NOT AN INCH BACK!

Heineken UK

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HEINEKEN

Agenda

Not An Inch Back! Heineken UK

HEINEKEN in the UK LAD Market

Not An Inch Back in the UK

Summary

UK: HEINEKEN's largest market* in Western Europe

Key facts

3 Breweries: Edinburgh, Manchester, Tadcaster
2 Cider mills: Hereford and Ledbury
3 Offices: Edinburgh, Livingston, London

2,000 FTE

22 beer & cider brands

no. 1 beer and cider producer
Owner of 1,100 pubs

* In terms of volume and profit (2013FY)

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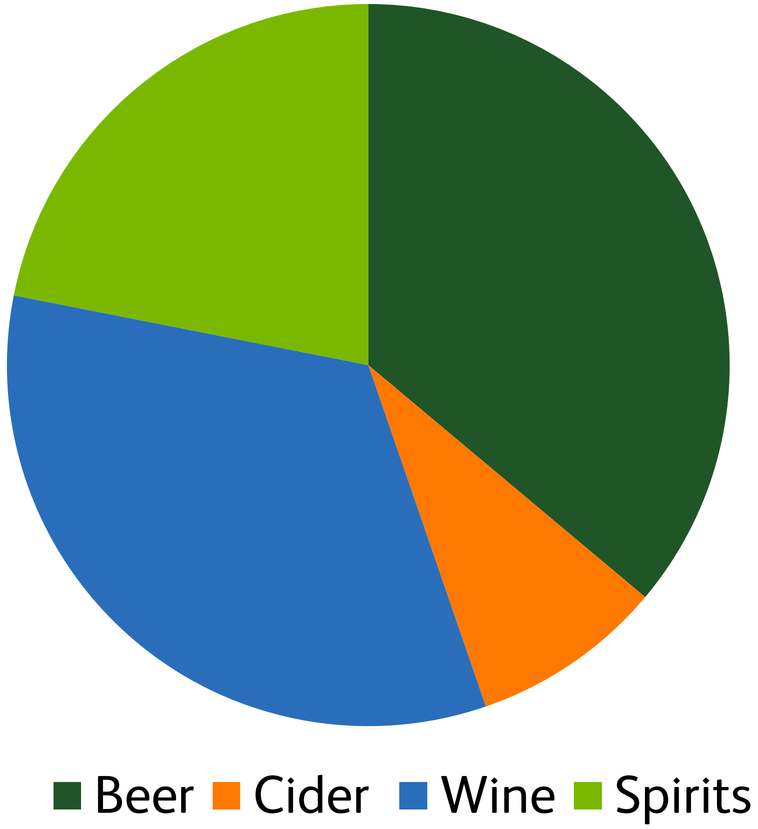
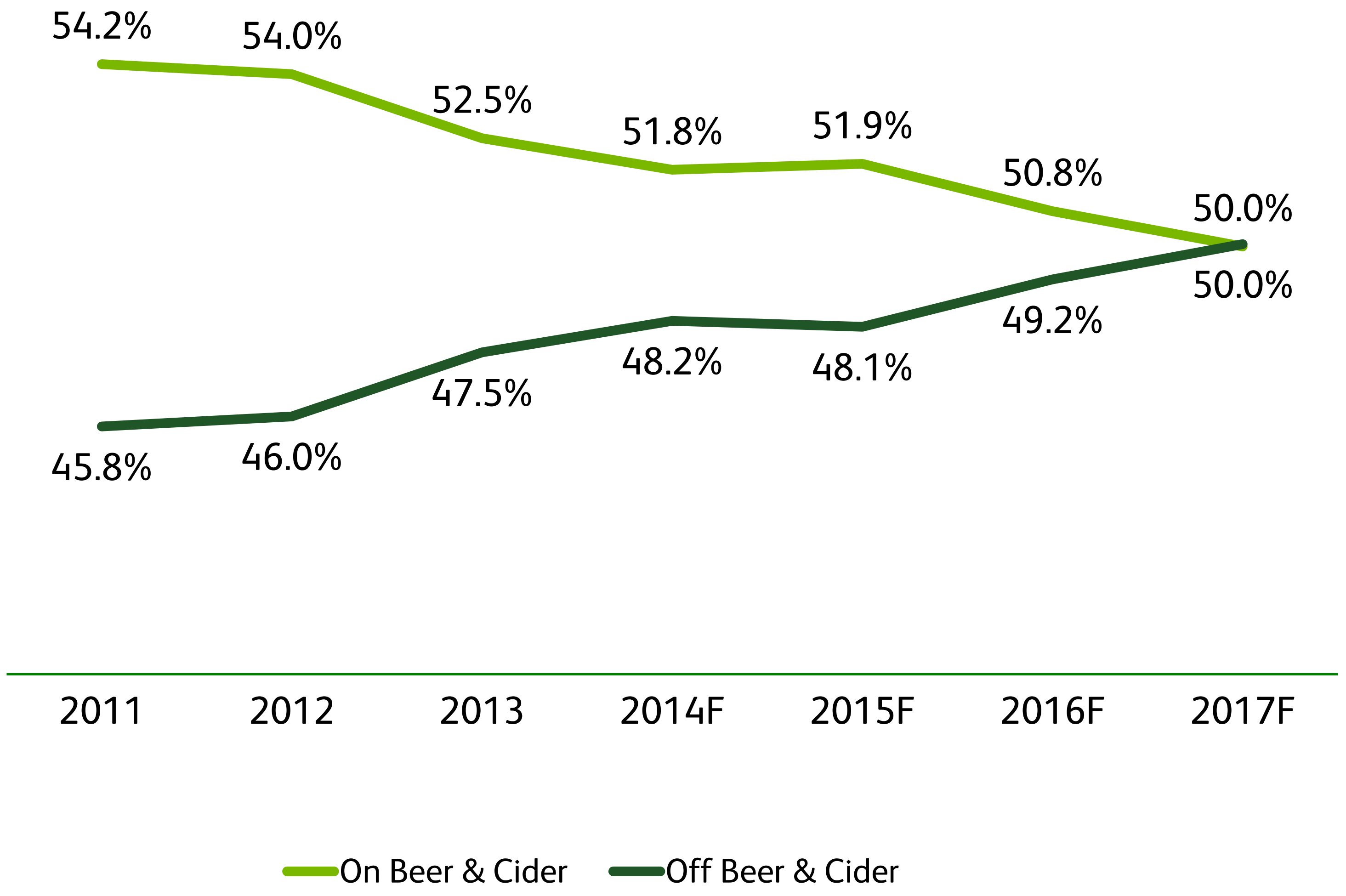
The UK is a competitive LAD Market

Consumption shifting from on-trade to off-trade

Alcoholic drinks market 2013FY value share



On & Off Trade LAD volumes



*LAD = Long Alcoholic Drink
Sources: On Trade CGA, Off Trade Neilson 2013FY
Sources: On Trade CGA, Off Trade Neilson September 2014

