

Heineken launches 4 year barley program in Ethiopia together with Dutch and Ethiopian Government

Amsterdam, 28 February 2013 – Netherlands Minister for Foreign Trade and Development Cooperation participates in the signing of a Memorandum of Understanding with HEINEKEN and two Ethiopian Government institutes for a 4-year Malt Barley Programme, which is set to expand the value of the malt barley business for the region.

H.E. Minister Lilianne Ploumen, Netherlands Minister for Foreign Trade and Development Cooperation attended a meeting today where HEINEKEN BREWERIES S.C. (HBSC), the AGRICULTURAL TRANSFORMATION AGENCY (ATA), and the ETHIOPIAN INSTITUTE OF AGRICULTURAL RESEARCH (EIAR), signed a Memorandum of Understanding which marks the start of a 4 year **malt barley programme**, expected to improve the quality and supply quantities and the end-to-end process of growing malt barley in Ethiopia.

The partners share the goals of improving the income of smallholder barley farmers by improving access to markets, inputs, credits and information. They also share the goal of promoting private sector approaches that are environmentally friendly, socially just and economically sustainable.

This Memorandum of Understanding is the official start of a 4 year programme (2013 – 2016) named **CREATE (Community Revenue Enhancement through Technology Extension)**. This regional platform covers the Ethiopian programme for malt barley, as well as agricultural developments in Rwanda with maize and Sierra Leone with sorghum.

The basis of the programme is a Public-Private Partnership (PPP) between the Netherlands government, HEINEKEN N.V. and its NGO partner, the European Cooperative for Rural Development (EUCORD), in strong partner relationships with ATA and EIAR.

HEINEKEN has the overall responsibility for the implementation of the project. HEINEKEN has chosen the European Cooperative for Rural Development (EUCORD) as the Project Executing Agency. The Netherlands Ministry of Foreign Affairs co-finances the CREATE project and underwrites the objectives of the project. The ATA provides support in development of the Barley supply chain, covering alignment and interaction with involved governmental agencies at both the Federal and Regional levels, as well as providing input on specific agricultural information needs. The EIAR will strongly contribute with research, knowledge and experience on improved barley varieties for the local Ethiopian circumstances.

The programme will provide much needed income to small-scale farmers by revitalising the Ethiopian barley sector. Increasing access to agricultural expertise and technologies on the one hand, and sustaining demand for the resulting produce on the other, are powerful stimuli in reducing poverty.

These two elements will create direct income and employment effects and have multiplier effects in related industries, including packaging and transport.

At the same time, the programme, when successful, will limit the dependency of food and beverage producers like HEINEKEN on imported commodities in Ethiopia. The aim is to improve the national self-sufficiency by substituting 20,000 MT of imported barley by locally produced barley in Ethiopia.

Participating in this programme is an important part of working to achieve HEINEKEN's ambition to source at least 60% of its raw materials from within the African continent by 2020. Through local sourcing HEINEKEN already improves the livelihood of 100,000 farmer families, with sorghum (Sierra Leone; Nigeria & Burundi); barley (Egypt; South Africa and Ethiopia); maize (Rwanda) and rice (DRC).

In Ethiopia HEINEKEN started a Barley Programme together with the Netherlands Government to improve agricultural production and supply of barley.

In her speech the Netherlands Minister emphasised the importance of close collaboration between public and private institutions. She mentioned that Public-Private Partnerships are instrumental in overcoming systemic bottlenecks in the entire malt barley chain. She further congratulated the three partners with their initiative and expected not less than 20.000 farmers will benefit from the programme.

The MoU was signed at the construction site of the new Heineken Brewery in Kilinto, Addis Ababa Municipality. At the site Ethiopia's biggest brewery to date will be established, which in the near future will produce up to 1.5 million hectolitres of Harar, Bedele and Heineken brand beers. Together with Heineken's General Manager for Ethiopia, Mr. Johan Doyer, H.E. Ms. Ploumen laid a stone to start the malt barley project and as a memento of her visit to the new brewery's construction site.

Commenting on today's events, Mr. Johan Doyer, General Manager of HEINEKEN Ethiopia said: "HEINEKEN is very proud to be a leading party in the CREATE project. As a brewer we are very committed to the African continent and the opportunities it presents. HEINEKEN aims to be a Partner for Growth for its communities and developing better techniques and a better route to market for local produce, which also allows us to increase the amount of raw materials we can obtain through local sourcing is a key part of that."

Notes to editors:

- Barley is the fifth important cereal crop after maize, wheat, teff and sorghum and is produced on about 1 million hectares. Current suitable barley growing regions in Ethiopia are the highlands ranging from 2,300 to 3,000 meters above sea level. Research has shown that yield can be nearly doubled when appropriate production technologies, effective agricultural extension, infrastructure and support services (input supply, marketing etc.) are in place.

- HEINEKEN recently acquired two breweries in Ethiopia (at Bedele and Harar) and is building a third one closer to Addis. The two existing breweries rely on the use of malted barley as main raw material. The annual malt barley demand by the existing breweries in Ethiopia is higher than the supply capacity of Assela (60% deficit of malt barley for the local breweries, which is currently met through imports).
- The Assela malting plant has a capacity of 36–40k MT. The plant is state-owned and located in the town of Assela, some 150 km South of Addis Ababa and near the highland barley growing areas.

ABOUT HEINEKEN in ETHIOPIA

HEINEKEN has a long history with Africa. Already in 1900 HEINEKEN was exporting beer to various African countries (Ghana, Nigeria, Liberia and Sierra Leone). In 1923 we established our first brewery in DRC. For many years we expanded our business across the continent and in 2011 we made the acquisition of Harar and Bedele Breweries Ethiopia. In 2012 we announced the construction of a new greenfield brewery, which will be operational in 2014. The Ethiopian beer market is growing. The market practically doubled over the last 5 years and the per capita consumption is still relatively low compared to other East African markets. The main drivers for growth are a growing population, urbanization and rising incomes.

HEINEKEN's key brands are Bedele Special, Bedele Regular, Harar, Hakim Stout and Sofi malta.

ABOUT HEINEKEN International

HEINEKEN is a proud, independent global brewer committed to surprise and excite consumers with its brands and products everywhere. The brand that bears the founder's family name – Heineken® – is available in almost every country on the globe and is the world's most valuable international premium beer brand. The Company's aim is to be a leading brewer in each of the markets in which it operates and to have the world's most valuable brand portfolio. HEINEKEN wants to win in all markets with Heineken® and with a full brand portfolio in markets of choice. The Company is present in over 70 countries and operates more than 165 breweries with volume of 221 million hectolitres of group beer sold. HEINEKEN is Europe's largest brewer and the world's third largest by volume. HEINEKEN is committed to the responsible marketing and consumption of its more than 250 international premium, regional, local and specialty beers and ciders. These include Heineken®, Amstel, Anchor, Biere Larue, Bintang, Birra Moretti, Cruzcampo, Desperados, Dos Equis, Foster's, Newcastle Brown Ale, Ochota, Primus, Sagres, Sol, Star, Strongbow, Tecate, Tiger and Zywiec. Our leading joint venture brands include Cristal and Kingfisher. Pro forma 2012 revenue totalled €19,765 million and EBIT (beia) €3,151 million. The number of people employed is over 85,000. Heineken N.V. and Heineken Holding N.V. shares are listed on the Amsterdam stock exchange. Prices for the ordinary shares may be accessed on Bloomberg under the symbols HEIA NA and HEIO NA and on the Reuter Equities 2000 Service under HEIN.AS and HEIO.AS. Most recent information is available on HEINEKEN's website: www.theHEINEKENcompany.com.



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