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***Half Year Results 2004***

***Analysts Presentation***

**Building for  
future growth**



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# Half Year Results 2004

*Thony Ruys, Chairman Executive Board*

# Financial Highlights 2004 HY

- Strong growth in group sales volume (+20%)
- Organic net profit growth of 6%, organic operating profit growth 6.1%
- Net Profit BEIA -4.5%, as result of currency movements, in line with forecast, and Net Profit -27% due to currencies, exceptional items and a higher goodwill charge
- Robust cash generation through improved working capital management and stricter capital expenditure control

# Highlights 2004 HY

- Good performance of Heineken premium brand (+5.8%), driven by innovations & new commercial initiatives, continues to outperform the segment
- Strongly performing markets: United States, Russia, Poland, Nigeria, Far East
- Cost savings achieved in the Netherlands and Spain
- Integration of Brau Union on track
- New acquisitions and partnerships extend base for future growth



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# Financial Review

*René Hooft Graafland, Member Executive Board*

# Key Figures 2004 HY

€million

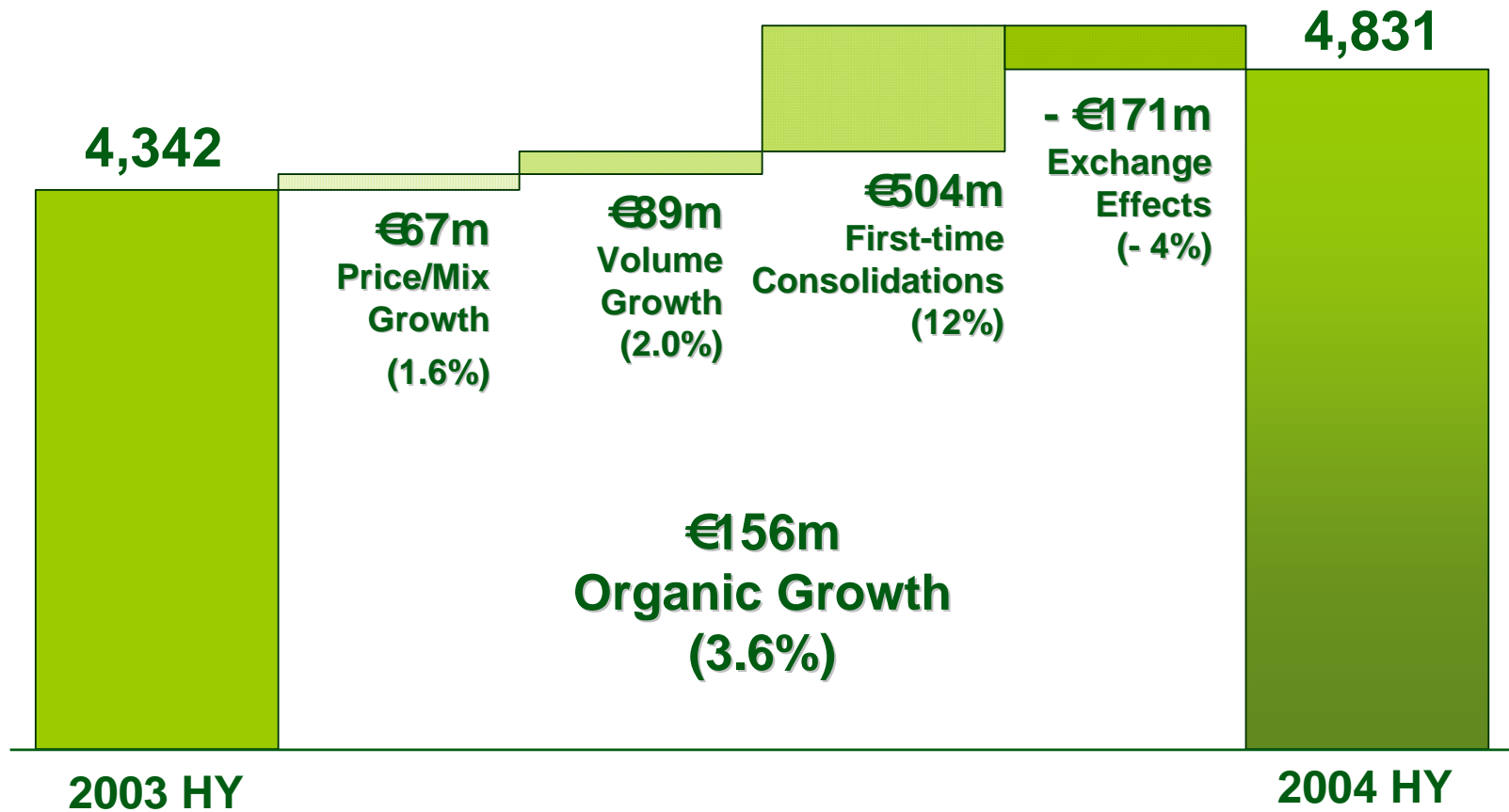
	2004HY	2003HY	Increase
Net Turnover	4,831	4,342	11.3%
EBITDA	943	875	7.8%
Operating Profit	559	588	- 4.9%
Net Profit	293	400	- 27%
<b>Net Profit beia*</b>	<b>319</b>	<b>334</b>	<b>- 4.5%</b>