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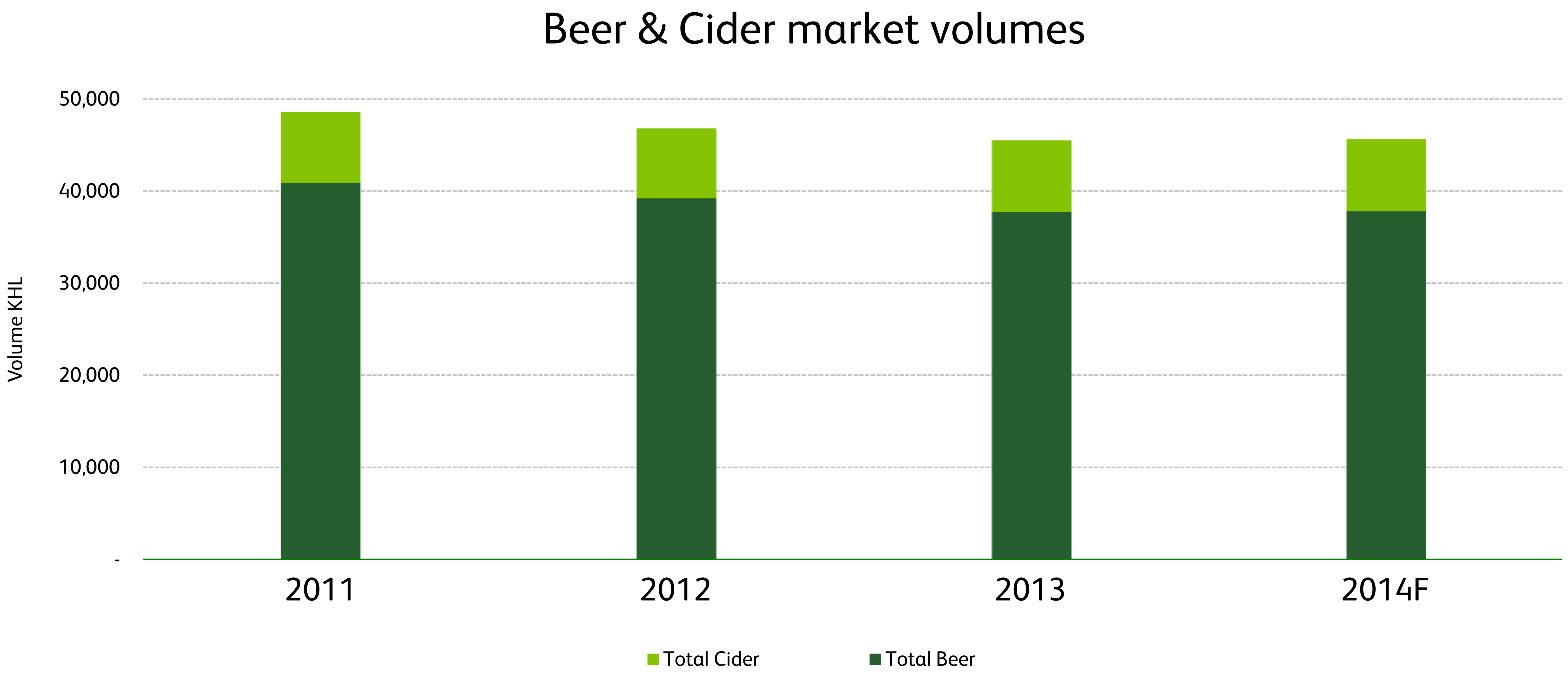
UK LAD market volumes are stabilising



Sources: On Trade CGA to 9th Sep 2014, Off Trade to 16th Sep 2014

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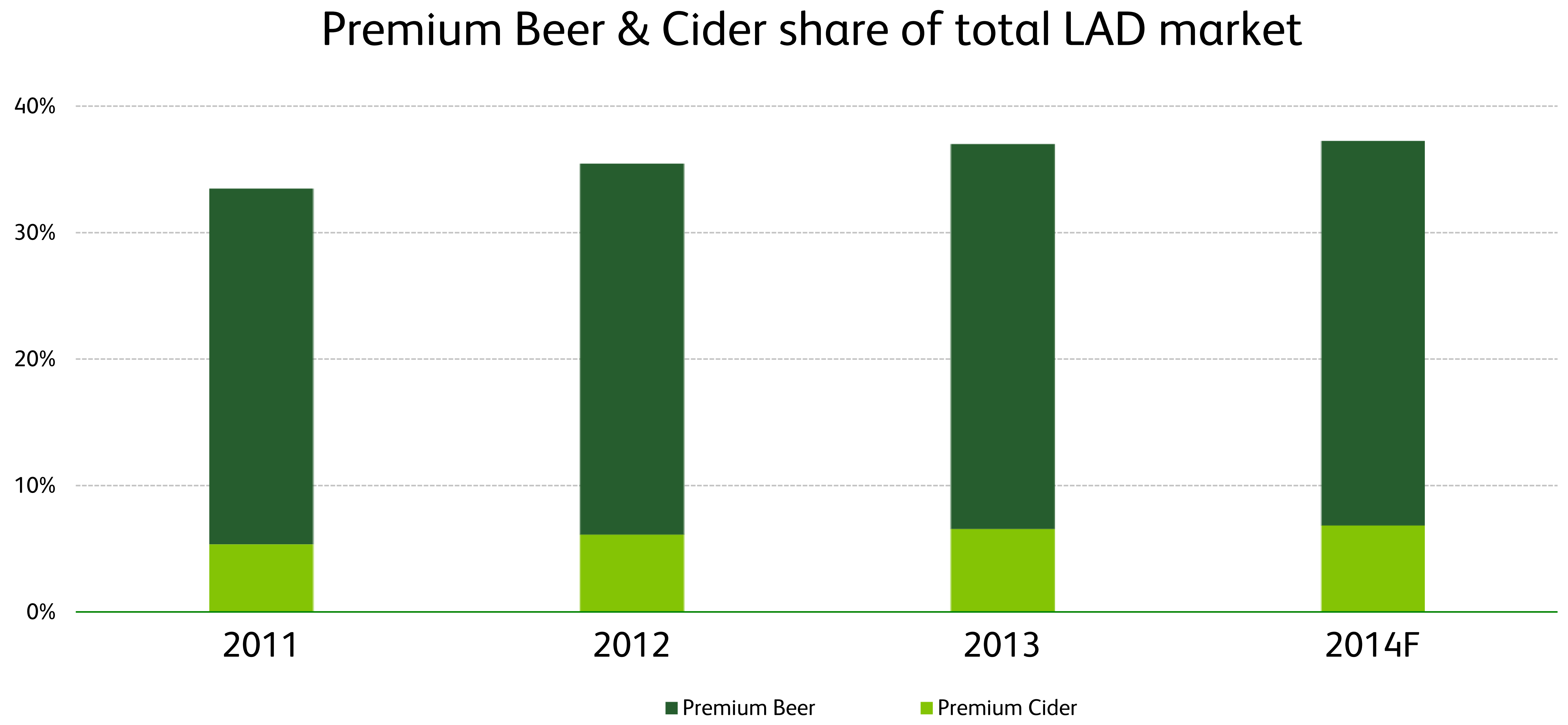
Expect continued shift into premium offerings



