HEINEKEN HOLDING NV MEDIA RELEASE

Heineken Holding N.V. reports 2017 half year results

Amsterdam, 31 July 2017 – Heineken Holding N.V. (EURONEXT: HEIO; OTCQX: HKHHY) today announces:

- The net result of Heineken Holding N.V.'s participating interest in Heineken N.V. for the first half year of 2017 amounts to €440 million
- Organic revenue +5.7% with revenue per hectolitre up +3.4%[1]
- Consolidated beer volume +2.6% with growth in all regions
- Heineken® volume +3.9%
- Operating profit (beia) +11.8% organically and operating margin +34bps[1]
- Net profit (beia) of €1,036 million, up 10.5% organically
- FY expectations unchanged

FINANCIAL SUMMARY

Key financials[1,2,3] *(in mhl or € million unless otherwise stated)*	**HY17**	HY16	Total growth %	Organic growth %
Revenue	**10,475**	10,094	3.8	5.7
Revenue/hl (in €)	**91**	91	-0.8	3.4
Operating profit (beia)	**1,805**	1,705	5.9	11.8
Operating profit (beia) margin	**17.2%**	16.9%	34 bps	
Net profit (beia)	**1,036**	977	6.0	10.5
Net profit of Heineken Holding N.V.	**440**	296	48.6	
EPS (in €)	**1.53**	1.03	48.6	
Free operating cash flow	**746**	541	37.9	
Net debt/ EBITDA (beia)[4]	**2.5**	2.4		

[1] Excluding an accounting adjustment in the UK with no impact on operating profit, HEINEKEN organic revenue growth would have been +5.3%, organic revenue per hl +3.0%, and operating margin (beia) +41 bps.
[2] Consolidated figures are used throughout this report, unless otherwise stated; please refer to the Glossary section for an explanation of terms used throughout this report.
[3] A reconciliation between non-GAAP measures and IFRS measures is included in note 5 on page 17.
[4] Includes acquisitions and excludes disposals on a 12 month pro-forma basis.

Heineken Holding N.V. engages in no activities other than its participating interest in Heineken N.V. and the management or supervision of and provision of services to that company.

FULL YEAR 2017 OUTLOOK STATEMENT

- Economic conditions are expected to remain volatile and HEINEKEN continues to assume a negative impact from currency comparable to 2016.
- Heineken expects further organic revenue and profit growth.
- Excluding major unforeseen macro economic and political developments as well as the impact of Brasil Kirin, Lagunitas and the proposed Punch acquisition, HEINEKEN expects continued margin expansion in 2017 in line with the medium term margin guidance of a year on year improvement in operating profit (beia) margin of around 40bps.
- Heineken expects an average interest rate broadly in line with 2016 (2016: 3.1%), and an effective tax rate (beia) also broadly in line with 2016 (2016: 28.3%).
- Capital expenditure related to property, plant and equipment should be slightly below €2 billion (2016: €1.8 billion).

INTERIM DIVIDEND

According to the Articles of Association of Heineken Holding N.V. both Heineken Holding N.V. and Heineken N.V. pay an identical dividend per share.

In accordance with its dividend policy, HEINEKEN fixes the interim dividend at 40% of the total dividend of the previous year. As a result, an interim dividend of €0.54 per share of €1.60 nominal value will be paid on 10 August 2017. Both the Heineken Holding N.V. ordinary shares and the Heineken N.V. shares will trade ex-dividend on 2 August 2017.

ENQUIRIES

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INVESTOR CALENDAR HEINEKEN N.V.

(events also accessible for Heineken Holding N.V. shareholders)

Trading Update for Q3 2017	25 October 2017
What's Brewing Seminar, London	11 December 2017
Full Year 2017 Results	12 February 2018

Conference call details

Heineken N.V. will host an analyst and investor conference call in relation to its 2017 HY results today at 10:00 CET/ 9:00 BST. This call will also be accessible for Heineken Holding N.V. shareholders. The call will be audio cast live via the website: www.theheinekencompany.com/investors/webcasts. An audio replay service will also be made available after the conference call at the above web address. Analysts and investors can dial-in using the following telephone numbers:

Netherlands
Local line: +31(0)20 716 8257
National free phone: 0800 020 2576

United Kingdom
Local line: +44(0)20 3427 1914
National free phone: 0800 279 5736

United States of America
Local line: +1212 444 0895
National free phone: 1877 280 1254

