MEDIA RELEASE

Heineken N.V. reports 2016 full year results

Amsterdam, 15 February 2017 - Heineken N.V. (EURONEXT: HEIA; OTCQX: HEINY) today announces:

- Organic revenue +4.8% with revenue per hectolitre up 2.2%[1]
- Consolidated beer volume +3.0% with growth in Americas, Asia Pacific and Europe offsetting weaker volume in Africa, Middle East & Eastern Europe
- Heineken® volume in premium segment +3.7%
- Operating profit (beia) +9.9% organically and operating margin +54bps[1]
- Net profit (beia) of €2,098 million, up 8.5% organically
- Diluted EPS (beia) of €3.68 (2015: €3.57) up 2.9%
- Proposed 2016 total dividend up 3.1% at €1.34 per share (2015: €1.30)

CEO STATEMENT

Jean-François van Boxmeer, CEO, Chairman of the Executive Board, commented:
"We delivered strong results in 2016, with clear outperformance of our premium brand portfolio led by Heineken®, and sustained momentum from our innovation agenda. Our unique diversified footprint was again a competitive advantage, enabling us to deliver more than 50 basis points margin expansion, despite more challenging economic conditions in some developing markets and significant currency pressures. Performance in key European markets was good and results in Vietnam and Mexico were strong. In Africa, Middle East & Eastern Europe market conditions remained tough, most notably in Nigeria, DRC and Russia. Excluding major unforeseen macro economic and political developments as well as the impact of the proposed acquisitions in Brazil and in the UK, we expect continued margin expansion in 2017 in line with our previous guidance."

FINANCIAL SUMMARY

Key financials[1,2] *(in mhl or € million unless otherwise stated)*	**FY16**	FY15	Total growth %	Organic growth %
Revenue	**20,792**	20,511	1.4	4.8
Revenue/hl (in €)	**91**	95	-3.9	2.2
Operating profit (beia)	**3,540**	3,381	4.7	9.9
Operating profit (beia) margin	**17.0%**	16.5%	54 bps	
Net profit (beia)	**2,098**	2,048	2.5	8.5
Net profit	**1,540**	1,892	-18.6	
Diluted EPS (beia) (in €)	**3.68**	3.57	2.9	
Free operating cash flow	**1,773**	1,692	4.8	
Net debt/ EBITDA (beia)[3] (x)	**2.3**	2.4		

[1] Excluding an accounting adjustment in the UK in 2H16 with no impact on operating profit, HEINEKEN organic revenue growth would have been +4.4%, organic revenue per hl +1.7% and operating margin (beia) +61bps. For the impact on Europe please refer to page 11.
[2] Consolidated figures are used throughout this report, unless otherwise stated; please refer to the Glossary section for an explanation of non-GAAP measures and other terms used throughout this report.
[3] Includes acquisitions and excludes disposals on a 12 month pro-forma basis.

FULL YEAR 2017 OUTLOOK STATEMENT

- Economic conditions are expected to remain volatile and we have assumed a negative impact from currency comparable to 2016.
- We expect further organic revenue and profit growth.
- Excluding major unforeseen macro economic and political developments as well as the impact of the proposed acquisitions in Brazil and in the UK, we expect 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.
- We expect 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).

OPERATIONAL REVIEW

After a strong first half and in line with our guidance, operating profit (beia) growth slowed in the second half reflecting tougher comparatives, increased currency headwinds as well as further challenging economic conditions in some developing markets. In the full year, strong performance in Americas, Europe and Asia Pacific more than offset weaker performance in Africa, Middle East & Eastern Europe where both the difficult economic backdrop and currency pressure adversely impacted results. Revenue per hectolitre improved organically, with a positive contribution from both price and mix.

HEINEKEN continues to invest in key developing markets and in 2016 entered new countries including Ivory Coast and the Philippines, and expanded production capacity in China, Vietnam, Ethiopia and Cambodia.

Revenue increased 4.8% organically, with a 2.6% increase in total volume and a 2.2% increase in revenue per hectolitre. In 2016 the underlying price mix impact was 1.7%. In the second half revenue increased 5.0% (1H16: 4.7%), with volume growth of 1.5% (1H16: 3.8%), revenue per hectolitre up 3.4% (1H16: 0.8%) and underlying price mix impact of 2.6%.

Consolidated beer volumes *(in mhl)*	**4Q16**	Organic growth %	**FY16**	Organic growth %
Heineken N.V.	**49.1**	2.2	**200.1**	3.0
Africa, Middle East & Eastern Europe	**10.0**	0.6	**38.4**	-1.3
Americas	**15.6**	2.8	**58.7**	3.7
Asia Pacific	**6.8**	17.8	**24.4**	17.9
Europe	**16.7**	-2.5	**78.6**	0.7

Consolidated beer volume grew 3.0% organically in 2016, with 4.1% growth in the first half and 2.1% growth in the second half. Beer volume in the fourth quarter was up 2.2%, much in line with 2% volume growth seen in the third quarter.

Heineken® volume *(in mhl)*	**4Q16**	Organic growth %	**FY16**	Organic growth %
Heineken® volume in premium segment	**8.0**	5.9	**31.7**	3.7
Africa, Middle East & Eastern Europe	**1.3**	9.9	**4.7**	1.3
Americas	**2.7**	8.7	**9.8**	4.3
Asia Pacific	**1.7**	1.2	**6.6**	3.4
Europe	**2.3**	4.0	**10.6**	4.3

Heineken® volume in the premium segment grew 3.7%, with positive volume performance across all regions. Volume grew double digit in Brazil, South Africa, Mexico, the UK and Romania. Brand growth was also strong in France, China, Italy, Spain and Taiwan. These results more than offset weaker volume in Russia, the US, Thailand and Greece. Heineken® continued to benefit from global platforms including UEFA Champions League, the Cities, Product Stories and Music campaigns. In September 2016 HEINEKEN started a new global partnership with Formula 1® which will allow us to reach new consumers. Additionally new innovations included the 'wild lager' beers H41 and H71, launched in a selected number of European markets. Heineken® Light was launched in Ireland and New Zealand, piloted in Greece and Switzerland and introduced in Australia as Heineken® 3.