Definitions:
Premium Cider Includes: World, Modern and Niche Cider
Premium Beer Includes: World, Niche & Premium Lager plus Niche and Premium Ale
Sources: On Trade CGA to 9th Sep 2014, Off Trade to 16th Sep 2014

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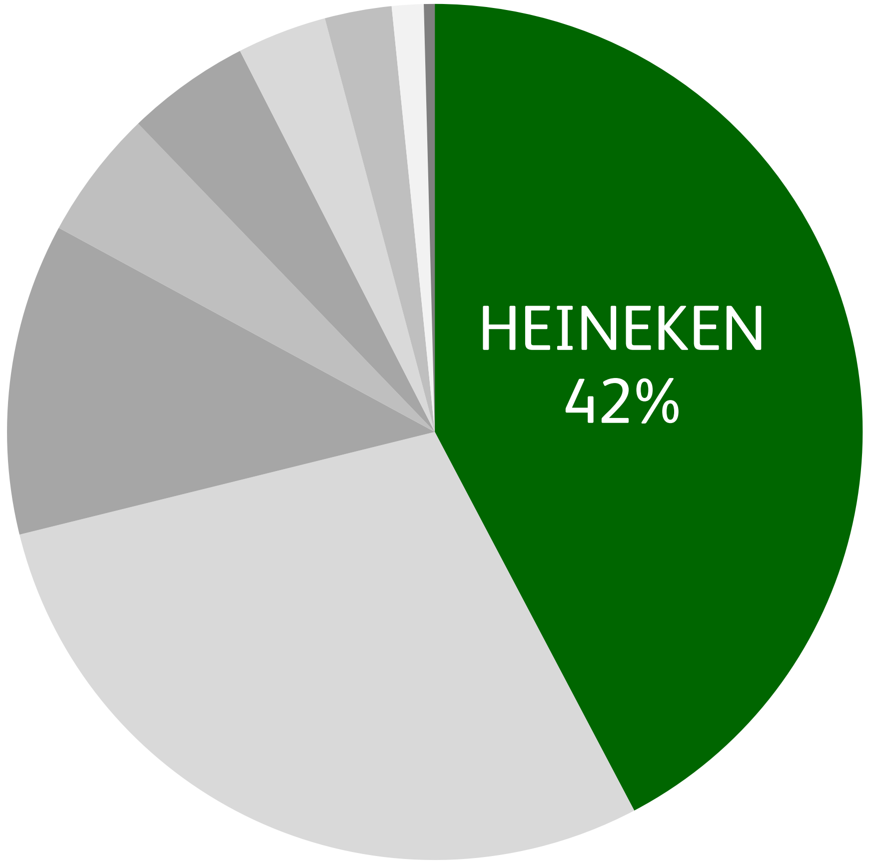
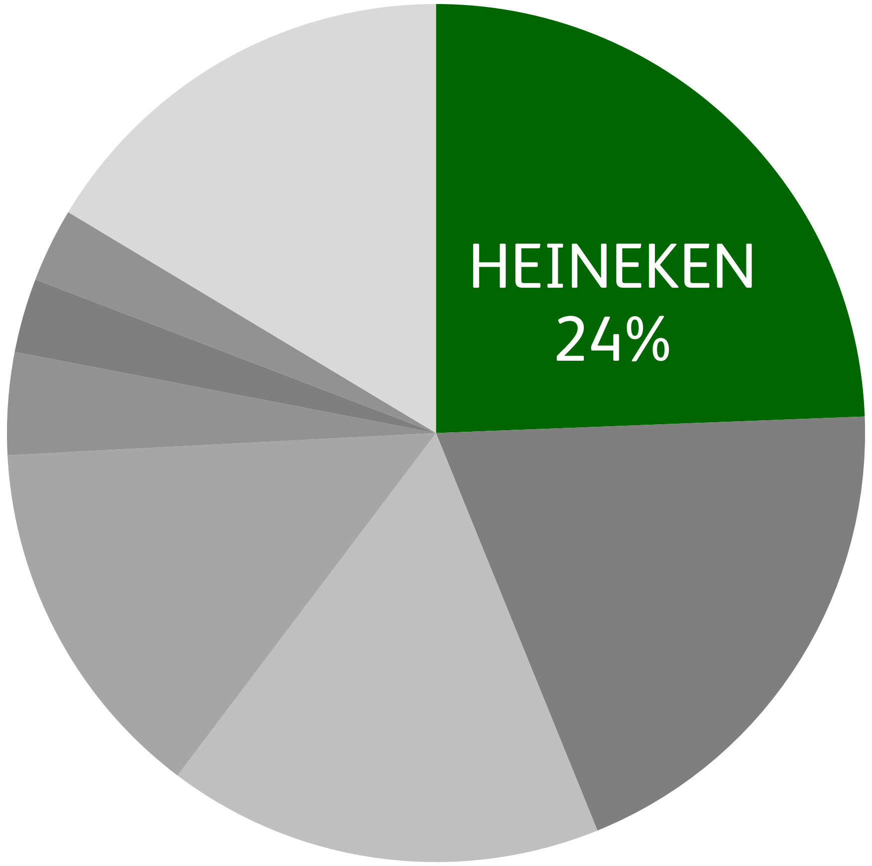
HEINEKEN: Well positioned in a highly fragmented market

UK cider market 2013FY



UK beer market 2013FY



Sources: On trade CGA, Off Trade Neilson 2013FY

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Evolution since S&N Acquisition