- Excludes exceptional net gain (in 2004HY: €17m, 2003HY:€1m) and amortisation of goodwill (in 2004HY: €43m 2003HY: €5m)

<b>Organic growth in Operating Profit (BEIA)</b>	<b>6.1%</b>
<b>Organic growth in Net Profit (BEIA)</b>	<b>6.0%</b>

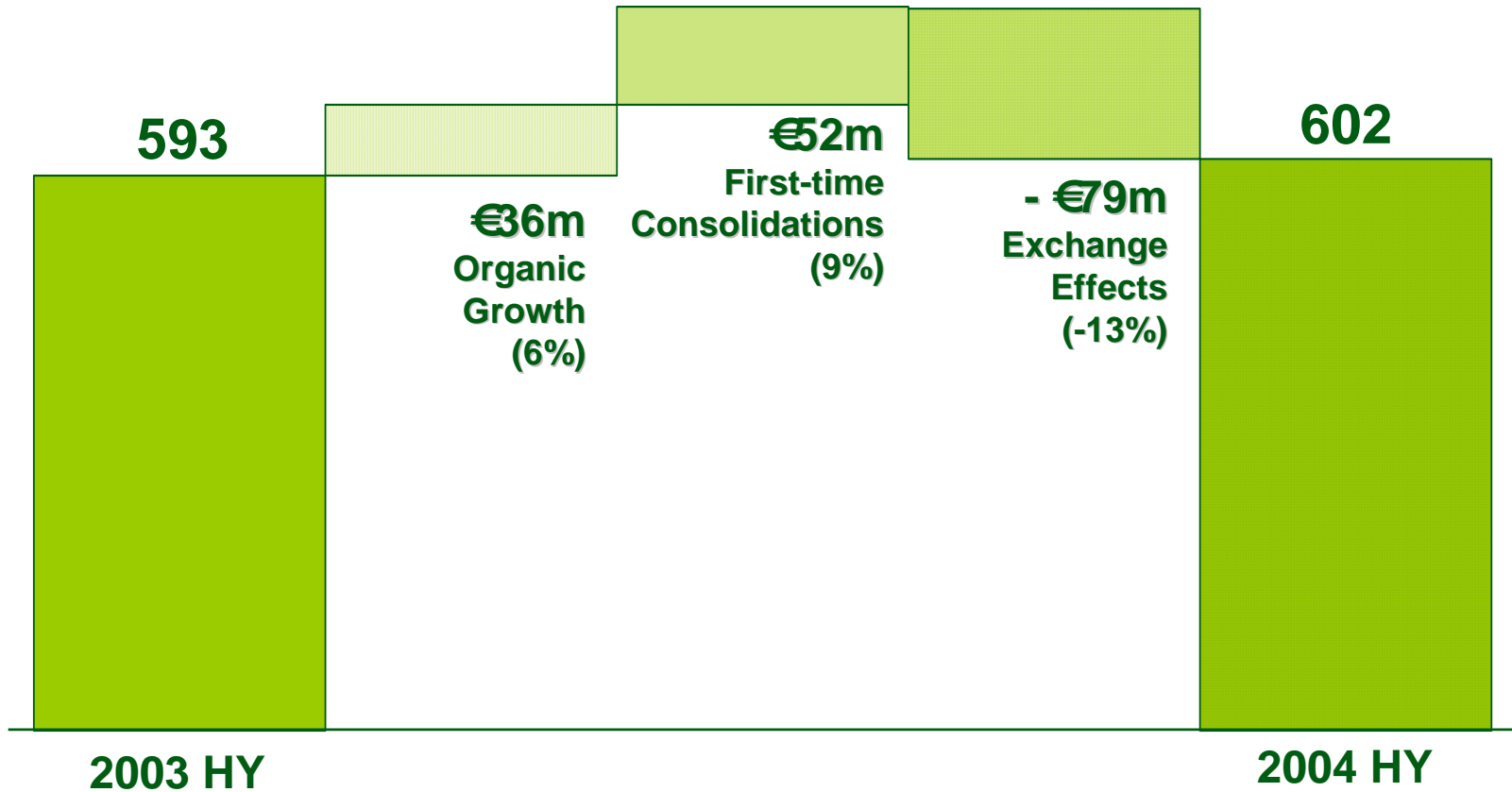
# Net Turnover

€million



# Operating Profit BEIA

€million



- Before amortisation of goodwill (2004HY: €43m 2003HY: €5m)