Participation/ confirmation code for all countries: 7694218

Editorial information:
HEINEKEN is the world's most international brewer. It is the leading developer and marketer of premium beer and cider brands. Led by the Heineken® brand, the Group has a powerful portfolio of more than 250 international, regional, local and speciality beers and ciders. HEINEKEN is committed to innovation, long-term brand investment, disciplined sales execution and focused cost management. Through "Brewing a Better World", sustainability is embedded in the business and delivers value for all stakeholders. HEINEKEN has a well-balanced geographic footprint with leadership positions in both developed and developing markets. HEINEKEN employs over 80,000 employees and operates breweries, malteries, cider plants and other production facilities in more than 70 countries. Heineken N.V. and Heineken Holding N.V. shares trade on the Euronext in Amsterdam. Prices for the ordinary shares may be accessed on Bloomberg under the symbols HEIA NA and HEIO NA and on Reuters under HEIN.AS and HEIO.AS. HEINEKEN has two sponsored level 1 American Depositary Receipt (ADR) programmes: Heineken N.V. (OTCQX: HEINY) and Heineken Holding N.V. (OTCQX: HKHHY). Most recent information is available on the website: www.theHEINEKENcompany.com and follow HEINEKEN via @HEINEKENCorp.
Heineken Holding N.V. engages in no activities other than its participating interest in Heineken N.V. and the management or supervision of and provision of services to that company.

Market Abuse Regulation

This press release may contain price-sensitive 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, 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.

INTRODUCTION

This report contains the interim financial report of Heineken Holding N.V., headquartered in Amsterdam, the Netherlands.

The interim financial report for the six months ending 30 June 2017 consists of the report of the Board of Directors, the statement of the Board and the condensed consolidated interim financial statements.

REPORT OF THE BOARD OF DIRECTORS

Heineken Holding N.V. has a 50.005% interest in the issued share capital (being 50.515% of the outstanding share capital) of Heineken N.V. Standing at the head of the HEINEKEN group, Heineken Holding N.V. is not an ordinary holding company. Since its formation in 1952, Heineken Holding N.V.'s object pursuant to its Articles of Association has been to manage or supervise the management of the HEINEKEN group and to provide services for Heineken N.V. Within the HEINEKEN group, the primary duties of Heineken N.V.'s Executive Board are to initiate and implement corporate strategy and to manage Heineken N.V. and its related enterprise. It is supervised in the performance of its duties by Heineken N.V.'s Supervisory Board. Because Heineken N.V. manages the HEINEKEN group companies, Heineken Holding N.V., unlike Heineken N.V., does not have an internal risk management and control system. Heineken Holding N.V. does not engage in any operational activities and employs no staff.

Further information regarding the developments during the financial half year 2017 of Heineken N.V. and its related companies, and the material risks Heineken N.V. is facing is given in Heineken N.V.'s half year report.

Pursuant to Article 5:25d Paragraph 4 Dutch Financial Markets Supervision Act ("Wet op het financieel toezicht") we mention that Heineken Holding N.V.'s half year report has not been audited nor reviewed.

STATEMENT OF THE BOARD OF DIRECTORS

Statement ex Article 5:25d Paragraph 2 sub c Dutch Financial Markets Supervision Act ("Wet op het financieel toezicht").

To our knowledge:

1. The condensed consolidated interim financial statements for the six-month period ended 30 June 2017, which have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, give a true and fair view of the assets, liabilities, financial position, and profit of Heineken Holding N.V. and the undertakings included in the consolidation as a whole;
2. The report of the Board of Directors for the six-month period ended 30 June 2017 includes a fair review of the information required pursuant to article 5:25d paragraphs 8 and 9 of the Dutch Financial Markets Supervision Act ("Wet op het financieel toezicht").

Board of Directors

M. Das (non-executive chairman)
C.L. de Carvalho-Heineken (executive member)
M.R. de Carvalho (executive member)
J.A. Fernández Carbajal (non-executive member)
C.M. Kwist (non-executive member)
A.A.C. de Carvalho (non-executive member)

Amsterdam, 28 July 2017

Condensed consolidated interim financial statements for the six-month period ended 30 June 2017

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CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six-month period ended 30 June *In millions of €*	Note	2017	2016
Revenue	5	**10,475**	**10,094**
Other income	5	**6**	**23**
Raw materials, consumables and services		(6,405)	(6,270)
Personnel expenses		(1,699)	(1,613)
Amortisation, depreciation and impairments		(736)	(980)
Total expenses		**(8,840)**	**(8,863)**
Operating profit	5	**1,641**	**1,254**
Interest income		33	27
Interest expenses		(220)	(207)
Other net finance income/ (expenses)		(71)	(92)
Net finance expenses		**(258)**	**(272)**
Share of profit of associates and joint ventures and impairments thereof (net of income tax)	5	19	74
Profit before income tax		**1,402**	**1,056**
Income tax expenses		(422)	(363)
Profit		**980**	**693**
Attributable to:			
Equity holders of Heineken Holding N.V. (net profit)		440	296
Non-controlling interests in Heineken N.V.		431	290
Non-controlling interests in Heineken N.V. group companies		109	107
Profit		**980**	**693**
Weighted average number of ordinary shares - basic	8	288,030,168	288,030,168
Weighted average number of ordinary shares - diluted	8	288,030,168	288,030,168
Basic earnings per ordinary share (EUR)		1.53	1.03
Diluted earnings per ordinary share (EUR)		1.53	1.03