2008
HEINEKEN NV ACQUIRES S&N

2009
ACQUIRED BRAINS FREE TRADE BUSINESS

2010
CLOSURE OF DUNSTON & BERKSHIRE BREWERY
DIVESTMENT OF WAVERLEY TBS

2011
ACQUISTION OF STAR PUBS & BARS ESTATE

2012
ROLL OUT OF DESPERADOS

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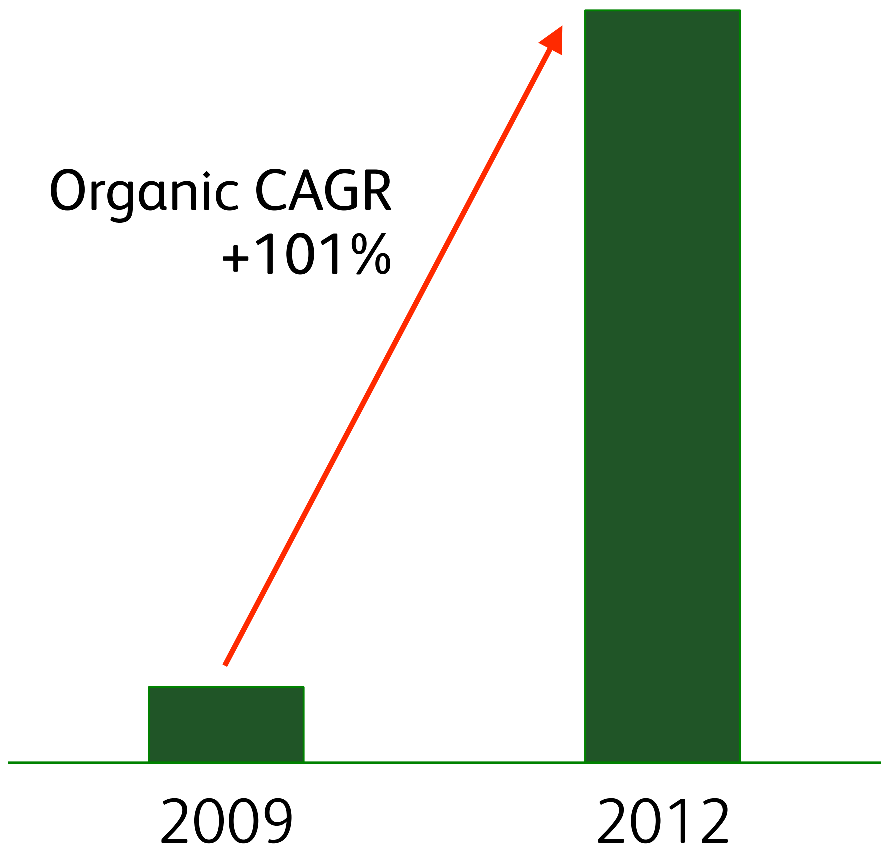
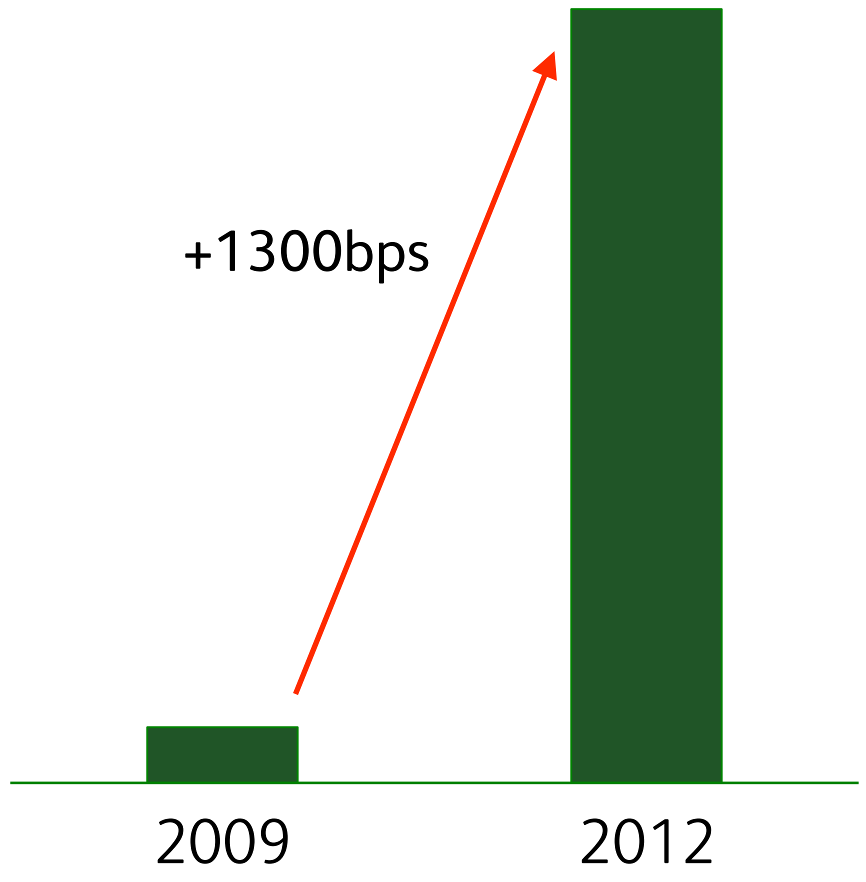
....with an impressive profit growth

Operating profit (beia)
2009-2012 €m



Operating profit (beia) margin
2009-2012



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Not An Inch Back! Heineken UK

HEINEKEN in the UK LAD Market

Not An Inch Back in the UK

Summary

Our ambition

NOT AN INCH BACK IN THE UK!

To be the **Undisputed leader** of the **Cider** & **Beer** market!

