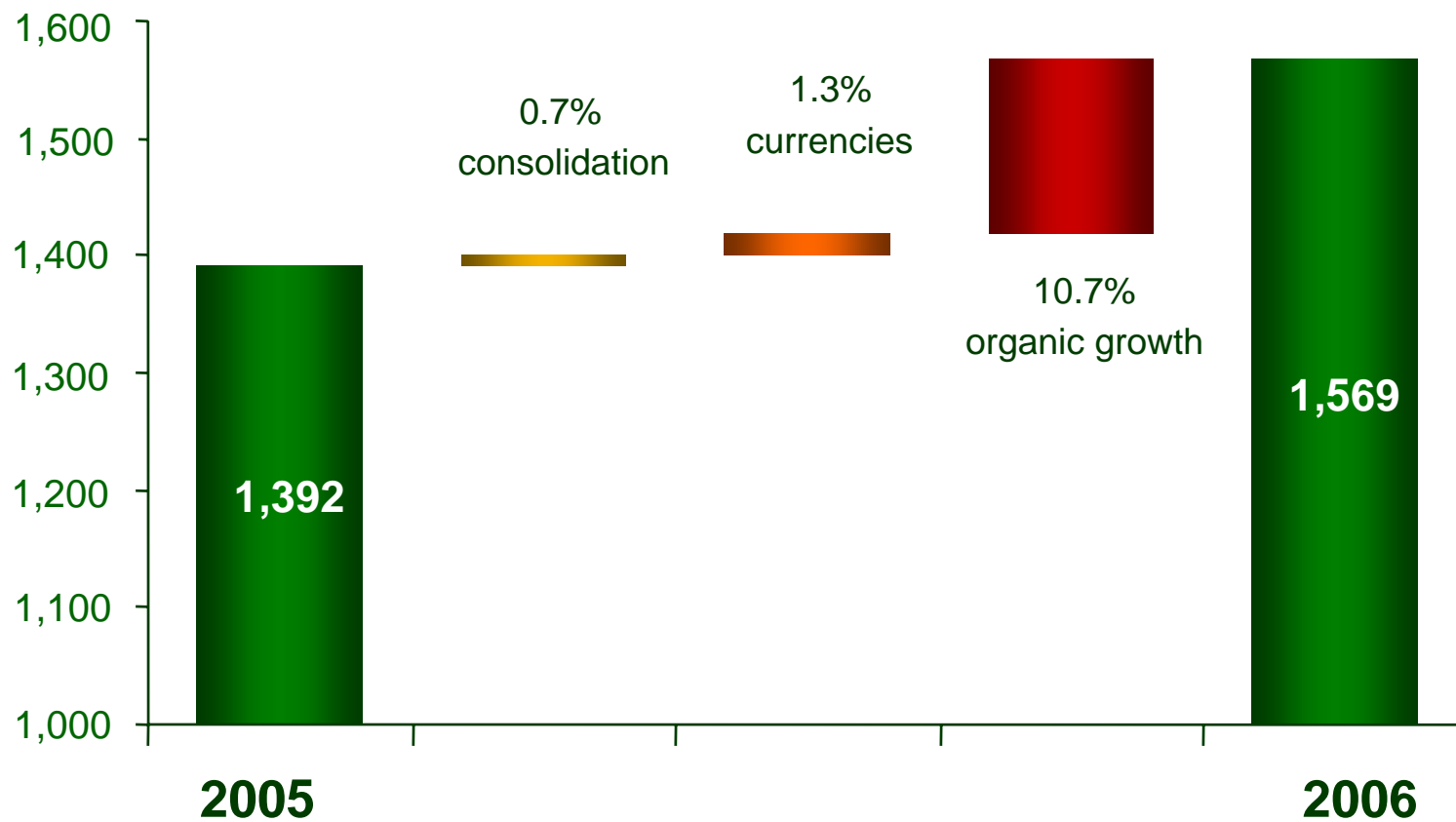


## Revenue (€million)





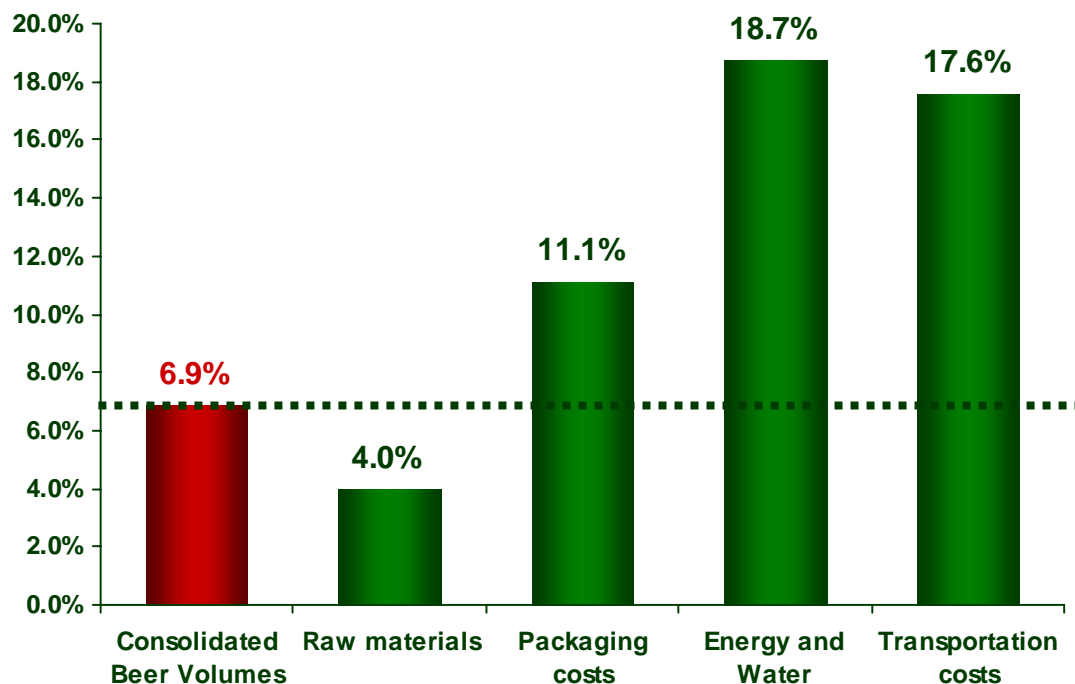
## EBIT (beia) (€million)





## Costs evolution

2006: Input costs Organic Growth (%)



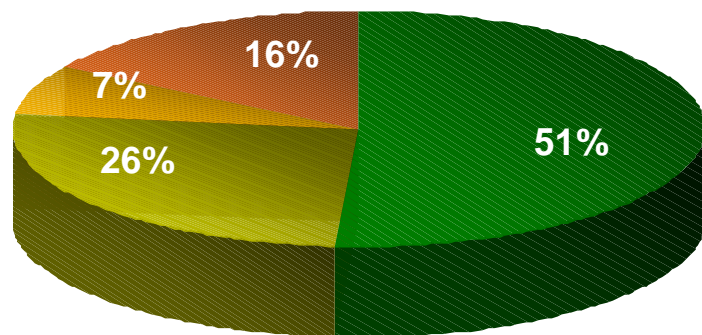
### Input costs for 2007:

- Raw material and packaging costs will increase 7% - 8%
- Due to price increases in barley, energy, bottles and aluminium
- More expensive innovative packaging and organic growth in volume will also add to the organic cost increase