The international brand portfolio, which includes brands complementary to Heineken® and with high potential to travel across geographies, outperformed. Volume was up double digit for **Affligem, Sol Premium, Lagunitas, Red Stripe, Tecate** and **Tiger** brands. **Desperados and Krušovice** volume grew high single digit and **Amstel** mid single digit.

Cider volume increased mid single digit, with double digit volume growth in the first half and single digit volume growth in the second half. Strongbow, our international cider brand continued to outperform. In the UK, the home base of cider, we continued to gain market share driven by the ongoing success of Strongbow Dark Fruit, Strongbow Cloudy Apple and Old Mout. Outside the UK, cider delivered double digit volume growth. During the year we introduced Orchard Thieves in five markets. In Ireland Orchard Thieves continued to outperform the market. In Romania, Czech Republic and Poland there was also good volume growth. In Africa, Middle East & Eastern Europe, South Africa and Russia saw positive cider performance. Mexico was the main contributor to cider growth in the Americas. In Asia Pacific, Strongbow which is now available in five markets, showed encouraging early signs.

Innovation continued to positively contribute to results, generating €2.2 billion in revenue with an implied innovation rate of 10.6% (2015: 9.2%). There were a number of launches in 2016 in low and no alcohol, with Amstel 0.0% and Cruzcampo 0.0% in Spain, Żywiec alcohol free in Poland and Bintang 0.0% Maxx in Indonesia. In craft and variety Mort Subite, Birra Moretti Regionali, and Żywiec variants all continued to excite the consumers and drive volume.

Operating profit (beia) grew 9.9% organically, primarily reflecting higher revenue and cost efficiencies.

SUSTAINABILITY

We believe business growth and sustainability go hand in hand. This is why our sustainability agenda, Brewing a Better World, is embedded in our business strategy. In 2016 HEINEKEN continued to make significant progress. Highlights included decreasing our water consumption to 3.6 hl/hl from 3.7 hl/hl in the previous year resulting in 28% decline since 2008, the baseline year for our 2020 commitments. For breweries in water scarce areas we have already reached our 2020 target of 3.3 hl/hl. We also reduced our CO_2 emissions to 6.5 kg CO_2e/hl down from 6.7 kg CO_2e/hl in 2015 (representing a 37% decline since 2008). We continued to advocate responsible consumption by investing in our 'When you drive, never drink' campaign through the new Formula 1® global platform, and the'Moderate Drinkers Wanted' campaign. Our safety performance also improved significantly. HEINEKEN will publish its first combined financial and sustainability annual report on 22 February 2017.

NET PROFIT

Net profit (beia) increased 8.5% organically to €2,098 million.

Exceptionals included an asset impairment in the Democratic Republic of Congo (DRC) of €286 million, with €233 million in the first half and an additional €53 million in the second half of the year.

Net profit after exceptionals was €1,540 million (2015: €1,892 million). In 2015 net profit included an exceptional gain of €379 million from the sale of EMPAQUE in Mexico.

TOTAL DIVIDEND FOR 2016

The Heineken N.V. dividend policy is to pay out a ratio of 30% to 40% of full year net profit (beia). For 2016, payment of a total cash dividend of €1.34 per share (2015: €1.30) will be proposed to the Annual General Meeting. This implies a 36% payout ratio, in line with the payout ratio in 2015. If approved, a final dividend of €0.82 per share will be paid on 3 May 2017, as an interim dividend of €0.52 per share was paid on 11 August 2016. The payment will be subject to a 15% Dutch withholding tax. The ex-final dividend date for Heineken N.V. shares will be 24 April 2017.

TRANSLATIONAL CURRENCY CALCULATED IMPACT FOR 2017

Using spot rates as at 9 February 2017 for the remainder of this year, the calculated negative currency translational impact would be approximately €75 million at consolidated operating profit (beia), and €30 million at net profit (beia). Foreign exchange markets remain very volatile.

ACQUISITION OF BRASIL KIRIN HOLDING S.A.

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. The transaction will transform HEINEKEN's existing business across the country by extending its footprint, increasing scale and further strengthening its brand portfolio. On closing, HEINEKEN will become the second largest beer company in Brazil, with a stronger commercial platform from which to capture future profitable growth in an exciting beer market. Further details can be found in the HEINEKEN N.V. release dated 13 February 2017.

PROPOSED ACQUISITION OF PUNCH

On 15 December 2016 HEINEKEN announced that following Vine Acquisitions Limited's announcement of a recommended cash offer for Punch Taverns plc, HEINEKEN through HEINEKEN UK had agreed a back-to-back deal with Vine Acquisitions to acquire Punch Securitisation A ('Punch A'), comprising approximately 1,900 pubs across the UK.
On 10 February 2017 Punch Shareholders voted in favour of the Scheme at the Court Meeting and that the special resolution proposed at the General Meeting was passed.
The Acquisition remains subject to the satisfaction or (where capable of being waived) waiver of the other Conditions set out in the Scheme Document, including the Court sanctioning the Scheme at the Court Hearing. Subject to being approved by the relevant regulatory authorities, the Acquisition is expected to become effective by the end of the first half of 2017. Further detail can be found in the HEINEKEN N.V. release dated 15 December 2016.

SUPERVISORY BOARD COMPOSITION

Messrs. Maarten Das, Christophe Navarre and Henk Scheffers will resign by rotation from the Supervisory Board at the Annual General Meeting (AGM) on 20 April 2017. Messrs. Das and Navarre are eligible for re-appointment for a period of four years and a non-binding nomination for their re-appointment will be submitted to the AGM. Mr. Scheffers has informed the Supervisory Board that he will not seek a further term as member of the Supervisory Board. The Supervisory Board is grateful for Mr. Scheffers' commitment over the past four years and for his contributions to the Supervisory Board and as Chairman of the Audit Committee.

ENQUIRIES

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INVESTOR CALENDAR HEINEKEN N.V.