HEINEKEN's growth model in the UK

Cost for Revenue
Actively extract costs

Be more commercially assertive
Reinvest behind our brands to…

Structurally grow
our **Cider** and **Beer** share and…

Deliver a growing & sustainable profit and cash return to the HEINEKEN Group

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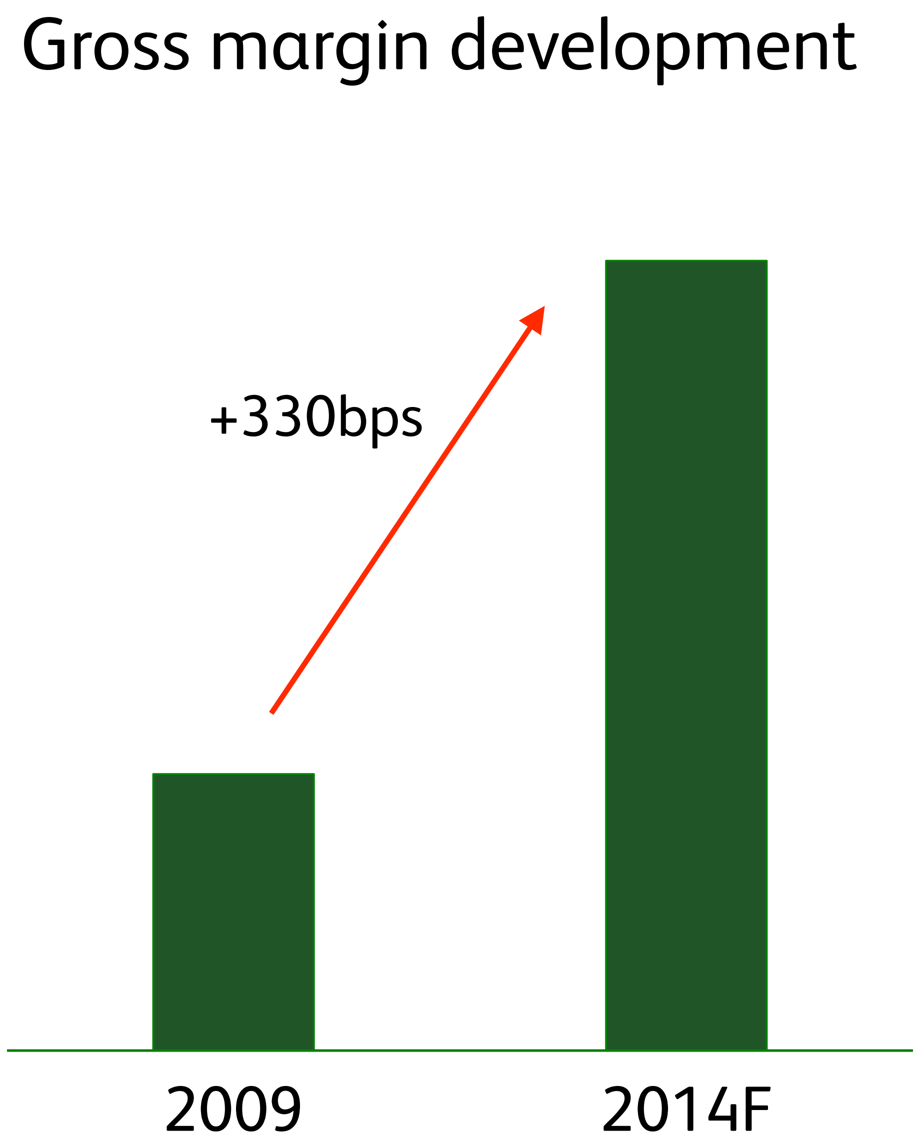
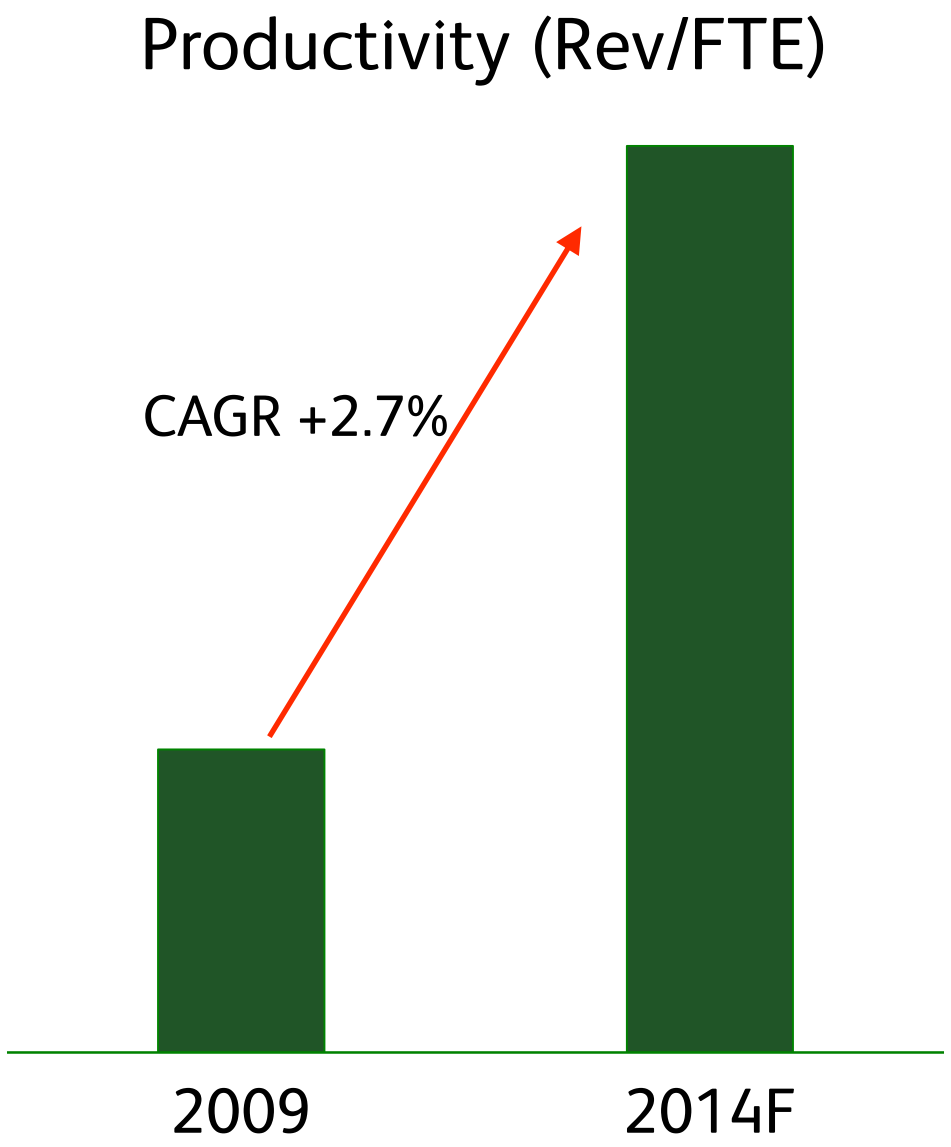
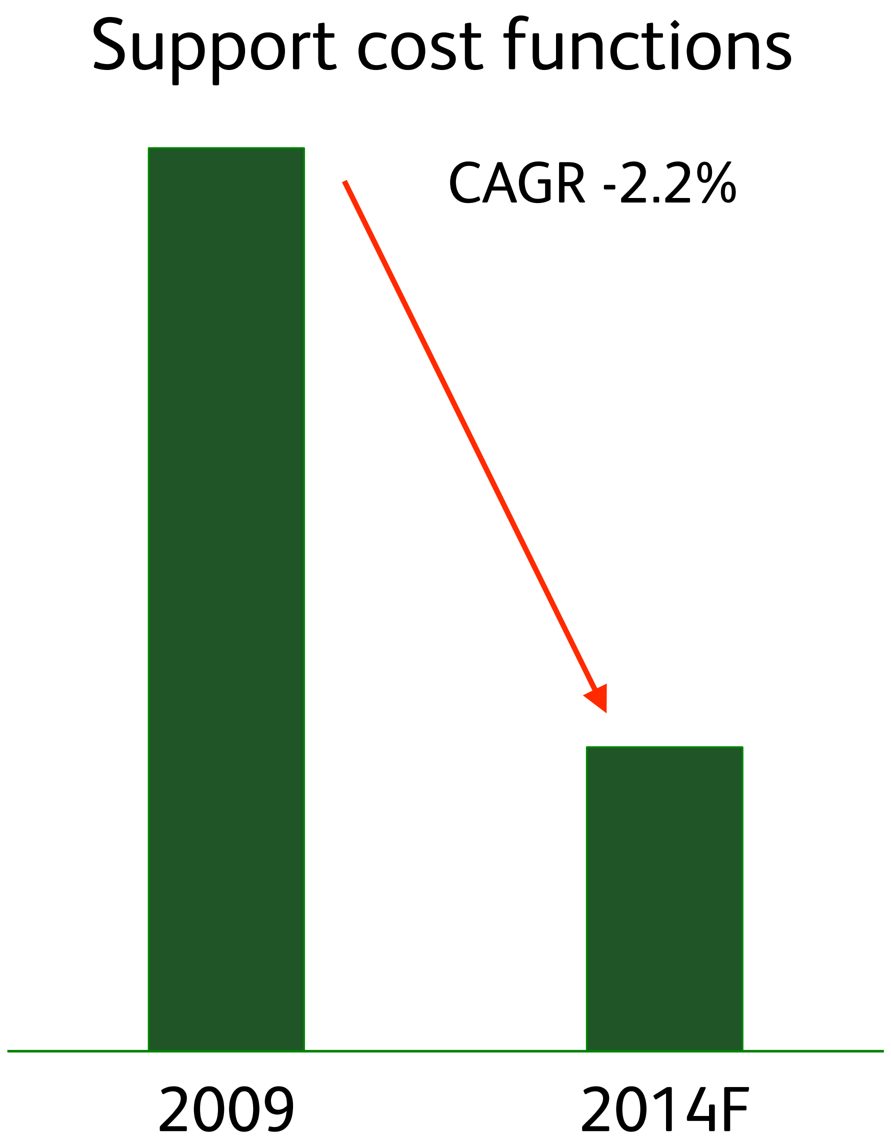
Extracting 'Cost for Revenue' growth