## Fit 2 Fight: Increased target on gross savings

F2F savings regional split for 2006



■ Western Europe

■ Central and Eastern Europe

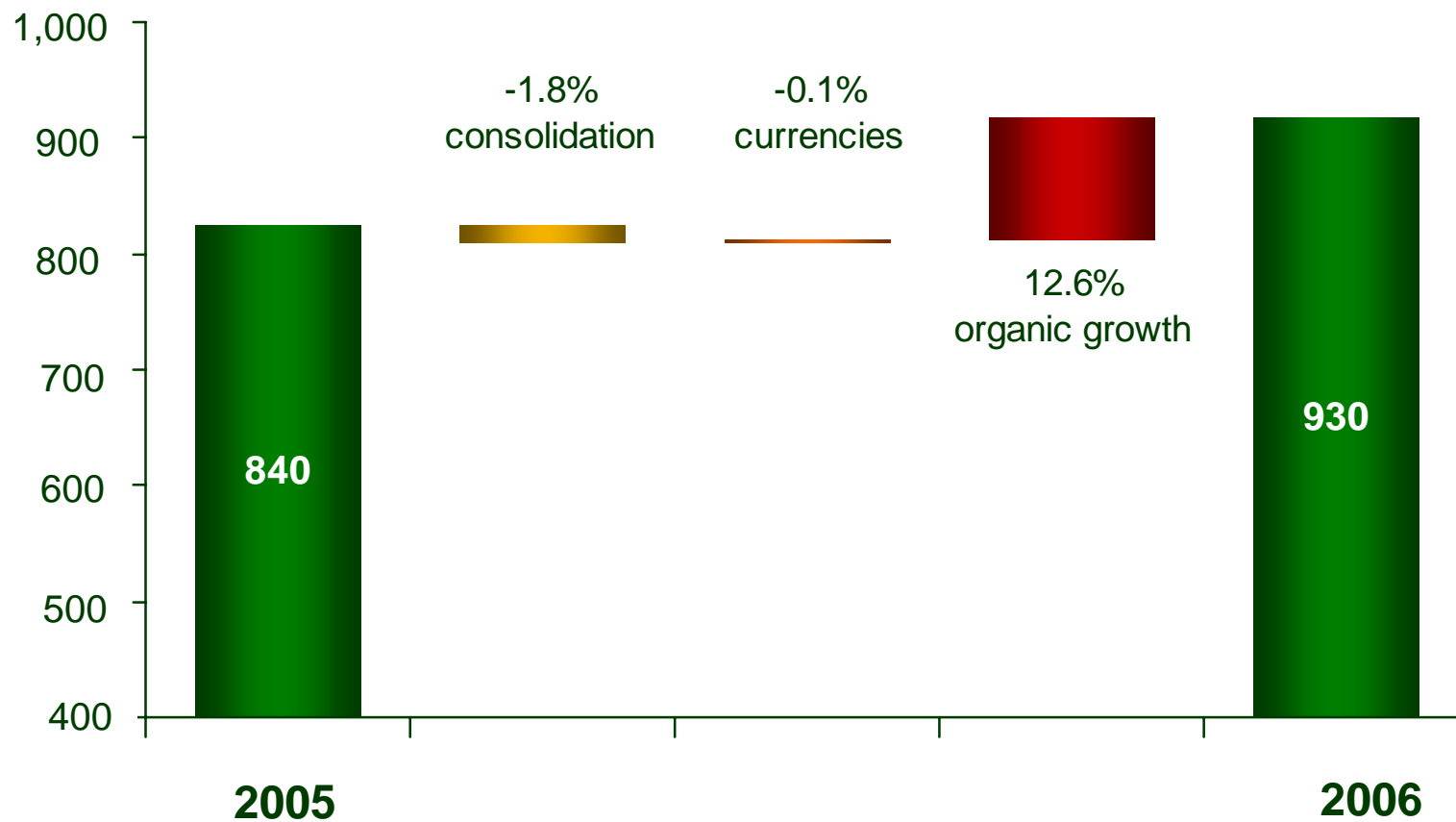
■ Africa

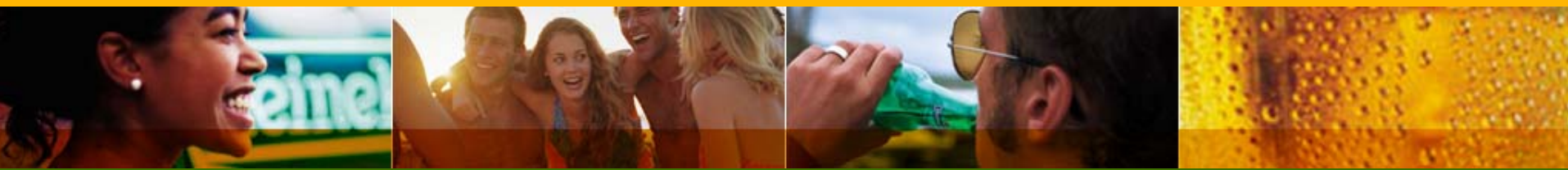
■ Others

- Heineken's F2F programme aims at €450m gross savings before tax by 2008
- Gross savings in 2006 were €114m, or 25% of the cumulative amount
- F2F Fixed cost/Revenues ratio decreased from 34.9% to 33.1%