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June *In millions of €*	Note	2017	2016
Profit		**980**	**693**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gains and losses		59	(238)
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		(630)	(792)
Effective portion of net investment hedges		(12)	32
Effective portion of changes in fair value of cash flow hedges		23	19
Effective portion of cash flow hedges transferred to profit or loss		2	14
Net change in fair value available-for-sale investments		7	(8)
Share of other comprehensive income of associates/joint ventures		(1)	—
Other comprehensive income, net of tax		**(552)**	**(973)**
Total comprehensive income		**428**	**(280)**
Attributable to:			
Equity holders of Heineken Holding N.V.		199	(169)
Non-controlling interests in Heineken N.V.		192	(164)
Non-controlling interests in Heineken N.V. group companies		37	53
Total comprehensive income		**428**	**(280)**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at *In millions of €*	Note	30 June 2017	31 December 2016
Assets			
Property, plant and equipment		9,691	9,232
Intangible assets		18,303	17,424
Investments in associates and joint ventures		1,720	2,166
Other investments and receivables		1,201	1,077
Advances to customers		302	274
Deferred tax assets		1,092	1,011
Total non-current assets		**32,309**	**31,184**
Inventories		2,007	1,618
Trade and other receivables		3,702	3,052
Prepayments		451	328
Income tax receivables		38	47
Cash and cash equivalents		2,774	3,035
Assets classified as held for sale		76	57
Total current assets		**9,048**	**8,137**
Total assets		**41,357**	**39,321**
Equity			
Share capital		461	461
Share premium		1,257	1,257
Reserves		(629)	(368)
Retained earnings		5,459	5,248
Equity attributable to equity holders of Heineken Holding N.V.	8	**6,548**	**6,598**
Non-controlling interests in Heineken N.V.		6,600	6,640
Non-controlling interests in Heineken N.V. group companies		1,178	1,335
Total equity		**14,326**	**14,573**
Liabilities			
Loans and borrowings	9	12,875	10,954
Tax liabilities		3	3
Employee benefits		1,338	1,420
Provisions		857	302
Deferred tax liabilities		1,957	1,672
Total non-current liabilities		**17,030**	**14,351**
Bank overdrafts and commercial papers	9	1,457	1,669
Loans and borrowings	9	1,185	1,981
Trade and other payables		6,803	6,224
Tax liabilities		373	352
Provisions		161	154
Liabilities classified as held for sale		22	17
Total current liabilities		**10,001**	**10,397**
Total liabilities		**27,031**	**24,748**
Total equity and liabilities		**41,357**	**39,321**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six-month period ended 30 June *In millions of €*	Note	2017	2016
Operating activities			
Profit		980	693
Adjustments for:			
Amortisation, depreciation and impairments		736	980
Net interest expenses		187	180
Gain on sale of property, plant and equipment, intangible assets and subsidiaries, joint ventures and associates		(6)	(23)
Investment income and share of profit and impairments of associates and joint ventures and dividend income on available-for-sale and held-for-trading investments		(28)	(82)
Income tax expenses		422	363
Other non-cash items		147	194
Cash flow from operations before changes in working capital and provisions		**2,438**	**2,305**
Change in inventories		(272)	(182)
Change in trade and other receivables		(628)	(745)
Change in trade and other payables		377	425
Total change in working capital		**(523)**	**(502)**
Change in provisions and employee benefits		(13)	(47)
Cash flow from operations		**1,902**	**1,756**
Interest paid		(206)	(196)
Interest received		42	41
Dividends received		65	54
Income taxes paid		(362)	(320)
Cash flow related to interest, dividend and income tax		**(461)**	**(421)**
Cash flow from operating activities		**1,441**	**1,335**
Investing activities			
Proceeds from sale of property, plant and equipment and intangible assets		22	46
Purchase of property, plant and equipment		(615)	(698)
Purchase of intangible assets		(42)	(42)
Loans issued to customers and other investments		(92)	(104)
Repayment on loans to customers		32	4
Cash flow (used in)/from operational investing activities		**(695)**	**(794)**
Free operating cash flow		**746**	**541**

For the six-month period ended 30 June *In millions of €*	Note	2017	2016
Acquisition of subsidiaries, net of cash acquired		(750)	—
Acquisition of/additions to associates, joint ventures and other investments		(134)	(47)
Disposal of subsidiaries, net of cash disposed of		—	16
Disposal of associates, joint ventures and other investments		—	(2)
Cash flow (used in)/from acquisitions and disposals		**(884)**	**(33)**
Cash flow (used in)/from investing activities		**(1,579)**	**(827)**
Financing activities			
Proceeds from loans and borrowings		2,368	994
Repayment of loans and borrowings		(1,545)	(98)
Dividends paid		(650)	(676)
Purchase own shares and share issuance by Heineken N.V.		—	(17)
Acquisition of non-controlling interests		(11)	(268)
Other		—	7
Cash flow (used in)/from financing activities		**162**	**(58)**
Net cash flow		**24**	**450**
Cash and cash equivalents and bank overdrafts as at 1 January		1,366	282
Effect of movements in exchange rates		(73)	67
Cash and cash equivalents and bank overdrafts as at 30 June		**1,317**	**799**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