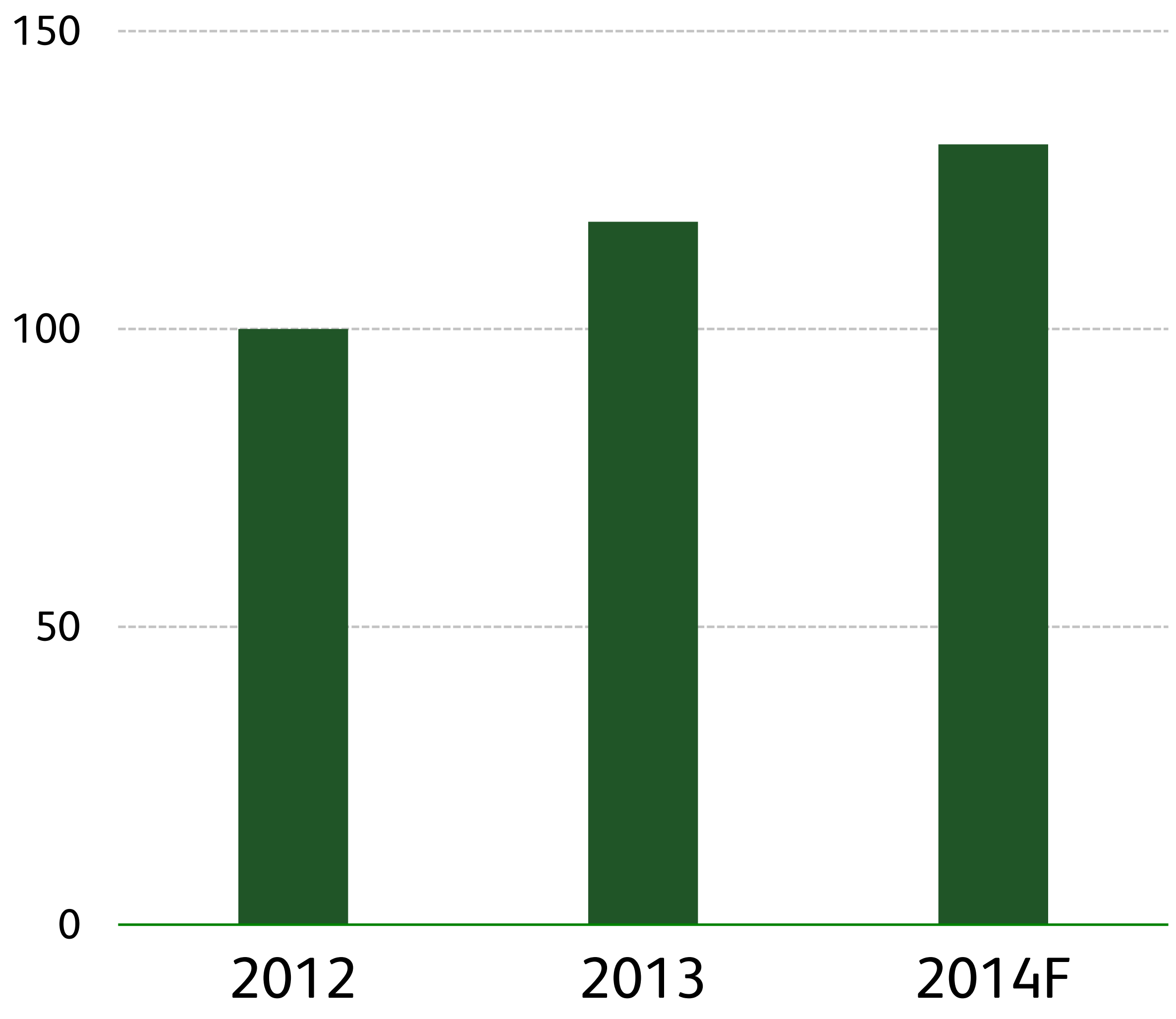






Increasing market & selling investment

Marketing & selling spend indexed vs. 2012



Driving sustainable topline growth

Ramp up marketing & selling investment

Full portfolio in cider & beer with blockbuster brands

Maintain high innovation rates

Strengthen & focus Commercial Organisation

Optimise our pub estate

...via a more commercially assertive organisation

Becoming **more competitive** in the core **cider** & **beer** categories

Grow the **boundaries** of the cider & beer categories

Win **outside** the category

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…recognised as best in class in the off-trade

ADVANTAGE

Manufacturers	Overall Performance (EX/SM,CM,IL)[1] (Rank of 21)	Business Relationship & Support (EX/SM,CM,IL)	Personnel (EX/SM,CM,IL)	Category Development/ Support (EX/SM,CM)	Consumer Marketing Support (EX/SM,CM)	Trade Marketing/ Promotion Practices (EX/SM,CM)	Logistics & Supply Chain Management (IL)	Customer Service/ Support (IL)
Heineken UK	1	2	2	1	1	3	1	3
Kellogg's	2							
AB InBev	3							
Colgate-Palmolive	4							
PepsiCo (Total)	4							
Molson Coors	6							
Unilever	7							
Procter & Gamble (Total)	8							
Nestlé (Total)	9							
Coca-Cola	10							
Carlsberg UK	11							
Mars UK	11							
Mondelēz Total	13							
Britvic Soft Drinks	14							
Reckitt Benckiser (Total)	15							
Groupe Danone (Total)	16							
Miller Brands UK	17							
Pernod Ricard	18							
Bacardi Brown-Forman Brands	19							
Diageo	20							
Magners UK	21							