- Exceptional restructuring costs €102m before tax
- Savings in supply chain €70m, 61% of total. Wholesale savings €24m, and support functions €20m
- Gross savings expected for 2007 are €135-155m before tax, related restructuring costs at €140-170m



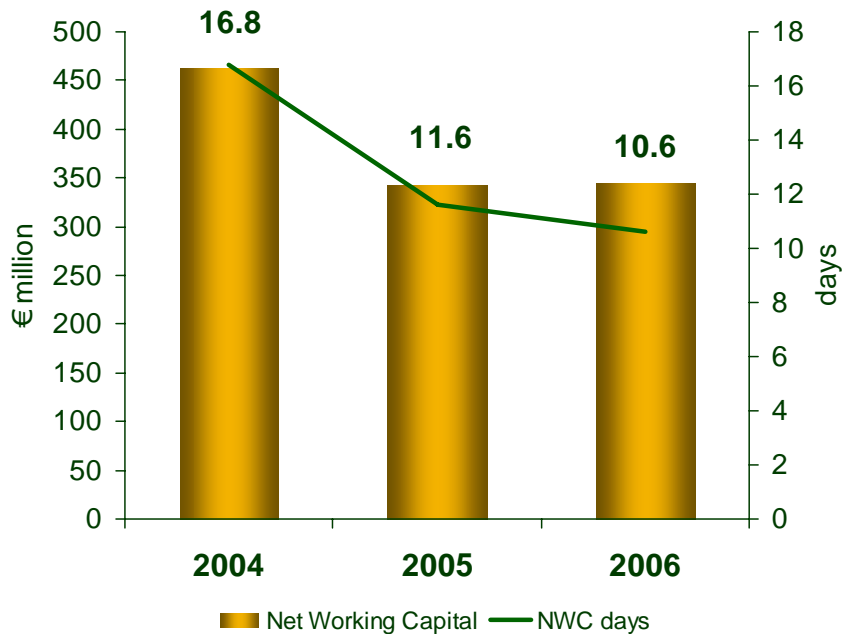
## Net profit (beia) (€million)





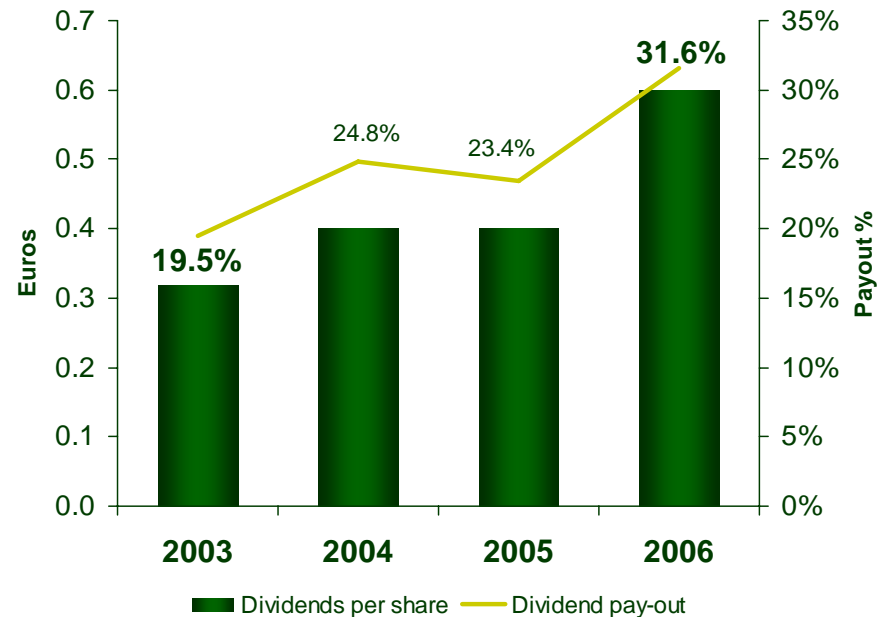
## Improvement in cash flow management and dividend pay-out