Trading Update for Q1 2017	19 April 2017
Annual General Meeting	20 April 2017
Half Year 2017 Results	31 July 2017
Trading Update for Q3 2017	25 October 2017

Conference call details

HEINEKEN will host an analyst and investor conference call in relation to its 2016 FY results today at 10:00 CET/ 9:00 GMT. The call will be audio cast live via the company's 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 2577

United Kingdom
Local line: +44(0)20 3427 1902
National free phone: 0800 279 5004

United States of America
Local line: +1646 254 3364
National free phone: 1877 280 2342

Participation/ confirmation code for all countries: 3570680

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 specialty beers and ciders. We are 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. We employ over 73,000 employees and operate more than 165 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 HEINEKEN's website: www.theHEINEKENcompany.com and follow us on Twitter via @HEINEKENCorp.

Market Abuse Regulation
This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

REGIONAL OVERVIEW

Revenue *(in € million)*	**FY16**	FY15	Organic growth %
Heineken N.V.	**20,792**	20,511	4.8
Africa, Middle East & Eastern Europe	**3,203**	3,263	3.5
Americas	**5,203**	5,159	6.9
Asia Pacific	**2,894**	2,483	13.1
Europe	**10,112**	10,227	1.9
Head Office & Eliminations	**-620**	-621	n.a.

Operating Profit (beia) *(in € million)*	**FY16**	FY15	Organic growth %
Heineken N.V.	**3,540**	3,381	9.9
Africa, Middle East & Eastern Europe	**376**	579	-21.2
Americas	**1,021**	904	23.5
Asia Pacific	**927**	702	26.5
Europe	**1,261**	1,196	7.1
Head Office & Eliminations	**-45**	0	n.a.

Developing markets	**FY16**		
(in mhl or € million unless otherwise stated)	Group beer volume	Group revenue	Group operating profit (beia)[1]
Developing markets in:	**143.2**	**11,730**	**2,246**
Africa, Middle East & Eastern Europe	39.8		
Latin America & the Caribbean	52.1		
Asia Pacific	26.7		
Europe	24.6		
% of Group	66%	51%	59%

[1] Excludes Head Office & Eliminations

Africa, Middle East & Eastern Europe

Key Financials *(in mhl or € million unless otherwise stated)*	**FY16**	FY15	Total growth %	Organic growth %
Revenue	**3,203**	3,263	-1.8	3.5
Revenue/ hl (in €)	**71**	76	-7.0	5.1
Operating profit (beia)	**376**	579	-35.1	-21.2
Operating profit (beia) margin	**11.7%**	17.7%	-600 bps	
Total volume	**45.4**	43.0	5.5	-1.6
Beer volume	**38.4**	35.9	7.0	-1.3
Licensed & non-beer volume	**6.9**	7.0	-1.8	-2.7

Beer volume decreased 1.3% organically driven by Russia, the Democratic Republic of Congo (DRC) and Egypt which more than offset volume growth in Nigeria, Ethiopia and in exports.

Revenue grew 3.5% organically driven by positive revenue per hectolitre growth of 5.1%, partly offset by a total volume decline of 1.6%. Adverse currency developments in the region negatively impacted revenue by 13.3%, mainly driven by the devaluation of the Nigerian Naira. Consolidation impact increased revenue by 8% and mainly related to South Africa.

Operating profit (beia) declined by 21.2% organically mostly linked to Nigeria, Russia and the DRC. Currency devaluation, rising inflation as well as lower oil and commodity prices continued to weigh on regional results.

In **Nigeria**, further deterioration in the already weak macro economic environment continued to impact consumer sentiment resulting in mainstream and economy brand outperformance. Volume increased mid single digit, with flat volume in the second half. Although the Naira devaluation on 20 June 2016 initially provided improved liquidity, further Naira weakness combined with poor liquidity continues to challenge the business. The devaluation particularly impacted second half margins.

In **Russia**, volume declined double digit, with the beer market still tough given continued inflation and low consumer confidence. We continued to premiumise our portfolio and focus on value which resulted in improved revenue per hectolitre, but high promotional competitive pressure negatively impacted results.

In the **DRC,** we gained significant market share however volume declined mid single digit due to difficult market conditions impacting the underlying consumer environment and beer market. A further €53 million asset impairment charge was taken in the second half as an exceptional item, mainly to align long term cash flow forecasts with the latest external market data. This took the full year impairment to €286 million.

In **Egypt,** volume declined double digit due to weaker tourism, VAT implementation, and the currency devaluation in the fourth quarter.

In **Ethiopia,** strong Walia brand performance contributed to volume growth. We also started local production of Heineken® at the end of 2016 following the capacity expansion in Kilinto.

Americas

Key Financials *(in mhl or € million unless otherwise stated)*	**FY16**	FY15	Total growth %	Organic growth %
Revenue	**5,203**	5,159	0.9	6.9
Revenue/ hl (in €)	**87**	90	-3.3	3.3
Operating profit (beia)	**1,021**	904	13.1	23.5
Operating profit (beia) margin	**19.6%**	17.5%	210 bps	
Total volume	**60.0**	57.5	4.4	3.4
Beer volume	**58.7**	56.0	4.7	3.7
Licensed & non-beer volume	**1.2**	1.4	-7.9	-8.9

Beer volume grew 3.7% organically, driven by strong growth in Mexico which more than offset weaker volume in Brazil and the US.

Revenue grew 6.9% organically driven by total volume growth of 3.4% and higher revenue per hectolitre of 3.3%. Revenue management initiatives and positive brand mix both contributed to top line growth. Adverse currency movements impacted revenue by 8%. Consolidation added 2% to revenues mainly due to Jamaica.

Operating profit (beia) grew 23.5% organically with Mexico and US the main drivers. Operating profit in the US benefited from material favourable transactional currency impact. In Mexico, the transactional currency impact was negative, but was more than offset by mix, pricing and continued efficiencies.

In **Mexico**, beer volume grew high single digit, supported by a favourable economic environment, effective marketing programmes and sales execution. Heineken®, Tecate and Dos Equis all grew double digit during the year.

In **Brazil,** although volume was down mid single digit, the premium brand portfolio continued to outperform. Heineken® grew double digit, reaching more than 2 million hectolitres in 2016, and Sol Premium performed very well. Amstel, introduced in the mainstream segment at the end of 2015, grew strongly.