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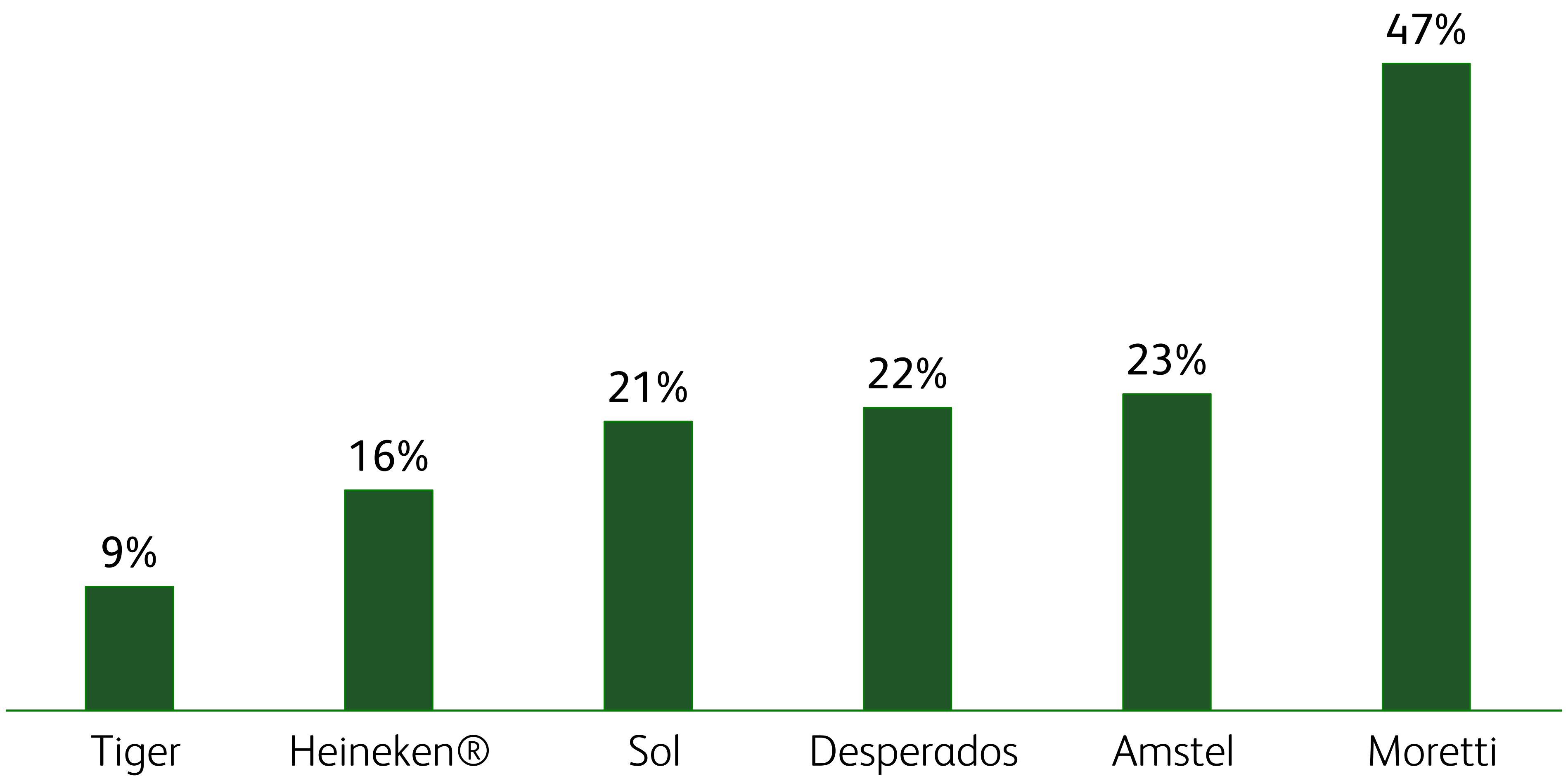
Whilst leveraging the strength of our portfolio to premiumise the category

Organic volume YoY growth ytd 2014



On-trade CGA/Off-trade Neilsen – September 2014

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Winning in key cities with premium brands

Market
+7.5%

HEINEKEN UK
+13.1%

World lager growth YoY in London

On-trade CGA/Off-trade Neilsen – September 2014

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Foster’s

Commercials

Driving on-trade growth through Star Pubs & Bars

star
PUBS & BARS

1100 pub estate

2013, FMCG Off Trade innovation of the year

April 2014, trialed in 30 Star Pubs for 1 month

November 2014, 4,000 outlets, fastest growing draught cider in the UK!

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Commercial assertiveness delivering in the on-trade

Availability

4000 outlets
in 6 months

Visibility

On-trade innovation
of the year from
Morning Advertiser

Throughput

Category growth
of up to 8%

Quality

3°C temperature reduction

Energy & water
consumption reduction

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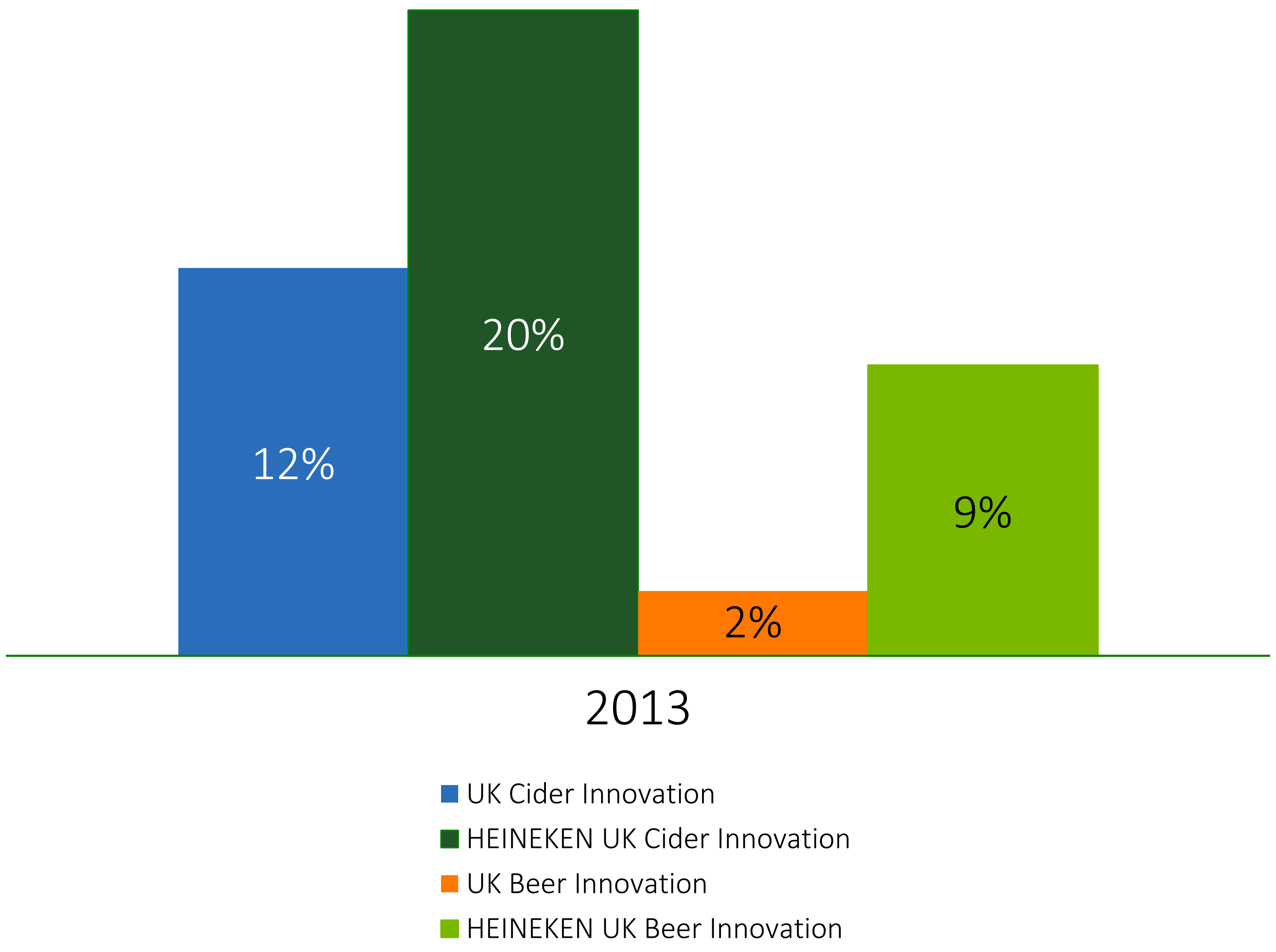
Innovation is a key competitive advantage