In millions of €	Share capital	Share Premium	Translation reserve	Hedging reserve	Fair value reserve	Other legal reserves	Retained Earnings	Equity[1]	Non-controlling interests in Heineken N.V.	Non-controlling interests in Heineken N.V. group companies	Total equity
Balance as at 1 January 2017	**461**	**1,257**	**(920)**	**—**	**132**	**420**	**5,248**	**6,598**	**6,640**	**1,335**	**14,573**
Profit	—	—	—	—	—	38	402	440	431	109	980
Other comprehensive income	—	—	(318)	13	4	30	30	(241)	(239)	(72)	(552)
Total comprehensive income	**—**	**—**	**(318)**	**13**	**4**	**68**	**432**	**199**	**192**	**37**	**428**
Transfer to retained earnings	—	—	—	—	—	(28)	28	—	—	—	—
Dividends to shareholders	—	—	—	—	—	—	(236)	(236)	(231)	(197)	(664)
Purchase/reissuance own shares by Heineken N.V.	—	—	—	—	—	—	—	—	—	—	—
Dilution	—	—	—	—	—	—	(6)	(6)	6	—	—
Share-based payments by Heineken N.V.	—	—	—	—	—	—	1	1	—	—	1
Acquisition of non-controlling interests in Heineken N.V. group companies without a change in control	—	—	—	—	—	—	(8)	(8)	(7)	3	(12)
Changes in consolidation	—	—	—	—	—	—	—	—	—	—	—
Balance as at 30 June 2017	**461**	**1,257**	**(1,238)**	**13**	**136**	**460**	**5,459**	**6,548**	**6,600**	**1,178**	**14,326**

[1] Equity attributable to equity holders of Heineken Holding N.V.

In millions of €	Share capital	Share Premium	Translation reserve	Hedging reserve	Fair value reserve	Other legal reserves	Retained Earnings	Equity[1]	Non-controlling interests in Heineken N.V.	Non-controlling interests in Heineken N.V. group companies	Total equity
Balance as at 1 January 2016	**461**	**1,257**	**(509)**	**(23)**	**61**	**360**	**5,143**	**6,750**	**6,785**	**1,535**	**15,070**
Profit	—	—	—	—	—	39	257	296	290	107	693
Other comprehensive income	—	—	(357)	16	(4)	—	(120)	(465)	(454)	(54)	(973)
Total comprehensive income	**—**	**—**	**(357)**	**16**	**(4)**	**39**	**137**	**(169)**	**(164)**	**53**	**(280)**
Transfer to retained earnings	—	—	—	—	—	11	(11)	—	—	—	—
Dividends to shareholders	—	—	—	—	—	—	(247)	(247)	(243)	(209)	(699)
Purchase/reissuance own shares by Heineken N.V.	—	—	—	—	—	—	(15)	(15)	(15)	13	(17)
Dilution	—	—	—	—	—	—	(3)	(3)	3	—	—
Share-based payments by Heineken N.V.	—	—	—	—	—	—	(8)	(8)	(7)	—	(15)
Acquisition of non-controlling interests in Heineken N.V. group companies without a change in control	—	—	—	—	—	—	(64)	(64)	(62)	(149)	(275)
Changes in consolidation	—	—	—	—	—	—	—	—	—	—	—
Balance as at 30 June 2016	**461**	**1,257**	**(866)**	**(7)**	**57**	**410**	**4,932**	**6,244**	**6,297**	**1,243**	**13,784**

[1] Equity attributable to equity holders of Heineken Holding N.V.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING ENTITY

Heineken Holding N.V. (the 'Company') is a company domiciled in the Netherlands. The condensed consolidated interim financial statements of the Company as at and for the six-month period ended 30 June 2017 comprise Heineken Holding N.V., Heineken N.V., its subsidiaries (together referred to as 'HEINEKEN') and HEINEKEN's interest in jointly controlled entities and associates.

The consolidated financial statements of Heineken Holding N.V. as at and for the year ended 31 December 2016 are available at www.heinekenholding.com.

2. BASIS OF PREPARATION

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of Heineken Holding N.V. as at and for the year ended 31 December 2016.

These condensed consolidated interim financial statements were approved by the Board of Directors of the Company on 28 July 2017.

(b) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest million unless stated otherwise.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying HEINEKEN's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) General

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in HEINEKEN's consolidated financial statements as at and for the year ended 31 December 2016.