# US Dollar Hedging

## Position

US\$ million

## Impact\*

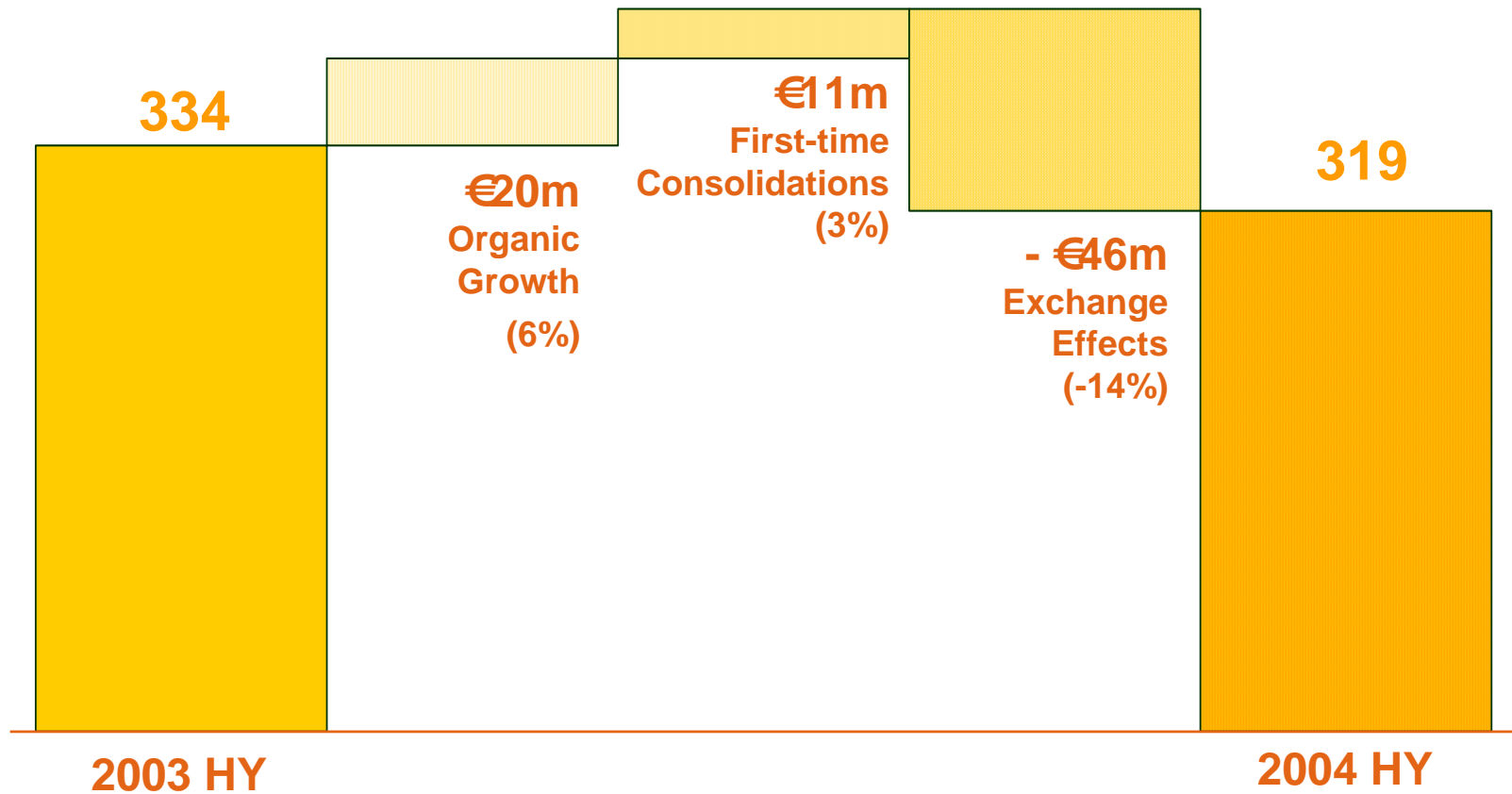
€million

	Net inflow	Hedged Part	Hedged Rate		Operating Profit	Net Profit
2003	795	NA	0.96	2003A	- 42	- 27
2004	800 F	764	1.13	2004F	- 124	- 81
2005	800 F	432	1.23	2005F	- 54	- 35

