

## Regional Review

# Western Europe

### Revenue

€5.4 billion

### EBIT

€920.2 million

### EBIT (BEIA)

€633.3 million

### Consolidated beer volume

32.1 million hectolitres

### Heineken group volume in premium segment

7.1 million hectolitres

### Consolidated beer volume

In millions of hectolitres



“Innovation is key for our top-line growth. We have produced a number of successful examples of innovation that supported that growth, including the new and updated versions of BeerTender, DraughtKeg and also Xtreme Draught. These are important initiatives to create promising opportunities and to restore growth in beer consumption.”

Didier Debrosse,  
President Heineken Western Europe

Heineken is Western Europe’s leading brewer and the region continues to make the largest contribution to Group’s profitability, thanks to our strong market positions and excellent brand portfolio. Our market share in the region is 14 per cent.

Revenues were up 2.4 per cent in Western Europe driven by improvement in price and sales mix and by a positive contribution from wholesale activities. Consolidated volumes were fractionally up to 32.1 million hectolitres, as good performances in Spain, the UK, Switzerland and Ireland more than offset the pressure in the on-trade recorded in some of the region’s other countries.

Trading in Western Europe was positively influenced by the sustained warm weather. The effect of the soccer World Cup was negligible.

The Heineken brand volumes in the premium segment grew by 3.8 per cent with brand growth higher than market growth in all countries. The volume of the Heineken brand, including that of the Dutch market, grew by 1.7 per cent to 10.4 million hectolitres.

EBIT BEIA grew by 4.8 per cent due to our efforts in building our brands and our focus on cost savings. In addition, an exceptional gain was realised by sale of the land of the existing brewery in Seville.

Innovation continues to be key in order to attract and retain beer drinkers in the highly profitable Western European markets. We increased our efforts in this area during 2006. For instance, attractiveness and quality of our beers in the on-trade was enhanced; the first Xtreme Draught units rolled off the lines in July; frozen founts were installed to serve our Heineken Extra Cold in the Netherlands, France and Switzerland; and in France the new BeerTender was introduced in the autumn. Sales of the innovative DraughtKeg also contributed to volume growth. Innovation also applied to other brands: Desperados Mas®



established its first advertising campaign in France, while Cruzcampo® Shandy in Spain and Birra Moretti® Zero are creating new opportunities.

The Fit2Fight programme was implemented in the region and we are confident that this programme will further improve profitability and will support long-term growth.

The proposal of the European Union for the harmonisation of excise duty levels across the region is still being discussed. Heineken supports an equal treatment of beer in comparison with wine and believes that excise duty on beer – where wine is not taxed – leads to further unfair competition.

## DraughtKeg: extraordinary success

DraughtKeg was introduced in France in April 2005 and the one-way BeerTender version in October 2006.

The DraughtKeg is a 5 litre CO<sub>2</sub> pressurized keg with a tap. The consumer chills the keg and then simply clicks on the easy-to-install tap tube to draw a fresh draught beer. Our unique and patented carbonator pressure unit inside the keg releases CO<sub>2</sub> to keep the pressure at 1 bar. This allows for a crisp quality beer with the right head of foam and the right 'bite'. The DraughtKeg stays fresh for 21 days after first tapping, right down to the last glass. On average, 20 glasses can be dispensed.

The DraughtKeg is now available in 54 countries around the globe, proving an extraordinary success. It is exclusively used for the Heineken brand.

With the new one-way BeerTender technology, the DraughtKeg can now be used as a keg for our BeerTender appliance as well. The new system was introduced in the French market for the first time.

We are more than tripling our manufacturing capacity in order to meet the high consumer demand. The new filling line will be up and running in the first half of 2007.



### Principal brands

Our principal international brands are Heineken and Amstel. Heineken is positioned as a premium brand, except for the Dutch market and Amstel is positioned in the mid-priced mainstream segment.