(b) Income tax

Income tax expenses are recognised based on the expected full year effective tax rate per country.

(c) Update on new relevant standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017, which HEINEKEN has not applied in preparing these consolidated interim financial statements. In the consolidated financial statements of HEINEKEN as at and for the year ended 31 December 2016 the (potential) impact of these new standards and amendments were mentioned. No updates on these new standards and amendments are to be reported in these condensed consolidated interim financial statements, except for the standards mentioned below.

IFRS 15 'Revenue from Contracts with Customers', published in May 2014, establishes a framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance and will be implemented by HEINEKEN per 1 January 2018. HEINEKEN concluded that IFRS 15 impacts the presentation in profit or loss of 'payments to customers for services received', such as payments to customers for marketing support. Most of these marketing support payments are currently classified as marketing expenses, but will be considered a reduction of revenue under IFRS 15 if the marketing support cannot be separated as a distinct service. With regard to the 'payments to customers for services received' it is expected that the implementation of IFRS 15 will reduce both revenue and marketing expenses by less than 2% of revenue, with no impact on net profit. Furthermore, IFRS 15 requires to assess the accounting for excise taxes on a country by country basis. This could implicate that for certain countries excise taxes will be reported on a gross basis instead of on a net basis within revenue, HEINEKEN's current accounting policy. HEINEKEN is in the process of performing this analysis. If a gross approach will be applicable, this will have no impact on net profit.

IFRS 16 'Leases', published in January 2016, establishes a revised framework for determining whether a lease is recognised on the (Consolidated) Statement of Financial Position. It replaces existing guidance on leases, including IAS 17. HEINEKEN will implement IFRS 16 per 1 January 2019. In the first six months of 2017, HEINEKEN has nearly completed the extraction of relevant datapoints from lease contracts. These will be used for the impact analysis during second half-year 2017/first half-year 2018. The operating leases that will be recorded on HEINEKEN's balance sheet as a result of IFRS 16 will mainly be for offices, warehouses, pubs, stores, cars and (forklift) trucks.

4. SEASONALITY

The performance of HEINEKEN is subject to seasonal fluctuations as a result of weather conditions. HEINEKEN's full year results and volumes are dependent on the performance in the peak-selling seasons (May through to August and December). The impact from this seasonality is also noticeable in several working capital related items such as inventory, trade receivables and payables.

5. OPERATING SEGMENTS

For the six-month period ended 30 June 2017 and 30 June 2016

	Europe		Americas		Africa, Middle East & Eastern Europe		Asia Pacific		Heineken N.V. Head Office & Other/ Eliminations		Consolidated	
In millions of €	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue												
Third party revenue	4,688	4,581	2,786	2,483	1,522	1,644	1,446	1,343	33	43	10,475	10,094
Interregional revenue	340	352	15	2	1	2	1	2	(357)	(358)	—	—
Total revenue	**5,028**	**4,933**	**2,801**	**2,485**	**1,523**	**1,646**	**1,447**	**1,345**	**(324)**	**(315)**	**10,475**	**10,094**
Other income	6	19	—	3	—	1	—	—	—	—	6	23
Operating profit	**649**	**538**	**465**	**406**	**212**	**24**	**377**	**332**	**(62)**	**(46)**	**1,641**	**1,254**
Net finance expenses											(258)	(272)
Share of profit of associates and joint ventures and impairments thereof	4	4	(17)	33	20	23	12	14	—	—	19	74
Income tax expenses											(422)	(363)
Profit											**980**	**693**
Operating profit reconciliation												
Operating profit[1]	649	538	465	406	212	24	377	332	(62)	(46)	1,641	1,254
Eia[1]	16	43	56	52	6	243	77	87	9	26	164	451
Operating profit (beia)[1]	**665**	**581**	**521**	**458**	**218**	**267**	**454**	**419**	**(53)**	**(20)**	**1,805**	**1,705**
As at 30 June 2017 and 31 December 2016												
Total segment assets	**13,773**	**13,107**	**11,323**	**9,060**	**3,851**	**4,144**	**9,227**	**10,370**	**2,092**	**1,628**	**40,266**	**38,309**
Unallocated assets											1,091	1,012
Total assets											**41,357**	**39,321**

[1] Comparatives have been restated to reflect HEINEKEN's revised internal reporting measure. Note that these are non-GAAP measures.

Reconciliation of segment profit or loss

In the internal management reports, HEINEKEN measures its performance primarily based on operating profit and operating profit beia (before exceptional items and amortisation of acquisition-related intangible assets). Operating profit beia has replaced EBIT beia as key measure of profitability as of 1 January 2017. Operating profit better reflects the profitability that is under the direct control of HEINEKEN, as HEINEKEN does not have full control over Joint Ventures and Associates. Furthermore, operating profit measures profitability in a more consistent manner as it does not include any interest or tax performance.