\* Converting open position at spot rate: €1 = \$1.205

# Net Profit BEIA

€million

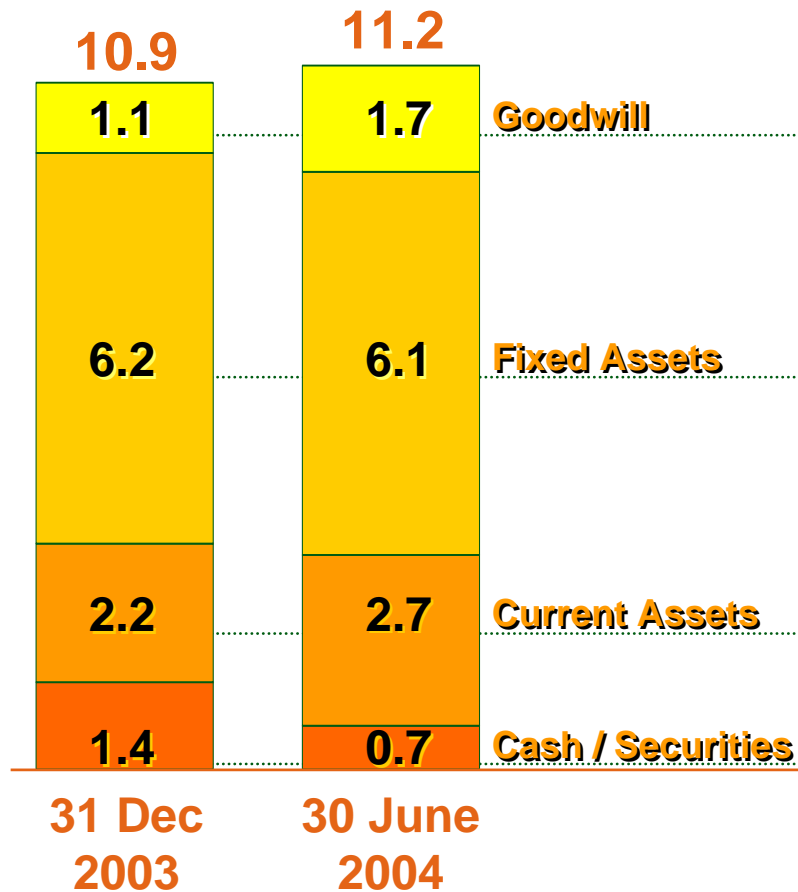


- Excludes exceptional net gain (in 2004HY: €17m, 2003HY: €71m) and amortisation of goodwill (in 2004HY: €43m 2003HY: €5m)