In the **US**, both volume and depletions were slightly down. Heineken® brand volume and depletions declined marginally. Tecate grew volume mid single digit, with Tecate Light growth double digit. Dos Equis grew low single digit and Strongbow gained share in a softer cider category.

Asia Pacific

Key Financials *(in mhl or € million unless otherwise stated)*	**FY16**	FY15	Total growth %	Organic growth %
Revenue	**2,894**	2,483	16.5	13.1
Revenue/ hl (in €)	**116**	122	-4.9	-3.7
Operating profit (beia)	**927**	702	32.1	26.5
Operating profit (beia) margin	**32.0%**	28.3%	370 bps	
Total volume	**24.9**	20.3	22.5	17.5
Beer volume	**24.4**	19.8	23.1	17.9
Licensed & non-beer volume	**0.4**	0.4	-2.5	3.0

Beer volume grew 17.9% organically, with double digit volume growth in Vietnam, Cambodia, and Indonesia.

Revenue grew 13.1% organically, with total volume up 17.5% and revenue per hectolitre down 3.7%, as a result of negative country mix. Underlying price mix for the region was virtually flat.

Operating profit (beia) increased 26.5% organically driven by strong growth in Vietnam, Cambodia and Indonesia.

In **Vietnam**, beer volume grew double digit reflecting strong growth of Tiger in the affordable premium segment. Portfolio strategy, effective marketing and sales execution resulted in continued market share gain. The brewery acquired in July in the South of Vietnam (Vũng Tàu) provided increased capacity.

In **China**, volume was up low single digit led by strong Heineken® performance. Volume development was slightly down in the second half.

In **Indonesia**, volume continued to increase led by strong growth of the low and non alcoholic portfolio, and successful innovations.

In **Cambodia**, volume grew double digit benefiting from successful portfolio strategy roll out as well as the capacity extension earlier this year. This strong performance resulted in further market share gains.

Europe

Key Financials *(in mhl or € million unless otherwise stated)*	**FY16**	FY15	Total growth %	Organic growth %
Revenue	**10,112**	10,227	-1.1	1.9[1]
Revenue/ hl (in €)	**97**	100	-3.3	1.4[1]
Operating profit (beia)	**1,261**	1,196	5.4	7.1
Operating profit (beia) margin	**12.5%**	11.7%	80 bps[1]	
Total volume	**97.5**	95.2	2.4	0.8
Beer volume	**78.6**	76.6	2.6	0.7
Licensed & non-beer volume	**10.9**	10.3	6.2	3.1

Beer volume increased by 0.7% driven by strong growth in the premium portfolio, led by Heineken®. France, Serbia, Spain, Italy and Poland contributed positively and more than offset the decline in Romania. Beer volume in the fourth quarter declined 2.5%, largely due to a deliberate reduction in promotions and private label volume in some markets as well as a strong comparative in December 2015.

Revenue increased by 1.9% organically, with revenue per hectolitre up 1.4%. Deflationary pressure and off trade pricing pressure continued to impact the region.

Operating profit (beia) was up 7.1% organically due to successful revenue management, continued focus on premiumisation and innovation, as well as disciplined cost management.

In the **UK**, beer volume declined slightly, although premium beer and cider volume increased strongly, led by Heineken®. Cider innovations were successful and value enhancing. The pubs business continued to perform well. In 2H16 there was an adjustment in the way the UK accounts for products bought for resale that were previously partly netted in Revenue and Raw materials. This has no impact on operating profit.

In **France**, volume grew mid single digit, with growth led by premium brands including Heineken®, Desperados and Affligem. The pricing environment continues to remain challenging.

In **Spain**, beer volume was up low single digit, with double digit premium segment growth supported by continued improvement in the underlying economic environment and good on trade performance.

In the **Netherlands**, volume grew low single digit, led by Heineken® and supported by strong performance of Brand and Affligem in the premium segment.

In **Poland**, beer volume increased low single digit. The underlying market continued to be adversely impacted by channel mix and competitive pricing strategy.

[1] Excluding an accounting adjustment in the UK in 2H16 with no impact on operating profit, Europe organic revenue growth would have been +1.0%, organic revenue per hl +0.5% and operating margin (beia) +90bps.

FINANCIAL REVIEW

Key figures *(in mhl or € million unless otherwise stated)*	**FY15**	Currency translation	Consolidation impact	Organic growth	**FY16**	Organic growth %
Revenue (beia)	**20,511**	-1,150	441	989	**20,792**	4.8
Total expenses (beia)	**-17,130**	934	-401	-654	**-17,252**	-3.8
Operating profit (beia)	**3,381**	-216	40	335	**3,540**	9.9
Share of net profit of assoc./ JVs (beia)	**177**	-3	—	-14	**161**	-7.8
EBIT (beia)	**3,558**	-219	40	321	**3,700**	9.0
Net interest income/(expenses) (beia)	**-352**	3	-32	27	**-355**	7.6
Other net finance income/(expenses) (beia)	**-76**	2	-3	-38	**-114**	-49.7
Income tax expense (beia)	**-822**	75	2	-125	**-869**	-15.2
Minority interests (beia)	**-261**	14	-6	-12	**-265**	-4.6
Net profit (beia)	**2,048**	-125	1	174	**2,098**	8.5
Eia	-156				-558	
Net profit	**1,892**				**1,540**	

Main changes in consolidation

- On 7 October 2015 HEINEKEN announced the acquisition of Diageo plc's shareholding in Jamaican formerly listed Desnoes & Geddes (“D&G”). During 2016 HEINEKEN acquired 22.5% of the floating shares in D&G. HEINEKEN owned a 95.8% stake in D&G as at 31 December 2016.
- As of 7 October 2015 HEINEKEN has full ownership of GAPL Pte Ltd ("GAPL"). GAPL owns 51% of the issued share capital of HEINEKEN Malaysia Berhad, which is listed on the Malaysian Stock Exchange.
- On 15 October 2015 HEINEKEN completed the acquisition of a 53.4% stake of Pivovarna Laško Union d.o.o. (formerly known as Pivovarna Laško d.d.) in Slovenia. Following the completion of the mandatory takeover offer, HEINEKEN holds 100% of the share capital of this company.
- On 1 December 2015 HEINEKEN completed the restructuring of its operations in South Africa and Namibia. In South Africa, HEINEKEN holds a 75% stake in both Heineken South Africa (Pty) Limited (formerly known as DHN Drinks (Pty) Limited) and in Sedibeng Brewery (Pty) Limited with Namibian Breweries Limited ("NBL") holding a 25% stake in both entities.
- On 1 February 2016, Grupa Żywiec completed the sale of 80% in Distribev Sp. z o.o., Grupa Żywiec’s local sales and distribution company serving the traditional trade and horeca market, to the Orbico Group.
- An agreement with Asia Brewery Incorporated to create AB HEINEKEN Philippines Inc was announced on 27 May 2016. The transaction closed on 15 November 2016.