Operating profit beia is a non-GAAP measure not calculated in accordance with IFRS. Beia adjustments are also applied on other metrics. The presentation of these financial measures may not be comparable to similarly titled measures reported by other companies due to differences in the ways the measures are calculated.

The table below presents the reconciliation of operating profit (beia) to profit before income tax of Heineken N.V. for the six-month period ended 30 June:

In millions of €	2017	2016
Operating profit (beia)	**1,805**	**1,705**
Exceptional items and amortisation of acquisition-related intangible assets included in operating profit	(164)	(451)
Share of profit of associates and joint ventures and impairments thereof (net of income tax)	19	74
Net finance expenses	(258)	(272)
Profit before income tax	**1,402**	**1,056**

Exceptional items and amortisation of acquisition-related intangibles (Eia) in net profit

The table below provides an overview of the exceptional items and amortisation of acquisition-related intangibles in net profit for the six-month period ended 30 June:

In millions of €	2017	2016
Profit attributable to equity holders of Heineken Holding N.V. (net profit)	440	296
Non-controlling interests in Heineken N.V.	431	290
	871	586
Amortisation of acquisition-related intangible assets included in operating profit	153	155
Exceptional items included in operating profit	11	296
Exceptional items included in net finance expenses/(income)	13	18
Exceptional items and amortisation of acquisition-related intangible assets included in share of profit of associates and joint ventures	58	5
Exceptional items included in income tax expense	(47)	(55)
Exceptional items included in non-controlling interest	(23)	(28)
Net profit (beia)	**1,036**	**977**

The exceptional items and amortisation of acquisition-related intangibles on net profit for the six-month period ended 30 June 2017 amounts to €165 million (six-month period ended 30 June 2016: €391 million). This amount consists of:

- €153 million of amortisation of acquisition-related intangibles recorded in operating profit (six-month period ended 30 June 2016: €155 million).
- €11 million (six-month period ended 30 June 2016: €296 million) of exceptional items recorded in operating profit. This includes restructuring expenses of €26 million (six-month period ended 30 June 2016: €52 million), net reversal of impairments of €1 million (six-month period ended 30 June 2016: €222 million of which €233 million relates to The Democratic Republic of Congo (DRC)), acquisition and integration costs of €32 million (six-month period ended 30 June 2016: €5

million) and other exceptional net benefits of €46 million (six-month period ended 30 June 2016: €17 million expense).

- €13 million of exceptional items in net finance expenses, mainly related to the interest expenses of the pre-financing of acquisitions (six-month period ended 30 June 2016: €18 million, related to the currency impact on dividend receivables from Nigeria).
- €58 million of exceptional items and amortisation of acquisition-related intangibles included in share of profit of associates and joint ventures, which includes loss on previously-held equity interests and the recycling of foreign exchange from equity to profit and loss (six-month period ended 30 June 2016: €5 million).
- €47 million in income tax expense, mainly related to the tax impact of exceptional items in operating profit (six-month period ended 30 June 2016: €55 million).
- Total amount of Eia allocated to non-controlling interest amounts to €23 million (six-month period ended 30 June 2016: €28 million).

6. ACQUISITIONS OF SUBSIDIARIES

Accounting for the acquisition of Brasil Kirin

On 13 February 2017, HEINEKEN announced that it had entered into an agreement with Kirin Holdings Company, Limited ("Kirin") to acquire Brasil Kirin Holding S.A. ("Brasil Kirin"), one of the largest beer and soft drinks producers in Brazil, through its wholly owned subsidiary Bavaria S.A. The transaction will transform HEINEKEN's existing business across the country by extending its footprint, increasing scale and further strengthening its brand portfolio. The transaction was completed on 31 May 2017 as from which date Brasil Kirin is consolidated within HEINEKEN.

The total net cash consideration payable by HEINEKEN to Kirin for all the shares was €594 million.

The following table summarises the major classes of consideration transferred and the recognised provisional amounts of assets acquired and liabilities assumed at the acquisition date:

In millions of €	Brasil Kirin
Property, plant and equipment	561
Intangible assets	374
Inventories	137
Cash and cash equivalents	148
Other assets	339
Assets acquired	**1,559**
Short term liabilities	734
Long term liabilities	775
Liabilities assumed	**1,509**
Total net identifiable assets	**50**

In millions of €	
Consideration transferred	594
Net identifiable assets acquired	50
Goodwill on acquisition (provisional)	**544**

Acquisition-related costs of €18 million have been recognised in the income statement for the six-month period ended 30 June 2017.

The goodwill is attributable to earnings beyond the period over which intangible assets are amortised, workforce, expected synergies and future customers. The goodwill could potentially be tax deductible in the future.

In accordance with IFRS 3, the amounts recorded for the transactions are provisional and are subject to adjustments during the measurement period if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The amounts are provisional mainly because of the timing of this acquisition in the end of the second quarter of 2017.