### Net Working Capital\*



\* Excluding financial instruments

### Dividend Payout

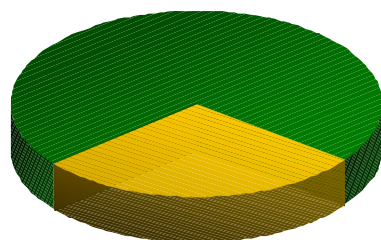


FY-03 and FY-04 are based on Dutch Gaap reporting, and FY-03 adjusted for share split  
Calculations are based on Net profit beia



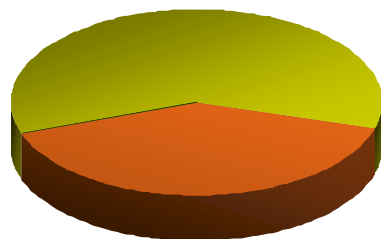
## Western Europe

### Consolidated Volumes



28%

### EBIT (beia)\*



40%

|                                    | 2006  | 2005  | % change |
|------------------------------------|-------|-------|----------|
| Consolidated beer volumes          | 32.1  | 31.9  | 0.6%     |
| Heineken brand volume <sup>^</sup> | 7.0   | 6.7   | 3.8%     |
| Revenue €m                         | 5,351 | 5,226 | 2.4%     |
| EBIT (beia) €m                     | 633   | 605   | 4.8%     |

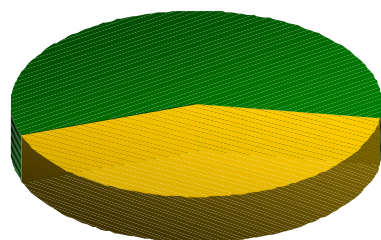
<sup>^</sup> excluding the Netherlands

- **Spain:** Strong volumes, growth in EBIT, Heineken brand +6.5%
- **UK:** Continued strong volume growth, Heineken brand +24%
- **Netherlands:** Amstel and Brand up, slightly higher market share, pressure on margins
- **Italy:** Lower volume, EBIT up due to cost savings, wholesale under pressure
- **France:** Volume down, EBIT increased driven by better mix and result of wholesale
- **Ireland:** Strong market share increase driven by the Heineken brand



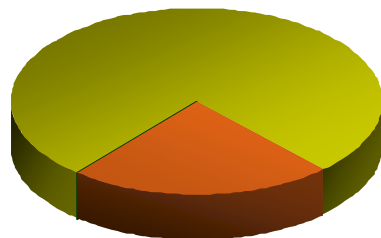
## Central and Eastern Europe

### Consolidated Volumes



42%

### EBIT (beia)\*



23%

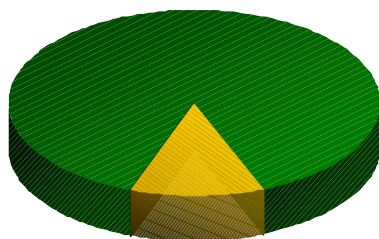
|                           | 2006  | 2005  | % change |
|---------------------------|-------|-------|----------|
| Consolidated beer volumes | 46.9  | 39.3  | 19.4%    |
| Heineken brand volume     | 2.2   | 1.9   | 15.2%    |
| Revenue €m                | 3,359 | 2,796 | 20.1%    |
| EBIT (beia) €m            | 364   | 305   | 19.5%    |