Revenue

Revenue increased by 1.4% to €20,792 million. Currency developments had a negative impact of 5.6% (€1,150 million), largely driven by the depreciation of the Mexican Peso, the Nigerian Naira and the British pound. The impact of consolidation changes was €441 million, adding 2.2%. The organic revenue increase of 4.8% comprised of total consolidated volume growth of 2.6% and a 2.2% increase in revenue per hectolitre.

Total expenses (beia)

Total expenses (beia) were €17,252 million, up by 3.8% organically. On an organic basis, input costs increased by 10.8% and by 7.7% on a per hectolitre basis predominantly due to adverse currency movements leading to a negative transactional FX impact. Marketing and selling (beia) expenses increased organically by 4.9% to €2,830 million, representing 13.6% of revenues (2015: 13.4%).

Operating profit (beia)

Operating profit (beia) was €3,540 million, up 9.9% organically, with a €216 million negative foreign currency impact and €40 million increase from consolidation changes. Higher revenue and the benefit of realised cost savings and efficiencies were only partially offset by higher marketing and selling expenses.

Share of net profit of associates and joint ventures (beia)

Share of net profit of associates and joint ventures (beia) decreased from €177 million to €161 million. The €14 million decline mainly reflected lower net profit from the joint venture operation in the Republic of the Congo due to difficult market conditions.

Net finance expenses (beia)

Net interest expenses (beia) slightly increased by €3 million to €355 million, reflecting a higher average net debt position. The average interest rate in 2016 was 3.1% (2015: 3.3%). Other net finance expenses (beia) increased by €38 million to €114 million, primarily due to adverse foreign currency transactional movements.

Income tax expense (beia)

The effective tax rate (beia) was 28.3%, a slight increase on the rate in 2015 (27.8%).

Net profit and net profit (beia)

Net profit decreased by €352 million to €1,540 million.
Net profit (beia) grew by €50 million to €2,098 million, an organic increase of 8.5%. Unfavourable currency impact was 6%, with consolidation impact minimal.

Exceptional items & amortisation of acquisition related intangibles (Eia)

The impact of EIA on Net profit amounted to €558 million (2015: €156 million).
On EBIT the impact of EIA amounted to €795 million (2015: €311 million).

Amortisation of acquisition related intangibles in EBIT amounted to €315 million (2015: €321 million). Exceptional items in EBIT amounted to €480 million (2015: €10 million income) including impairments of €328m (2015: €78 million), of which €286 million related to DRC, and restructuring expenses of €80 million (2015: €106 million). Other exceptional expenses in EBIT amounted €72 million (2015: €194 million income which included €379 million gain from EMPAQUE). This includes asset write downs and the recording of provisions of €62 million (2015: €79 million).

Please refer to page 24 for a more detailed description of the exceptional items and amortisation of acquisition related intangibles.

US dollar hedging

HEINEKEN delays the impact of the US dollar fluctuations versus the Euro by hedging the net cash inflow of US dollars from exports for up to 18 months in advance.

For 2016 the average EUR/USD exchange rate inclusive of hedging was 1.16, versus 1.30 in 2015. For the full year 2017, the net dollar inflow is forecast to be USD$518 million, of which 85% has been hedged at EUR/USD 1.13. For 2018, the net dollar inflow is forecast to be approximately USD$496 million of which 34% is hedged at EUR/USD 1.11 as of 9 February 2017.

Capital expenditure and cash flow

Capital expenditure related to property, plant and equipment amounted to €1,757 million in 2016 (2015: €1,638 million) representing 8.5% of revenues. The increase in capital expenditure on the prior year included investments in Ethiopia, Cambodia, Ivory Coast, Mexico, Brazil, Vietnam and China.

Free operating cash flow amounted to €1,773 million (2015: €1,692 million), higher than last year primarily due to positive cash flow generated from operations, which was partly offset by higher capital expenditure. Cash flow from changes in working capital in 2016 was again positive, albeit lower than last year due to one offs in receivables and less favourable movements in our payables due to capital expenditure phasing.

Financial structure

Total gross debt amounts to €14,570 million (2015: €14,973 million). The gross debt position includes the impact of the change in accounting policy on netting cash and overdraft balances in cash pooling arrangements. Net debt decreased to €11,293 million (2015: €11,510 million) as free operating cash flow exceeded the cash outflow for dividends, acquisitions and foreign currency impact on debt.

Including the effect of cross-currency swaps, 59% of net debt is Euro-denominated and 31% is US dollar and US dollar proxy currencies. The pro forma net debt/EBITDA (beia) ratio was 2.3x on 31 December 2016 (2015: 2.4x) in line with the long-term target net debt/EBITDA (beia) ratio of below 2.5x.

During 2016 the following notes were issued under HEINEKEN's Euro Medium Term Note Programme:

- €800 million 10-year Notes with a coupon of 1.0% (May 2016)
- €500 million long 10-year Notes with a coupon of 1.375% (November 2016)

Average number of shares

HEINEKEN has 576,002,613 shares in issue. For the calculation of 2016 basic EPS, the weighted impact of the share buyback and shares purchased for the employee incentive programme reduced the number of weighted average shares outstanding to 569,737,210 (572,292,454 in 2015).
For the calculation of 2016 diluted EPS, the number of weighted average outstanding shares is adjusted for the amount of shares to be delivered under the employee incentive programme, resulting in a weighted average diluted number of shares of 570,370,392 (572,944,188 in 2015).