The amount of revenue and loss for Brasil Kirin after obtaining control amounts to €77 million and €15 million respectively. Would the acquisition have taken place on 1 January 2017, revenue and profit for HEINEKEN would have been €10.9 billion and €0.9 billion respectively for the six-months period ended 30 June 2017.

7. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk management

The aspects of HEINEKEN's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2016.

Fair value

For bank loans and finance lease liabilities the carrying amount is a reasonable approximation of fair value. The fair value of the unsecured bond issued as at 30 June 2017 was €11,968 million (31 December 2016: €11,292 million) and the carrying amount was €11,351 million (31 December 2016: €10,683 million). The fair value of the other interest bearing liabilities as at 30 June 2017 was €1,998 million (31 December 2016: €1,662 million) and the carrying amount was €1,958 million (31 December 2016: €1,597 million).

Fair value hierarchy

The tables below present the financial instruments accounted for or disclosed at fair value by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

As at 30 June 2017 *In millions of €*	Level 1	Level 2	Level 3
Available-for-sale investments	331	—	82
Non-current derivative assets	—	186	—
Current derivative assets	—	59	—
	331	**245**	**82**
Non-current derivative liabilities	—	(24)	—
Loans and borrowings	(11,968)	(1,998)	—
Current derivative liabilities	—	(69)	—
	(11,968)	**(2,091)**	**—**

As at 31 December 2016 *In millions of €*	Level 1	Level 2	Level 3
Available-for-sale investments	342		85
Non-current derivative assets	—	254	—
Current derivative assets	—	48	—
	342	**302**	**85**
Non-current derivative liabilities	—	(10)	—
Loans and borrowings	(11,292)	(1,662)	—
Current derivative liabilities	—	(75)	—
	(11,292)	**(1,747)**	**—**

There were no transfers between level 1 and level 2 of the fair value hierarchy during the six-month period ended 30 June 2017.

Level 2

HEINEKEN determines level 2 fair values for over-the-counter securities based on broker quotes. The fair values of simple over-the-counter derivative financial instruments are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where available.

The fair value of derivatives is calculated as the present value of the estimated future cash flows based on observable interest yield curves, basis spread and foreign exchange rates. These calculations are tested for reasonableness by comparing the outcome of the internal valuation with the valuation received from the counterparty. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of HEINEKEN and counterparty when appropriate.

Level 3

Details of the determination of level 3 fair value measurements are set out below.

As at	30 June 2017	31 December 2016
Available-for-sale-investments based on level 3		
Balance as at 1 January	**85**	**84**
Fair value adjustments recognised in other comprehensive income	(4)	(2)
Acquisitions	1	—
Transfers	—	3
Balance as at end of period	**82**	**85**

The fair values for the level 3 available-for-sale investments are based on the financial performance of the investments and the market multiples of comparable equity securities.

8. EQUITY

Reserves

The reserves consist of translation reserve, hedging reserve, fair value reserve and other legal reserves. The main variance in comparison to prior year is driven by foreign currency translation in translation reserve.

Weighted average number of ordinary shares

For the six-month period ended 30 June *In shares*	2017	2016
Weighted average number of ordinary shares – basic	288,030,168	288,030,168
Weighted average number of ordinary shares – diluted	288,030,168	288,030,168

Dividends

The following dividends were declared and paid by Heineken Holding N.V.:

In millions of €	2017	2016
Prior year final dividend declared and paid in 2017 €0.82 (2016: €0.86)	236	247

After the balance sheet date the Board of Directors announced the following interim dividend that has not been provided for:

In millions of €	2017	2016
€0.54 per ordinary share (2016: €0.52)	156	150

9. NET INTEREST-BEARING DEBT POSITION

In millions of €	30 June 2017	31 December 2016
Non-current interest-bearing liabilities	12,778	10,920
Current portion of non-current interest-bearing liabilities	531	1,359
Deposits from third parties (mainly employee loans)	655	622
	13,964	**12,901**
Bank overdrafts and commercial papers	1,457	1,669
Market value of cross-currency interest rate swaps	(135)	(242)
	15,286	**14,328**
Cash, cash equivalents and current other investments	(2,775)	(3,035)
Net interest-bearing debt position	**12,511**	**11,293**

New financing

During the six-months period ended 30 June 2017 the following notes were privately placed under HEINEKEN's Euro Medium Term Note Programme:

- SGD150 million 5-year Notes with a floating rate coupon (February 2017)
- EUR500 million 15-year Notes with a coupon of 2.02% (May 2017)

On 20 March 2017, HEINEKEN extended and amended its €2.5 billion revolving credit facility maturing in May 2021. The facility has been increased to €3.5 billion and is now set to mature in May 2022. The facility is committed by a group of 19 banks and has two further one-year extension options.

