

Bigger beer sales boost Heineken's profits

THE HAGUE, NETHERLANDS: Dutch brewer Heineken posted on Wednesday a 13.7% rise in net profit for the first quarter of 2012 on a 12-month comparison, boosted by better beer sales in Africa and the Middle East.

Heineken's net profit rose to 175 million euros (US\$229 million), supported by exceptional items, a statement issued by the biggest European brewer said. Sales by Amsterdam-based Heineken topped 3.83 billion euros, an increase of 6.8% when recent acquisitions are excluded, slightly exceeding expectations by analysts polled by the Dow Jones Newswires.

Heineken sold more beer worldwide, most notably in Africa and the Middle East where sales by volume shot up by 15.8% on the back of acquisitions in Ethiopia and Nigeria, the statement said. Net profit was also driven by a 20-million-euro revaluation gain after Heineken increased its shareholding to a controlling stake in Haiti's Brasserie Nationale d'Haiti.

Heineken did see a 1.8% dip in western European sales, but the brewer noted that first quarter results covered winter months in the northern hemisphere when sales are "less significant" than the rest of the year.

The Dutch group confirmed a 2012 outlook initially given in February, and said it expected emerging markets such as Africa, Asia and Latin America to become increasingly important for sales. Two months ago, Heineken launched a cost-reduction programme to run until 2014 that is expected to save the company 500 million euros and compensate for an increase in commodity prices.

The Amsterdam brewer was particularly hard-hit last year by a surge in the price of barley, one of the main ingredients used to make beer. One of the world's top five brewers, Heineken was founded in the nineteenth century and produces and sells more than 200 brands of beer and cider including Heineken and Amstel beer and Strongbow cider.

The group employs more than 70,000 people worldwide.

Source: AFP