Full Year 2016 Metrics

In mhl or €million unless otherwise stated & consolidated figures unless otherwise stated	FY15	Currency Translation	Consolidation Impact	Organic Growth	FY16	Organic Growth %
Africa, Middle East & Eastern Europe						
Revenue	3,263	-435	262	113	3,203	3.5
Revenue per Hl (in €)[1]	76			4	71	5.1
Operating profit (beia)	579	-58	-22	-123	376	-21.2
Operating profit (beia) margin	17.7%				11.7%	
Total volume	43.0		3.0	-0.7	45.4	-1.6
Beer volume	35.9		3.0	-0.5	38.4	-1.3
Licensed & non-beer volume	7.0		—	-0.2	6.9	-2.7
Third party products volume	0.1		—	—	0.1	-10.3
Group beer volume	*39.9*				*40.0*	
Americas						
Revenue	5,159	-417	106	355	5,203	6.9
Revenue per Hl (in €)[1]	90			3	87	3.3
Operating profit (beia)	904	-104	9	213	1,021	23.5
Operating profit (beia) margin	17.5%				19.6%	
Total volume	57.5		0.6	2.0	60.0	3.4
Beer volume	56.0		0.6	2.1	58.7	3.7
Licensed & non-beer volume	1.4		—	-0.1	1.2	-8.9
Third party products volume	0.1		—	—	0.1	-11.2
Group beer volume	*60.2*				*63.4*	
Asia Pacific						
Revenue	2,483	-50	135	326	2,894	13.1
Revenue per Hl (in €)[1]	122			-5	116	-3.7
Operating profit (beia)	702	-15	54	186	927	26.5
Operating profit (beia) margin	28.3%				32.0%	
Total volume	20.3		1.0	3.5	24.9	17.5
Beer volume	19.8		1.0	3.5	24.4	17.9
Licensed & non-beer volume	0.4		—	—	0.4	3.0
Third party products volume	0.1		—	—	0.1	-1.8
Group beer volume	*25.7*				*30.6*	
Europe						
Revenue[2]	10,227	-243	-62	190	10,112	1.9
Revenue per Hl (in €)[1,2]	100			1	97	1.4
Operating profit (beia)	1,196	-36	17	84	1,261	7.1
Operating profit (beia) margin	11.7%				12.5%	
Total volume	95.2		1.5	0.8	97.5	0.8
Beer volume	76.6		1.5	0.6	78.6	0.7
Licensed & non-beer volume	10.3		0.2	0.3	10.9	3.1
Third party products volume	8.3		-0.2	-0.1	8.0	-1.3
Group beer volume	*79.6*				*81.6*	
Head Office & Eliminations						
Revenue	-621	-5	—	5	-620	n.a.
Operating profit (beia)	—	-3	-18	-25	-45	n.a.
Heineken N.V.						
Revenue[2]	20,511	-1,150	441	989	20,792	4.8
Revenue per Hl (in €)[1,2]	95			2	91	2.2
Total expenses (beia)	-17,130	934	-401	-654	-17,252	-3.8
Operating profit (beia)	3,381	-216	40	335	3,540	9.9
Operating profit (beia) margin	16.5%				17.0%	
Share of net profit of associates /JVs (beia)	177	-3	—	-14	161	-7.8
Net Interest income / (expenses) (beia)	-352	3	-32	27	-355	7.6
Other net finance income / (expenses) (beia)	-76	2	-3	-38	-114	-49.7
Income tax expense (beia)	-822	75	2	-125	-869	-15.2
Minority Interests	-261	14	-6	-12	-265	-4.6
Net profit (beia)	2,048	-125	1	174	2,098	8.5
Total volume	216.0		6.2	5.6	227.8	2.6
Beer volume	188.3		6.0	5.7	200.1	3.0
Licensed & non-beer volume	19.1		0.4	—	19.4	0.1
Third party products volume	8.6		-0.2	-0.1	8.3	-1.6
Group beer volume	*205.4*				*215.6*	

¹ Revenue per Hl calculation excludes interregional revenue

² Refer to page 1 for additional detail on UK accounting adjustment impact on HEINEKEN and on Europe please go to page 11.

Note: due to rounding, this table will not always cast

Fourth Quarter 2016 Metrics

In mhl or €million unless otherwise stated & consolidated figures unless otherwise stated	4Q15	Consolidation Impact	Organic Growth	4Q16	Organic Growth %
Africa, Middle East & Eastern Europe					
Total volume	10.9	0.8	-0.1	11.6	-0.9
Beer volume	9.2	0.7	0.1	10.0	0.6
Licensed & non-beer volume	1.7	0.1	-0.2	1.6	-8.6
Third party products volume	—	—	—	—	—
Group beer volume	*10.2*			*10.4*	
Americas					
Total volume	15.5	—	0.4	16.0	2.6
Beer volume	15.1	—	0.4	15.6	2.8
Licensed & non-beer volume	0.4	—	—	0.4	-3.1
Third party products volume	—	—	—	—	—
Group beer volume	*16.5*			*17.1*	
Asia Pacific					
Total volume	5.9	0.1	1.0	7.0	16.8
Beer volume	5.7	0.1	1.0	6.8	17.8
Licensed & non-beer volume	0.2	—	—	0.2	-10.5
Third party products volume	—	—	—	—	—
Group beer volume	*7.1*			*8.2*	
Europe					
Total volume	21.5	-0.1	-0.5	21.0	-2.1
Beer volume	17.1	—	-0.4	16.7	-2.5
Licensed & non-beer volume	2.5	—	—	2.5	1.5
Third party products volume	1.9	-0.1	-0.1	1.8	-3.4
Group beer volume	*17.8*			*17.3*	
Heineken N.V.					
Total volume	53.8	0.8	0.8	55.5	1.6
Beer volume	47.2	0.9	1.1	49.1	2.2
Licensed & non-beer volume	4.6	—	-0.2	4.5	-3.0
Third party products volume	2.0	-0.1	-0.1	1.9	-3.5
Group beer volume	*51.6*			*53.0*	

Note: due to rounding, this table will not always cast

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Consolidated financial statements for the full year 2016

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The 2016 financial information included in the primary statements attached to this press release are derived from the Annual Report 2016. This Annual Report has been authorised for issue. The Annual Report has not yet been published by law and still has to be adopted by the Annual General Meeting on 20 April 2017.
In accordance with section 393, Title 9, Book 2 of the Netherlands Civil Code, Deloitte Accountants B.V. has issued an unqualified auditors' opinion on the Annual Report.