On 29 March 2017, HEINEKEN placed USD 1.1 billion of long 10 year 144A/RegS US Notes with a coupon of 3.50%, and USD 650 million of 30 year 144A/RegS US Notes with a coupon of 4.35%.

Financing headroom

The committed financing headroom at Group level was approximately €4.2 billion as at 30 June 2017 and consisted of the undrawn revolving credit facility and centrally available cash.

Incurrence covenant

HEINEKEN has an incurrence covenant in some of its financing facilities. This incurrence covenant is calculated by dividing net debt by EBITDA (beia) (both based on proportional consolidation of joint ventures and including acquisitions and excluding disposals on a 12-month pro-forma basis). As at 30 June 2017 this ratio was 2.4 (as at 30 June 2016: 2.4). If the ratio would be beyond a level of 3.5, the incurrence covenant would prevent HEINEKEN from conducting further significant debt financed acquisitions.

10. CONTINGENCIES

Upon completion of the acquisition of Brasil Kirin €1,301 million of contingent liabilities relating to civil, labor and tax have been acquired, whereby the likelihood of a cash outflow is considered to be possible (between 5%-50%). For the majority of these matters the timing of resolution will exceed one year.
Contingent liabilities for an amount of €375 million have been recognised for these contingencies based on fair value as per acquisition date of 31 May 2017.

11. SUBSEQUENT EVENTS

No subsequent events occurred that are material to HEINEKEN.

Board of Directors

M. Das (non-executive chairman)
C.L. de Carvalho-Heineken (executive member)
M.R. de Carvalho (executive member)
J.A. Fernández Carbajal (non-executive member)
C.M. Kwist (non-executive member)
A.A.C. de Carvalho (non-executive member)

Amsterdam, 28 July 2017

GLOSSARY

Acquisition-related intangible assets

Acquisition-related intangible assets are assets that HEINEKEN only recognises as part of a purchase price allocation following an acquisition. This includes, among others, brands, customer-related and certain contract-based intangibles.

Beia

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

Cash conversion ratio

Free operating cash flow/net profit (beia) before deduction of non-controlling interests.

Cash flow (used in)/from operational investing activities

This represents the total of cash flow from sale and purchase of property, plant and equipment and intangible assets, proceeds and receipts of loans to customers and other investments.

Depletions

Sales by distributors to the retail trade.

Dividend payout

Proposed dividend as percentage of net profit (beia).

Earnings per share

Basic
Net profit divided by the weighted average number of ordinary shares – basic – during the year.

Diluted
Net profit divided by the weighted average number of ordinary shares – diluted – during the year.

EBITDA

Earnings before interest, taxes, net finance expenses, depreciation and amortisation. EBITDA includes HEINEKEN's share in net profit of joint ventures and associates.

Effective tax rate

Income tax expense expressed as a percentage of the profit before income tax, adjusted for share of profit of associates and joint ventures and impairments thereof (net of income tax).

Eia

Exceptional items and amortisation of acquisition-related intangible assets.

Free operating cash flow

This represents the total of cash flow from operating activities and cash flow from operational investing activities.

HEINEKEN or "the Group"

Heineken Holding N.V., Heineken N.V., its subsidiaries and interest in joint ventures and associates.

Net debt

Non-current and current interest bearing loans and borrowings, bank overdrafts and commercial papers and market value of cross-currency interest rate swaps less investments held for trading and cash.

Net profit

Profit after deduction of non-controlling interests (profit attributable to equity holders of Heineken Holding N.V.).

Group operating profit (beia)
Results from operating activities (beia) plus attributable share of operating profit (beia) from joint ventures and associates.

Organic growth

Growth excluding the effect of foreign currency translational effects, consolidation changes, accounting policy changes, exceptional items and amortisation of acquisition-related intangible assets.

Organic volume growth

Growth in volume, excluding the effect of consolidation changes.

Profit

Total profit of HEINEKEN before deduction of non-controlling interests.

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

Region

A region is defined as HEINEKEN's managerial classification of countries into geographical units.

Group revenue

Consolidated revenue plus attributable share of revenue from joint ventures and associates.

Volume

(Consolidated) beer volume
100 per cent of beer volume produced and sold by consolidated companies.

Group beer volume
Consolidated beer volume plus attributable share of beer volume from joint ventures and associates.

Heineken® volume in premium segment
Heineken® volume excluding Heineken® volume in the Netherlands.

Licensed & non-beer volume
HEINEKEN's brands produced and sold under licence by third parties as well as cider, soft drinks and other non-beer volume sold in consolidated companies.

Third party products volume
Volume of third party products sold through consolidated companies.

Total volume
100 per cent of volume produced and sold by consolidated companies (including beer, cider, soft drinks and other beverages), volume of third party products and volume of HEINEKEN's brands produced and sold under licence by third parties.

Weighted average number of shares

Basic
Weighted average number of outstanding ordinary shares.

Diluted
Weighted average number of outstanding ordinary shares.