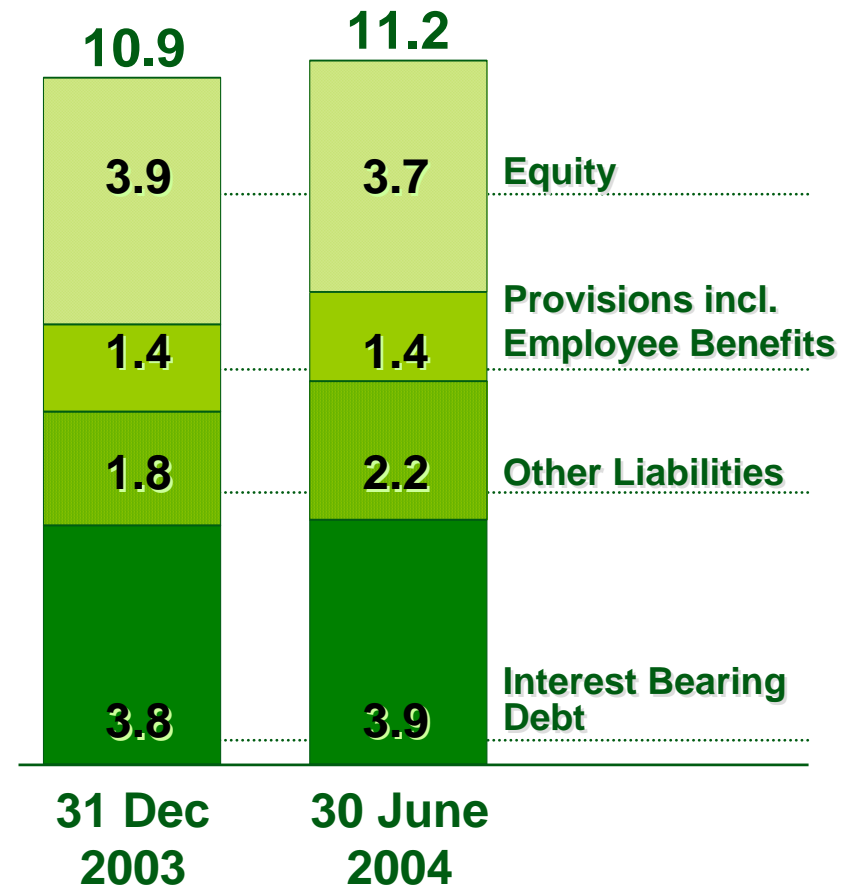
# Balance Sheet 2004 HY

€billion

## Assets

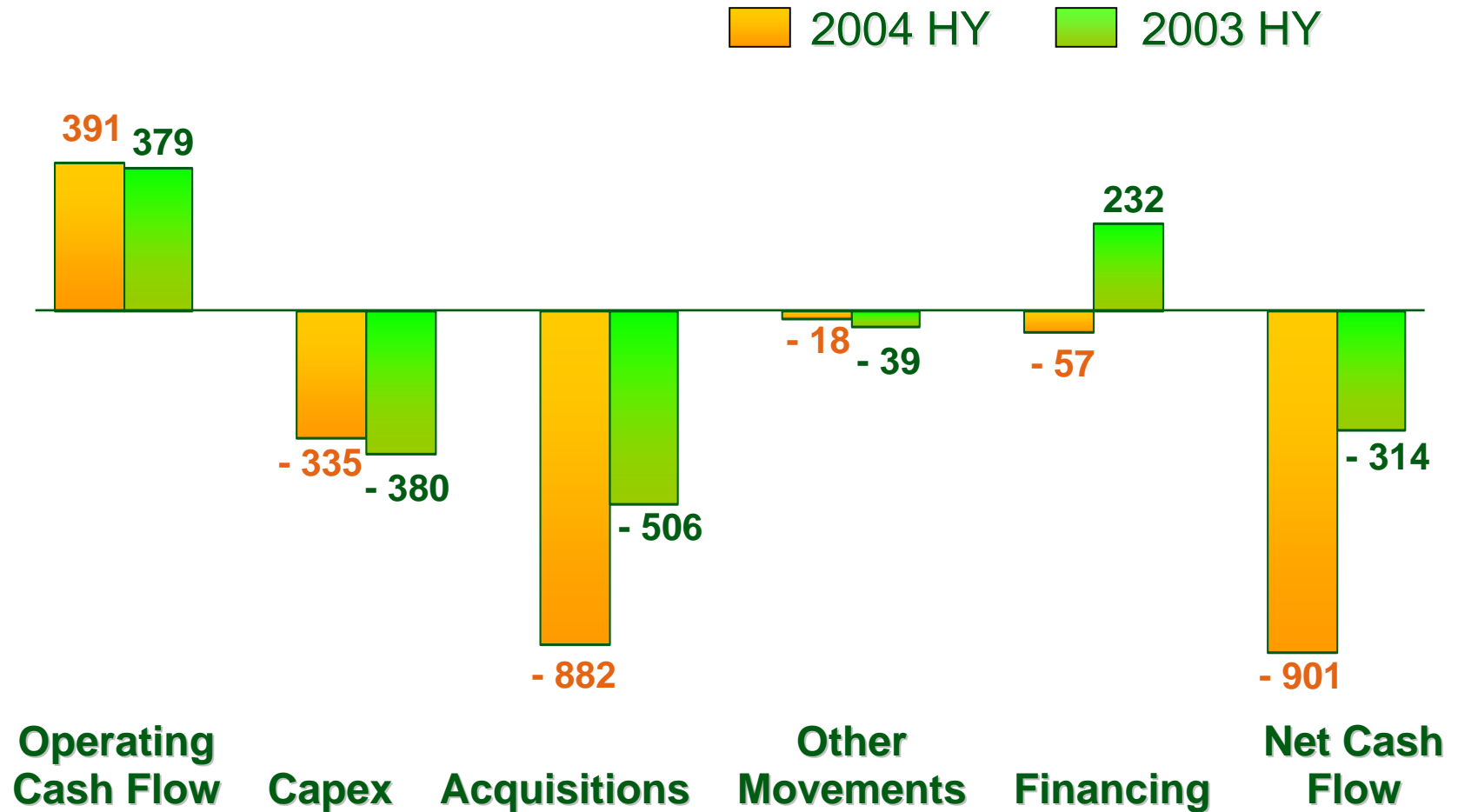


## Equity and Liabilities



# 2004 HY Cash Flow

€million





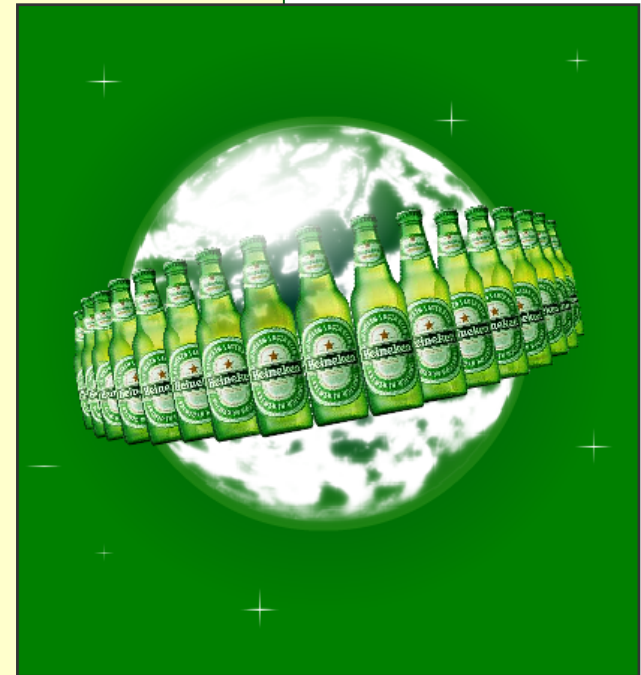
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# Key Developments

*Thony Ruys, Chairman Executive Board*

# Strengthening the Platform for Future Growth

- Continued focus Heineken Premium Sales
- Brau Union Integration on track
- Focus on US
- Emerging markets
- Partnerships
- Corporate Social Responsibility



# Heineken Premium Sales: a key profit driver

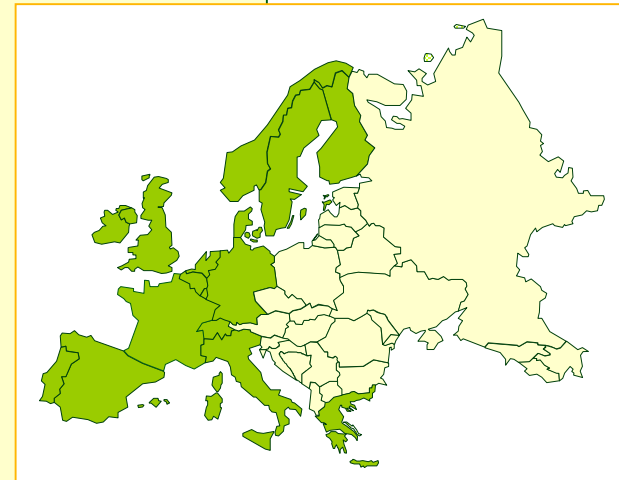
- 5.8% volume growth, more than 500,000 hectolitres, to 9.5 m hl
- Strong performance in US, Poland, Russia, Far East, Spain, France, Chile and Argentina
- UK repositioning continues
- Increased share of all major markets
- Successful innovations: The BeerTender
- Olympic sponsorship: building brand equity