The full Annual Report will be available to download on the HEINEKEN website (www.theheinekencompany.com) from 22 February 2017.

CONSOLIDATED INCOME STATEMENT

	2016	2015
For the year ended 31 December		
In millions of EUR		
Revenue	**20,792**	20,511
Other income	**46**	411
Raw materials, consumables and services	(13,003)	(12,931)
Personnel expenses	(3,263)	(3,322)
Amortisation, depreciation and impairments	(1,817)	(1,594)
Total expenses	**(18,083)**	(17,847)
Results from operating activities	**2,755**	3,075
Interest income	60	60
Interest expenses	(419)	(412)
Other net finance income/(expenses)	(134)	(57)
Net finance expenses	**(493)**	(409)
Share of profit of associates and joint ventures and impairments thereof (net of income tax)	150	172
Profit before income tax	**2,412**	2,838
Income tax expense	(673)	(697)
Profit	**1,739**	2,141
Attributable to:		
Equity holders of the Company (net profit)	1,540	1,892
Non-controlling interests	199	249
Profit	**1,739**	2,141
Weighted average number of shares – basic	569,737,210	572,292,454
Weighted average number of shares – diluted	570,370,392	572,944,188
Basic earnings per share (EUR)	2.70	3.31
Diluted earnings per share (EUR)	2.70	3.30

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2016	2015
For the year ended 31 December *In millions of EUR*		
Profit	**1,739**	2,141
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial gains and losses	(252)	95
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	(908)	(43)
Recycling of currency translation differences to profit or loss	—	129
Effective portion of net investment hedges	44	15
Effective portion of changes in fair value of cash flow hedges	6	23
Effective portion of cash flow hedges transferred to profit or loss	41	24
Net change in fair value available-for-sale investments	140	43
Recycling of fair value of available-for-sale investments to profit or loss	—	(16)
Share of other comprehensive income of associates/joint ventures	—	7
Other comprehensive income, net of tax	**(929)**	277
Total comprehensive income	**810**	2,418
Attributable to:		
Equity holders of the Company	660	2,150
Non-controlling interests	150	268
Total comprehensive income	**810**	2,418

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2016	2015*
As at 31 December		
In millions of EUR		
Assets		
Property, plant and equipment	9,232	9,552
Intangible assets	17,424	18,183
Investments in associates and joint ventures	2,166	1,985
Other investments and receivables	1,077	856
Advances to customers	274	266
Deferred tax assets	1,011	958
Total non-current assets	**31,184**	31,800
Inventories	1,618	1,702
Other investments	—	16
Trade and other receivables	3,052	2,873
Prepayments	328	343
Income tax receivables	47	33
Cash and cash equivalents	3,035	3,232
Assets classified as held for sale	57	123
Total current assets	**8,137**	8,322
Total assets	**39,321**	40,122
Equity		
Share capital	922	922
Share premium	2,701	2,701
Reserves	(1,173)	(655)
Retained earnings	10,788	10,567
Equity attributable to equity holders of the Company	**13,238**	13,535
Non-controlling interests	1,335	1,535
Total equity	**14,573**	15,070
Liabilities		
Loans and borrowings	10,954	10,658
Tax liabilities	3	3
Employee benefits	1,420	1,289
Provisions	302	320
Deferred tax liabilities	1,672	1,858
Total non-current liabilities	**14,351**	14,128
Bank overdrafts and commercial papers	1,669	2,950
Loans and borrowings	1,981	1,397
Trade and other payables	6,224	6,013
Tax liabilities	352	379
Provisions	154	154
Liabilities classified as held for sale	17	31
Total current liabilities	**10,397**	10,924
Total liabilities	**24,748**	25,052
Total equity and liabilities	**39,321**	40,122

*Revised to reflect the change in accounting policy on netting cash and overdraft balances in cash pooling arrangements with legally enforceable rights to offset.

CONSOLIDATED STATEMENT OF CASH FLOWS

	2016	2015
For the year ended 31 December		
In millions of EUR		
Operating activities		
Profit	1,739	2,141
Adjustments for:		
Amortisation, depreciation and impairments	1,817	1,594
Net interest expenses	359	352
Gain on sale of property, plant and equipment, intangible assets and subsidiaries, joint ventures and associates	(46)	(411)
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	(161)	(182)
Income tax expenses	673	697
Other non-cash items	332	89
Cash flow from operations before changes in working capital and provisions	**4,713**	4,280
Change in inventories	(20)	27
Change in trade and other receivables	(228)	(59)
Change in trade and other payables	328	403
Total change in working capital	**80**	371
Change in provisions and employee benefits	(73)	(165)
Cash flow from operations	**4,720**	4,486
Interest paid	(441)	(446)
Interest received	70	87
Dividends received	118	159
Income taxes paid	(749)	(797)
Cash flow related to interest, dividend and income tax	**(1,002)**	(997)
Cash flow from operating activities	**3,718**	3,489
Investing activities		
Proceeds from sale of property, plant and equipment and intangible assets	116	83
Purchase of property, plant and equipment	(1,757)	(1,638)
Purchase of intangible assets	(109)	(92)
Loans issued to customers and other investments	(219)	(195)
Repayment on loans to customers	24	45
Cash flow (used in)/from operational investing activities	**(1,945)**	(1,797)
Free operating cash flow	**1,773**	1,692
Acquisition of subsidiaries, net of cash acquired	(9)	(757)
Acquisition of/additions to associates, joint ventures and other investments	(68)	(543)
Disposal of subsidiaries, net of cash disposed of	15	979
Disposal of associates, joint ventures and other investments	—	54
Cash flow (used in)/from acquisitions and disposals	**(62)**	(267)
Cash flow (used in)/from investing activities	**(2,007)**	(2,064)