Launching 17 new products in 2014

2013 Innovation Rate % Revenue



Bulmers

Commercial

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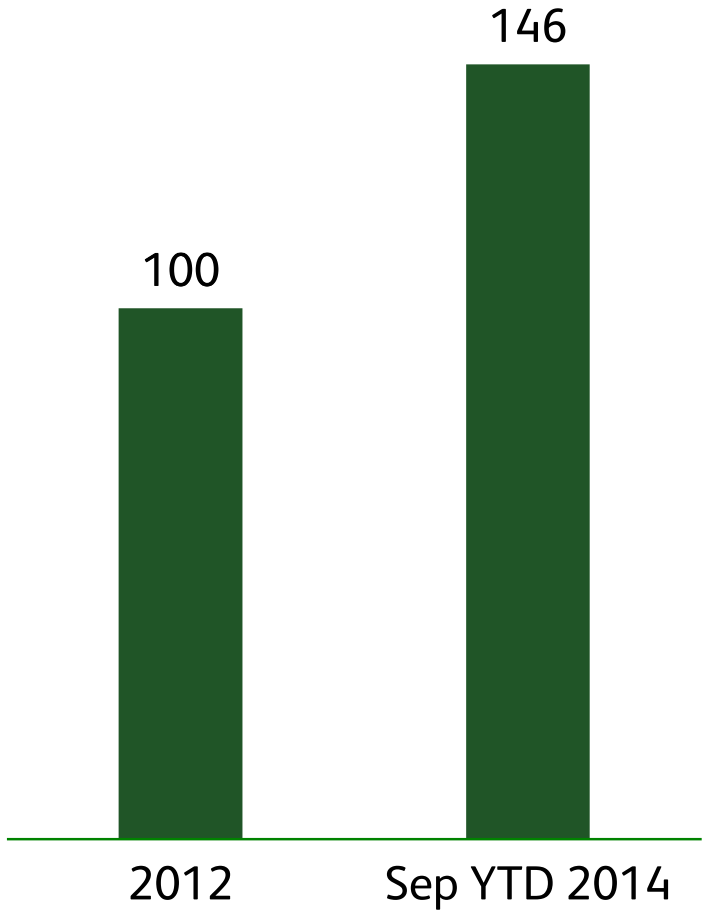
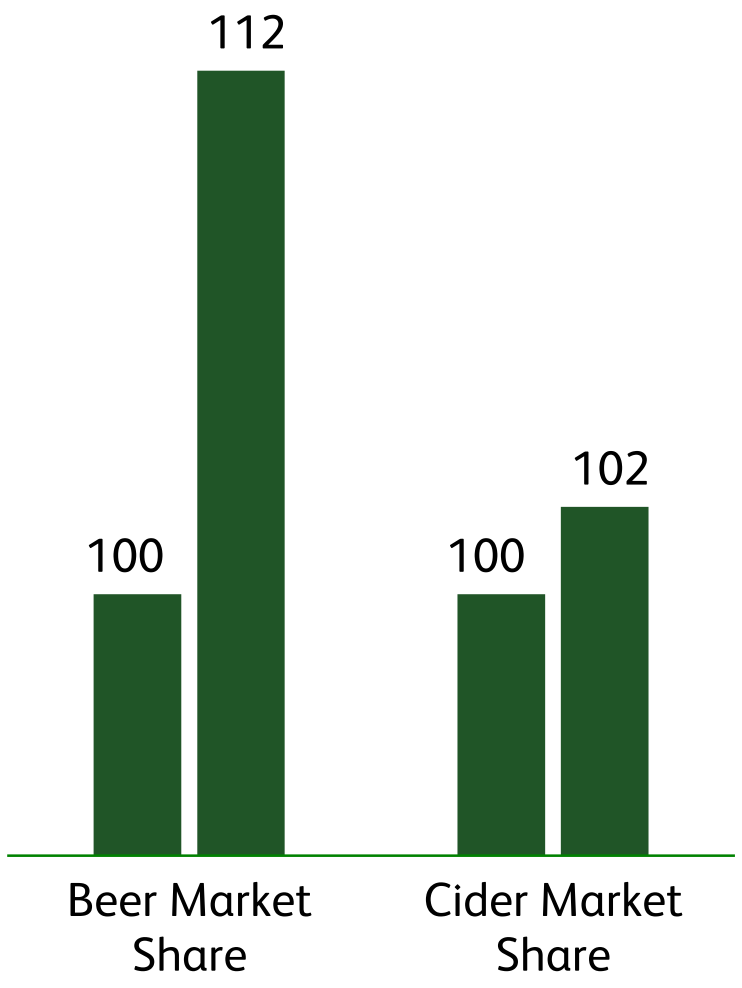
Our strategy is delivering encouraging results

Heineken UK
Innovation Rate[1] (Indexed)



Index 2012 = 100

Heineken UK
Markets Share Growth[2]
YTD August 2014 Indexed to 2012



1 Innovation rate – From 1 January 2013, the innovation rate is calculated as 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.
Market share - Nielsen Off Premise. Revenue - consolidated financial information.
2 Market share based on Nielsen Off-trade

Summary

✓ Heineken UK is an important market for HEINEKEN

✓ There are further growth opportunities in the UK, particularly through premiumisation and innovation

✓ As the leading cider and beer company, HEINEKEN will drive and capitalise on this growth through:
- Actively stripping out costs to…
- Reinvest in our brands and commercial organisation to…
- Structurally grow our cider and beer share to…
- Deliver a growing & sustainable profit and cash return for the Group

Q&A
Heineken UK

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