- **Austria:** EBIT up, better margins resulting from new brand strategy
- **Poland:** Market share up, Heineken, Zywiec, Warka up
- **Germany:** Volume up due to the weather and the world cup, Paulaner Weissbier strong
- **Russia:** Organic EBIT growth despite integration costs, higher marketing and more sales reps, organic volume +10%
- **Romania:** EBIT tripled, strong volume growth and good sales mix
- **Greece:** Higher volume and efficiency improvement drive EBIT growth



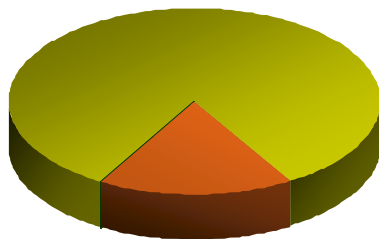
## The Americas

### Consolidated Volumes



12%

### EBIT (beia)\*



17%

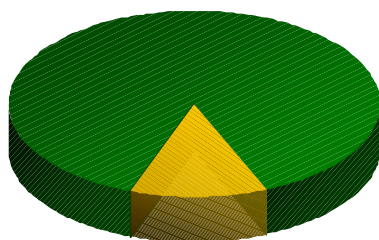
|                           | 2006  | 2005  | % change |
|---------------------------|-------|-------|----------|
| Consolidated beer volumes | 13.2  | 11.8  | 12.0%    |
| Heineken brand volume     | 8.6   | 7.4   | 17.2%    |
| Revenue €m                | 1,975 | 1,733 | 14.0%    |
| EBIT (beia) €m            | 267   | 256   | 4.2%     |

- **USA:** Heineken Lager up, Heineken Premium Light big success, EBIT stable despite incremental marketing and transport costs
- **CCU:** Strong volume, revenue and EBIT grew double digit, Heineken +20%
- **Canada:** Double-digit Heineken growth
- **Caribbean:** Stable volume, launch of HPL in Puerto Rico



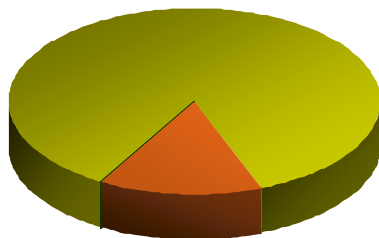
## Africa and Middle East

### Consolidated Volumes



12%

### EBIT (beia)\*



14%

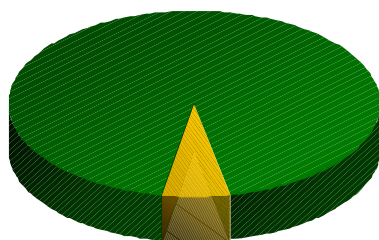
|                           | 2006  | 2005  | % change |
|---------------------------|-------|-------|----------|
| Consolidated beer volumes | 13.3  | 11.5  | 14.9%    |
| Heineken brand volume     | 1.1   | 0.9   | 23.6%    |
| Revenue €m                | 1,182 | 1,052 | 12.4%    |
| EBIT (beia) €m            | 234   | 198   | 18.2%    |

- **Nigeria:** EBIT up, Volume grew double-digit
- **Central Africa:** Strong volume and EBIT growth in Congo, DRC, Rwanda and Burundi
- **Egypt:** Volume up 5.7%, restructuring well underway
- **South Africa:** Heineken volume +48%, strong growth Amstel



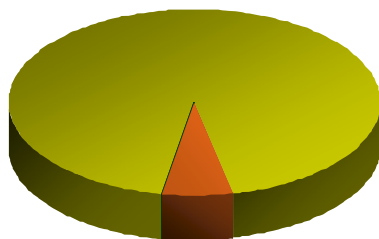
## Asia Pacific

### Consolidated Volumes



6%

### EBIT (beia)\*



6%

|                           | 2006 | 2005 | % change |
|---------------------------|------|------|----------|
| Consolidated beer volumes | 6.4  | 6.0  | 7.1%     |
| Heineken brand volume     | 3.5  | 3.2  | 10.9%    |
| Revenue €m                | 560  | 502  | 11.5%    |
| EBIT (beia) €m            | 95   | 73   | 28.8%    |