For the year ended 31 December *In millions of EUR*	**2016**	2015
Financing activities		
Proceeds from loans and borrowings	1,670	1,888
Repayment of loans and borrowings	(1,001)	(1,753)
Dividends paid	(1,031)	(909)
Purchase own shares and shares issued	(31)	(377)
Acquisition of non-controlling interests	(294)	(21)
Other	15	(1)
Cash flow (used in)/from financing activities	**(672)**	(1,173)
Net cash flow	**1,039**	252
Cash and cash equivalents as at 1 January	282	73
Effect of movements in exchange rates	45	(43)
Cash and cash equivalents as at 31 December	**1,366**	282

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of EUR	Share capital	Share premium	Translation reserve	Hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2015	**922**	**2,701**	**(1,097)**	**(99)**	**96**	**743**	**(70)**	**9,213**	**12,409**	**1,043**	**13,452**
Profit	—	—	—	—	—	186	—	1,706	1,892	249	2,141
Other comprehensive income	—	—	80	52	26	—	—	100	258	19	277
Total comprehensive income	**—**	**—**	**80**	**52**	**26**	**186**	**—**	**1,806**	**2,150**	**268**	**2,418**
Transfer to retained earnings	—	—	—	—	—	(210)	—	210	—	—	—
Dividends to shareholders	—	—	—	—	—	—	—	(676)	(676)	(248)	(924)
Purchase/reissuance own/non-controlling shares	—	—	—	—	—	—	(384)	—	(384)	10	(374)
Own shares delivered	—	—	—	—	—	—	22	(22)	—	—	—
Share-based payments	—	—	—	—	—	—	—	32	32	—	32
Acquisition of non-controlling interests without a change in control	—	—	—	—	—	—	—	4	4	(2)	2
Changes in consolidation	—	—	—	—	—	—	—	—	—	464	464
Balance as at 31 December 2015	**922**	**2,701**	**(1,017)**	**(47)**	**122**	**719**	**(432)**	**10,567**	**13,535**	**1,535**	**15,070**

In millions of EUR	Share capital	Share premium	Translation reserve	Hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2016	**922**	**2,701**	**(1,017)**	**(47)**	**122**	**719**	**(432)**	**10,567**	**13,535**	**1,535**	**15,070**
Profit	—	—	—	—	—	153	—	1,387	1,540	199	1,739
Other comprehensive income	—	—	(812)	46	140	—	—	(254)	(880)	(49)	(929)
Total comprehensive income	**—**	**—**	**(812)**	**46**	**140**	**153**	**—**	**1,133**	**660**	**150**	**810**
Transfer to/(from) retained earnings	—	—	—	—	—	(34)	—	34	—	—	—
Dividends to shareholders	—	—	—	—	—	—	—	(786)	(786)	(261)	(1,047)
Purchase/reissuance own/non-controlling shares	—	—	—	—	—	—	(39)	—	(39)	8	(31)
Own shares delivered	—	—	—	—	—	—	28	(28)	—	—	—
Share-based payments	—	—	—	—	—	—	—	13	13	—	13
Acquisition of non-controlling interests without a change in control	—	—	—	—	—	—	—	(145)	(145)	(144)	(289)
Changes in consolidation	—	—	—	—	—	—	—	—	—	47	47
Balance as at 31 December 2016	**922**	**2,701**	**(1,829)**	**(1)**	**262**	**838**	**(443)**	**10,788**	**13,238**	**1,335**	**14,573**

NON-GAAP MEASURES

In the internal management reports, HEINEKEN measures its performance primarily based on EBIT and EBIT beia (before exceptional items and amortisation of acquisition-related intangible assets). Both are non-GAAP measures not calculated in accordance with IFRS. Beia adjustments are also applied on profit 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.

In millions of EUR	**2016**	2015
EBIT (beia)	**3,700**	3,558
Exceptional items and amortisation of acquisition-related intangible assets included in EBIT	(795)	(311)
EBIT	**2,905**	3,247
Net finance expenses	(493)	(409)
Profit before income tax	**2,412**	2,838
Profit attributable to equity holders of the Company (net profit)	**1,540**	1,892
Amortisation of acquisition-related intangible assets included in EBIT	315	321
Exceptional items included in EBIT	480	(10)
Exceptional items included in net finance expenses/(income)	25	(18)
Exceptional items included in income tax expense	(196)	(124)
Exceptional items included in non-controlling interest	(66)	(13)
Net profit (beia)	**2,098**	2,048

The 2016 exceptional items and amortisation of acquisition-related intangibles on net profit amounts to €558 million (2015: €156 million). This amount consists of:

- €315 million (2015: €321 million) of amortisation of acquisition-related intangibles recorded in EBIT. €10 million (2015: €5 million) of this amount is included in share of net profit of associates and joint ventures.
- €480 million (2015: €10 million income) of exceptional items recorded in EBIT. This includes restructuring expenses of €80 million (2015: €106 million), impairments of €328 million (2015: €78 million) of which €286 million relates to The Democratic Republic of Congo (DRC). Other exceptional expenses in EBIT amounted to €72 million (2015: €194 million income which included €379 million disposal gain for EMPAQUE). This includes asset write downs and the recording of provisions for an amount of €62 million (2015: €79 million).
- €25 million (2015: €18 million income) of exceptional items in net finance expenses, mainly related to the currency impact on dividend receivables from Nigeria.
- €196 million (2015: €124 million) in income tax expense includes the tax impact on amortisation of acquisition-related intangible assets of €73 million (2015: €75 million), the tax impact on exceptional items of €36 million (2015: €58 million) and an exceptional income tax benefit of €87 million (2015: €9 million expense), mainly relating to previously unrecognised deferred tax assets in 2016
- Total amount of Eia allocated to non-controlling interest amounts to €66 million (2015: €13 million).

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

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

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.

Exceptional items
Items of income and expense of such size, nature or incidence, that in the view of management their disclosure is relevant to explain the performance of HEINEKEN for the period.

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

Innovation rate
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.

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 the Company).

Operating profit
Results from operating activities.

Organic growth
Growth excluding the effect of foreign currency translational effects, consolidation 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.

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 shares.
Diluted
Weighted average number of outstanding shares and the weighted average number of ordinary shares that would be issued on conversion of the dilutive potential ordinary shares into ordinary shares as a result of HEINEKEN's share based payment plans.

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