# Western Europe

	2004HY	2003HY	Change
Net Turnover (€ m)	<b>2,593</b>	<b>2,590</b>	<b>0.0%</b>
Beer Volume (hl m)	<b>21.6</b>	<b>21.9</b>	<b>-1.4%</b>
Operating Profit BEIA (€ m)	<b>289</b>	<b>293</b>	<b>-1.4%</b>

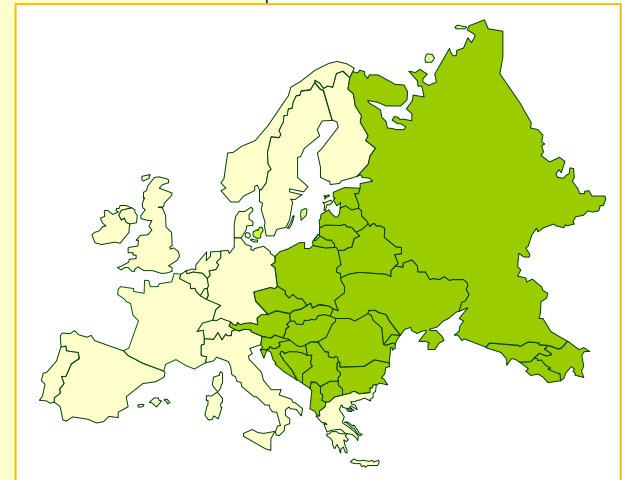
- Further improvement in sales mix in most Western European markets
- Reducing costs



# Central & Eastern Europe

	2004HY	2003HY	Change
Net Turnover (€ m)	<b>877</b>	<b>447</b>	<b>96%</b>
Beer Volume (hl m)	<b>14.8</b>	<b>8.6</b>	<b>72%</b>
Operating Profit BEIA (€ m)	<b>76</b>	<b>25</b>	<b>204%</b>

- Stronger position in Russia
- Brau Union integration on track



# Brau Union Integration Update

- On track to deliver €80 million in synergies in 2007
- In 2004, €25 million cost synergies and €10 million non-recurring costs expected
- Heineken volumes increased by 20.3% in 2004HY
- Recent integration steps:
  - Joint purchasing
  - Optimised brand portfolios
  - Closure/sale of six breweries
  - Introduction of Heineken brand



# The Americas

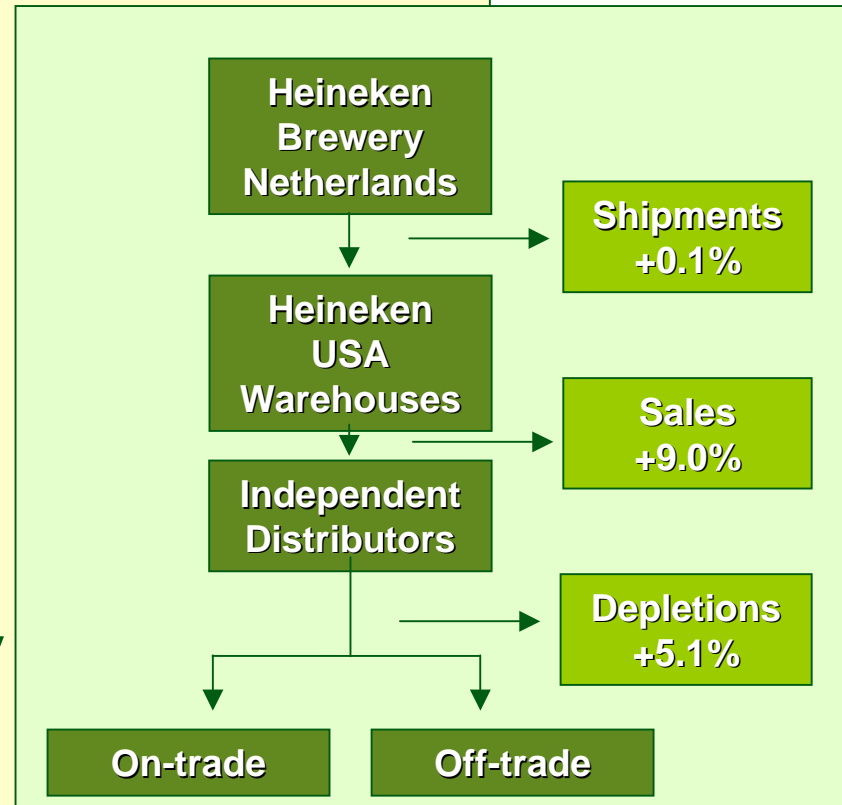
	2004HY	2003HY	Change
Net Turnover (€ m)	<b>709</b>	<b>668</b>	<b>6.1%</b>
Beer Volume (hl m)	<b>7.0</b>	<b>5.0</b>	<b>40%</b>
Operating Profit BEIA (€ m)	<b>136</b>	<b>164</b>	<b>-17%</b>