- **Cambodia and Vietnam:** Strong volume growth
- **Thailand and Malaysia:** Challenging market conditions
- **China:** Positive EBIT
- **Indonesia:** Volume flat due to natural disasters
- **Australia:** Volume +40%
- **Taiwan:** Strong Heineken growth



## 2006: A strong year



- Accelerated top-line growth
- Heineken brand growth at record levels
- F2F delivering faster
- Organic net profit growth of 12.6%
- Dividend per share increased by 50%
- Forecast 2007: organic net profit growth in the 10%-13% range



# Commercial



# Questions Please



for a fresher world\*  **Heineken**<sup>®</sup>



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## US Dollar Hedging

### Position

USD million

Net Inflow

Hedged Part\*\*

Hedged Rate\*\*\*

### Impact

€million

Net Profit

|       |       |     |      |
|-------|-------|-----|------|
| 2004A | 772   | 772 | 1.13 |
| 2005A | 767   | 767 | 1.26 |
| 2006A | 866   | 866 | 1.26 |
| 2007F | 940   | 855 | 1.27 |
| 2008F | 1,085 | 318 | 1.30 |

|        |      |
|--------|------|
| 2004A  | -79  |
| 2005A  | - 39 |
| 2006A  | - 4  |
| 2007F* | -3   |
| 2008F* | -23  |

\* Assuming \$ spot rate at 31 December 2007 corresponds with the hedging rate

\*\* Hedging at 20 February 2007

\*\*\* Including the costs of hedging



## Information on core beer markets 2006

### Country

### Volumes in hl millions\*

|                             |      |
|-----------------------------|------|
| Russia                      | 13.0 |
| Spain                       | 11.2 |
| Poland                      | 11.0 |
| United States (incl. Femsa) | 10.0 |
| Germany                     | 9.1  |
| Chile                       | 7.1  |
| France                      | 6.6  |
| Nigeria                     | 6.1  |
| Netherlands                 | 5.7  |
| Italy                       | 5.7  |
| Austria                     | 4.5  |
| Greece                      | 3.3  |

\* Includes export



## Heineken's top-selling brands 2006

### Brand

### Sales Group Volume hl millions

### Country

|                        |      |                             |
|------------------------|------|-----------------------------|
| Heineken® (premium)    | 22.5 | International               |
| Amstel                 | 12.2 | International               |
| Cruzcampo              | 5.3  | Spain                       |
| Heineken® (mainstream) | 3.3  | Netherlands                 |
| Ochota                 | 3.3  | Russia                      |
| Star                   | 3.1  | Nigeria                     |
| Cristal                | 2.9  | Chile                       |
| Primus                 | 2.9  | Congo, DRC, Burundi, Rwanda |
| Zywiec                 | 2.8  | Poland                      |
| Tatra                  | 2.5  | Poland                      |
| Moretti                | 2.0  | Italy                       |
| Gulder                 | 1.8  | Nigeria/Ghana               |

\* Includes export



## Exceptional items (€million)

### Impact at EBIT level

| €m                                        | 2006       | 2005        |
|-------------------------------------------|------------|-------------|
| Gain on sales of assets                   | 375        | -           |
| F2F costs                                 | 102-       | -           |
| Costs related to previous saving programs | -          | 102-        |
| <b>Total exceptional items</b>            | <b>273</b> | <b>102-</b> |
| Amortisation of brands                    | 10-        | 7-          |
| <b>Total EIA Effect</b>                   | <b>263</b> | <b>109-</b> |



