

Accelerate efficiencies

Generating top-line growth is only part of the journey towards sustained high performance. Becoming more efficient in our production and our ongoing operations is also a prerequisite if we are to remain strong, independent and competitive.

That is the reality and the aim of our three-year 'Fit2Fight' initiative. It is this initiative that aims to make gross savings of €450 million of our fixed-cost base by the end of 2008. The savings will be split across our regions, operations, functions and head office.

In 2006, we made some tough choices linked to this initiative. In total, in 2006, we achieved approximately 25 per cent of the total savings. In 2007 we expect to achieve 30-34 per cent and in 2008, the remaining 41-45 per cent.

Whilst we have made progress, and I am confident that we will achieve our goal, no-one in Heineken underestimates the impact of the programme on those of our employees directly involved and we

do all we can to support those affected through the process. We also recognise that we have to balance our cost reduction with investment in generating top-line growth.

In 2006, it was not just new initiatives such as Fit2Fight, which helped us improve our efficiency. The continued focus on Total Productive Management (TPM) throughout our organisation is allowing us to continually reduce the cost of brewing our beers. TPM is now established in every significant operation within the Heineken Group and will continue to be a major programme within the organisation for the foreseeable future.

Efficient business

Internal programmes enable us to be in top condition to tackle competition. Not only by cutting costs but also by changing the way in which we do business. Our focus is on our core business, whilst economies of scale and IT support functions are leveraged.