- Strong volume performance in US
- Partnership with FEMSA announced



# Heineken USA Volume 2004 HY

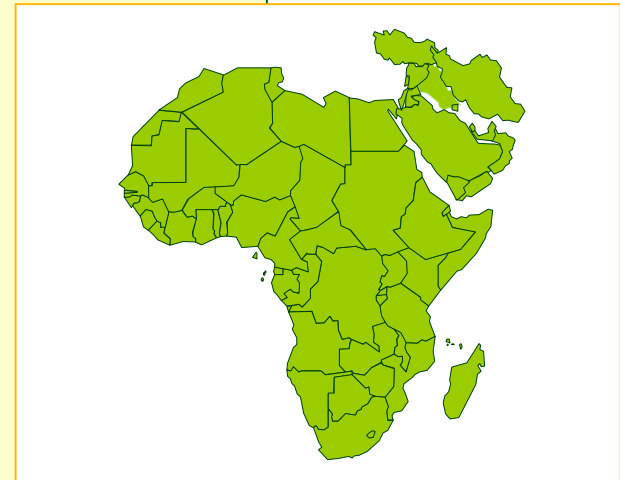
- USA total beer market up 1.6% in HY 2004
- Import segment up 3.4%
- Sales of Heineken USA up 9%, depletions up 5.1%
- Further improvement in market share
- Increase prices gradually



# Africa and the Middle East

	2004HY	2003HY	Change
Net Turnover (€ m)	421	429	-2%
Beer Volume (hl m)	6.6	5.9	11.9%
Operating Profit BEIA (€ m)	71	91	-22%

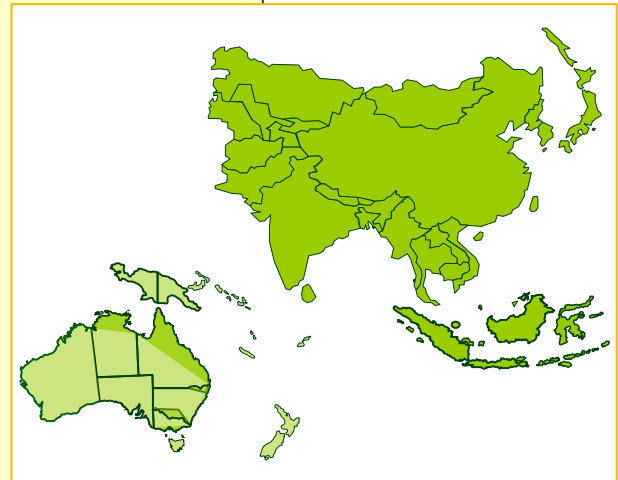
- Strong underlying volume growth
- Partnership with Diageo and Namibia Breweries in Southern Africa



# Asia Pacific

	2004HY	2003HY	Change
Net Turnover (€ m)	<b>231</b>	<b>222</b>	<b>4.1%</b>
Beer Hectolitres (hl m)	<b>4.4</b>	<b>4.0</b>	<b>10.0%</b>
Operating Profit BEIA (€ m)	<b>30</b>	<b>20</b>	<b>50%</b>

- Good performance by APB
- Stake in Kingway Brewery Holding, China
- Partnership with Lion Nathan, Australia





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# Outlook and Summary

# Outlook 2004 Full Year

- Heineken reiterates that for the full year of 2004 it expects organic net profit growth.
- However, given the high benchmark set by last year's excellent summer in Europe, the organic growth rate will inevitably be lower in the second half of the year compared with that of the first half of 2004.
- As stated in February 2004, Heineken's net profit in 2004 will be materially affected by adverse exchange rates. These effects will outweigh the predicted organic profit growth and the contributions to results by the new acquisitions, translating into a decrease in net profit for the full year
- In the second half of 2004, Heineken N.V. will review the valuation of its 20% participating interest in Kaiser.

# Summary



- Results 2004 HY in line with expectations, with underlying organic profit growth of 6%
- Heineken is securing a growing part of the world profit pool, due to:
  - a continuing shift of the portfolio towards the premium sector
  - further cost savings
  - unlocking synergies
  - a positive impact of innovations and new commercial initiatives
- Acquisitions and partnerships provide additional platforms for future growth