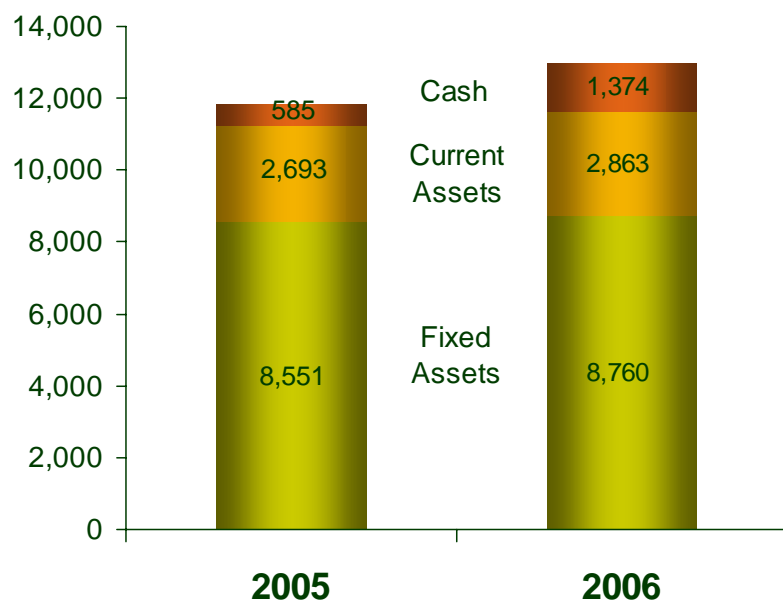
### Impact at Net profit level

| €m                                    | 2006       | 2005       |
|---------------------------------------|------------|------------|
| Impact at EBIT level                  | 273        | 102-       |
| Tax deduction for recognised goodwill | 49         |            |
| Tax effect                            | 31-        | 30         |
| <b>Total exceptional items</b>        | <b>291</b> | <b>72-</b> |
| Amortisation of brands                | 10-        | 7-         |
| <b>Total EIA effect</b>               | <b>281</b> | <b>79-</b> |

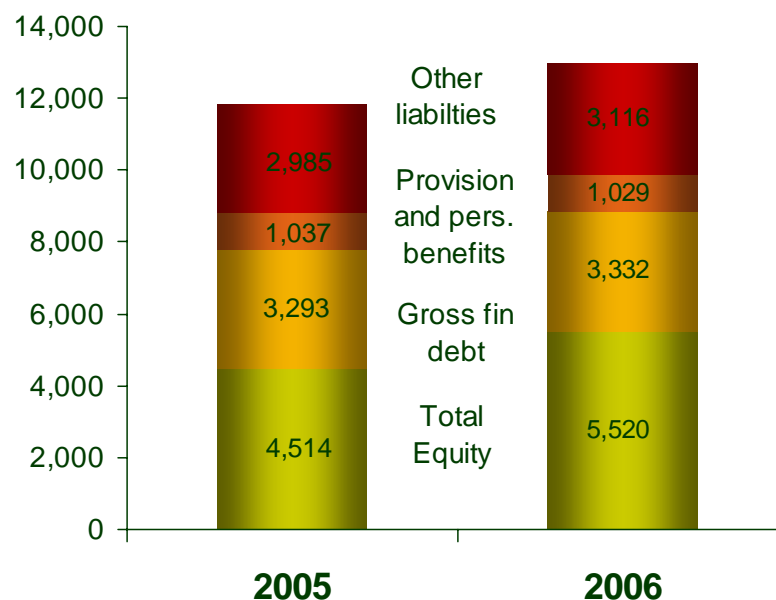


## Balance Sheet 2006 (€million)

### Assets



### Equity and Liabilities



Net debt position end of 2006: €1,913m (2005: €2,647m)



## Important Notice

This presentation contains forward-looking statements with regard to the financial position and results of Heineken's activities. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Heineken's ability to control or estimate precisely, such as future market and economic conditions, the behaviour of other market participants, changes in consumer preferences, the ability to successfully integrate acquired businesses and achieve anticipated synergies, costs of raw materials, interest rate - and foreign exchange fluctuations, change in tax rates, changes in law, pension costs, the actions of government regulators and weather conditions. These and other risk factors are detailed in Heineken's publicly filed annual reports.

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

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



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