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# Appendix

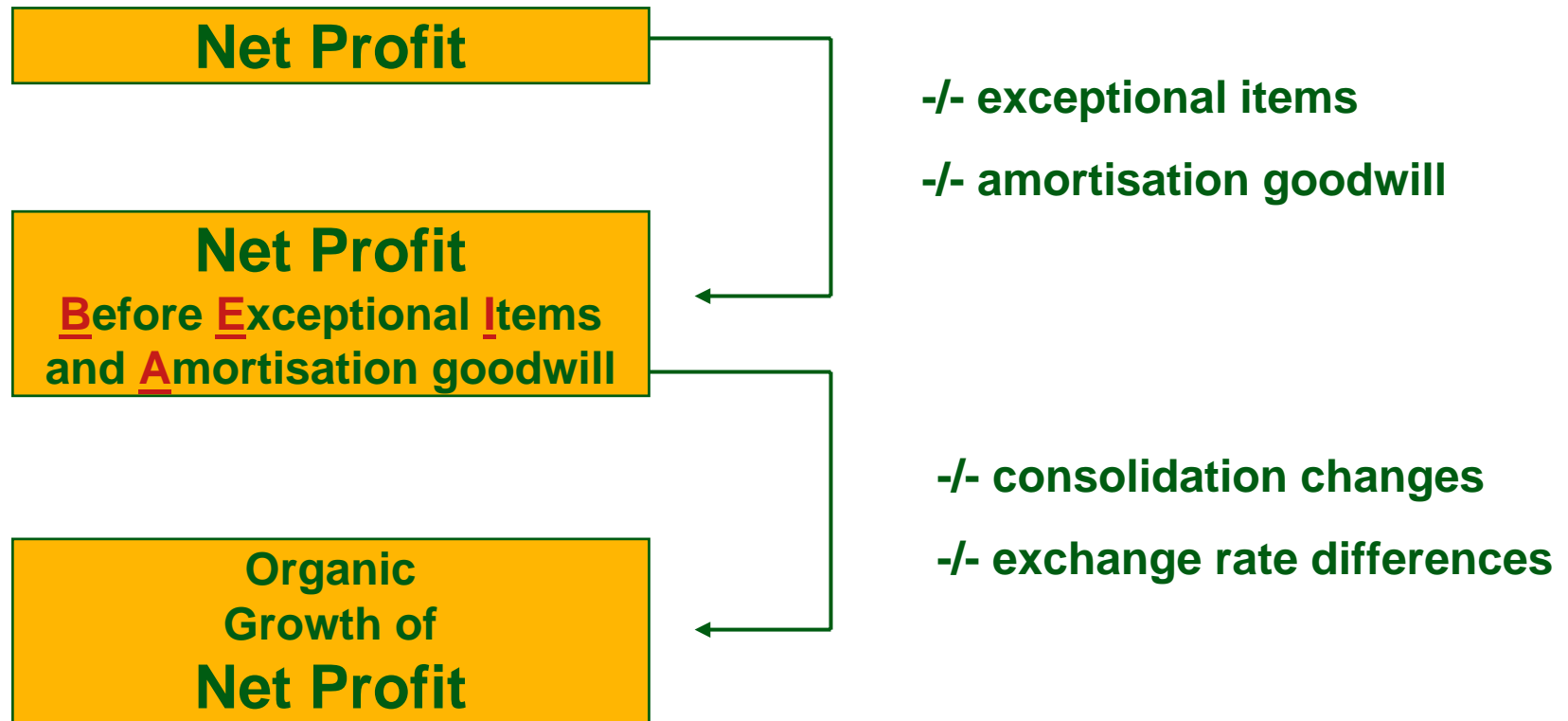
# Reconciliation Net Turnover 2004 HY

€million

	Sales Revenue Third Parties	Revenue from Services	Net Turnover
Western Europe	2,536	57	2,593
Central & Eastern Europe	862	15	877
Americas	708	1	709
Africa & Middle East	401	20	421
Asia Pacific	230	1	231
<b>Total</b>	<b>4,737</b>	<b>94</b>	<b>4,831</b>

- Table after inter-company sales proceeds of €546 million

# From Net to Organic



# Operating Profit and Net Profit

€million

	2004HY	2003HY	Difference
Operating Profit	559	588	- 5%
Income Affiliates	15	20	- 25%
Whitbread/Quilmes	17	71	NM
Interest	- 87	- 63	38%
Taxation	- 182	- 190	- 4%
Minority Interests	- 29	- 26	12%
Net Profit	293	400	- 27%
<b>Net Profit beia*</b>	<b>319</b>	<b>334</b>	<b>- 4.5%</b>

- Excludes exceptional net gain (in 2004HY: €17m, 2003HY: €1m)
- and amortisation of goodwill (in 2004HY: €43m 2003HY: €5m)

# Accounting Changes

- Implementation of Dutch GAAP and IFRS, main changes:
- 2003: Goodwill is no longer written off against equity, but capitalised and amortised over a maximum of 20 years
- 2003: Exceptional items are no longer separate line items
- 2004: Employee benefits
- 2005: Full implementation of IFRS
  - Tangible fixed assets at historical cost
  - Accounting for derivatives

# Heineken “Towards Sustainability”



“Towards Sustainability”, our new Safety, Health and Environment report, will be available on our website

[www.HeinekenInternational.com](http://www.HeinekenInternational.com)

as of September 10, 2004

Sustainability in all its dimensions (economical, environmental, and social) is of strategic importance to guarantee the continuity of our company



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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.

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September 2004