

# OTC Markets Advisor Insights Podcast

## Heineken | Season 5 Episode 3

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**OTC Markets Group:** Welcome to the OTC markets podcast my name is Eric May vice president of client relations here at OTC today I'm very pleased to be joined by Federico Castillo Martinez investor relations director at Heineken Heineken is celebrating 150 years in business and we are very happy that otcqx has been part of that rich history for the past decade Heineken was recently recognized as one of the top 50 performing companies on otcqx in 2023 highlighting another great year of trading on our Market thanks so much for joining us today Federico

**Federico Castillo Martinez:** Thank you Eric very happy to be here

**OTC Markets Group:** Excellent so it's been four years since Heineken's Evergreen strategy was introduced to Market can you tell us how this has shaped the company's corporate platform over time?

**Federico Castillo Martinez:** Absolutely thank you for the question you're right it's been four years now we introduced Evergreen right in the midst of the pandemic with the idea that we wanted to sustain our superior growth through in a very fast changing world and through turbulent times and you can get from the word Evergreen that it's very much about nature and of course you put the name green in it and it's about how do we yeah Stay Green throughout the seasons and uh boy have we gone through some turbulent times over the last four years at the time when we were out of the pandemic we thought that well maybe that's it but no it came to supply chain disruption War yeah inflation we've been dealing with a lot of challenges over the last few years in that sense Evergreen has helped us enormously to deal with that we have been very focused on the priorities of Evergreen which is first and foremost about growth and how we are trying to shape the future of beer and Beyond it's also about digitizing the company uh stepping up on productivity deliver on our sustainability agenda we call grow a better world and of course our people and and how do we bring them on board and and and develop our talent and um I think that what for me is most remarkable of how we have been evolving over the last few years is how our uh mindset of being a a more consumer uh Focus company not that we weren't before but fair to say that we were a bit more brand focused you know have a lot of pride of course in in brand Heineken and it's the name of the door and the name of the brand um but to be even more consumer oriented and to have gone with something that we're going to talk about a little bit later that adapting some of the long-held taste of the Heineken brand in some markets in order to make it more appealing for for uh for younger consumers uh you know it's a challenging thing when you have a product which is so consistent and basically should be tasting the same everywhere in the world right and not change much over time so that's it's an interesting challenge in that sense

**OTC Markets Group:** You kind of touched on a little bit but you know how does a company like Heineken with such a um powerful Legacy image relate to contemporary audiences with changing tastes you know not everyone it changes generation over generation so how do you how do you kind of balance those two?

**Federico Castillo Martinez:** I think there's there's two components to that the first one is that you have to stay meaningful and being meaningful means different things for different people and perceptions of what it means to be meaningful are evolving and Heineken has done I think an extraordinary job in through time to be able to speak to consumers on things that are important to them at different points in time so staying meaningful by um you know being fun but being very quality oriented being able to speak about the great aspects of beer but also about the beauty of togetherness of just you know what you can enjoy by having a beer be it launching the boring phone my

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most recent campaign in case you miss it I encourage you to have a look at YouTube or uh on our on our social media feeds uh where you know given the concerns that everybody has of how intrusive mobile phones have become in our daily lives to introduce the concept of the boring phone so that you can enjoy more your time together with friends is uh what a bit of a very basic idea but that people appreciate you know the the depth of what is meant by that that's a bit let's say on the emotional side of things and how do you stay how do you do that um the second one is indeed around the taste because we have indeed a product that's been uh well almost 150 years now actually we just you had 150 years birthday

**OTC Markets Group:** Congratulations

**Federico Castillo Martinez:** Yeah for the brand and um but yeah the brand should be tasting the same and the quality controls around it are very strict so that the taste profile of a beer that is brewed in Panama or in Ho Chi Minh City or in Lagos Lagos in Nigeria is the same and how do you go about that um but at the same time um some consumers have explained to us that the bitterness of Heineken was a bit of an obstacle for them and our team in Vietnam actually developed the concept of Heineken silver which I see here very nicely displayed on our table

**OTC Markets Group:** That's right

**Federico Castillo Martinez:** And it's simply the same profile of Heineken but with less bitterness and sales of silver began to explode in markets like Vietnam and China and we gave us the courage to then uh bring it to other markets including here in the USA uh we launched it now a year ago and hopefully you will be able to enjoy it but that is precisely addressing this different consumer tastes and then of course there's Heineken 0.0 but let me leave that one for for our next topic

**OTC Markets Group:** Sure well I can confirm that you have a Heineken silver fan here so so maybe more on a personal note you know you've worked in the consumer goods industry for the better part of your career what do you think has been the most important consumer shift over that time?

**Federico Castillo Martinez:** Well it's a big question and and I would like to still frame it a bit in the context of beer because it is there are many consumer Trends out there will be not think it's my place to speak beyond that um but I think the health and wellness is the one that I'd like to speak of because there's of course a few but that one is very interesting it is about how more and more uh consumers are more aware and conscious of their choices and trying to uh lead healthier Lifestyles and that is something that many products have come to meet that expectation for consumers that it's evolving and one of the ways that we have come about it is precisely with Heineken 0.0 and it is you know the nonalcoholic beers did not have a good taste profile and you can remember the products that were you should get on the shelves of nonalcoholic beer they simply did not taste well but as technology evolved and we were able to develop a much better liquid profile the moment we cracked it we put it behind our biggest brand and we've been deploying it now in more than 100 markets in the world

**OTC Markets Group:** That's excellent

**Federico Castillo Martinez:** And and Heineken 0.0 is precisely addressing that need so now you can have a beer with a lunch with instead of a juice instead of milk instead of just water which could be a bit more boring or you could

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be at a social location where you don't want to have the alcohol but you still want to have enjoyment and so you know you can have a product that can help you connect with others and be part of the party uh without missing out to some extent

**OTC Markets Group:** It's been very interesting to see the success of Heineken zero it's been excellent

**Federico Castillo Martinez:** It's the number one non-alcoholic brand in the US

**OTC Markets Group:** Wow that's great to know so you know as a national champion of the Netherlands how important is it to Heineken to maintain your Dutch listing along with otcqx kind of as part of your overall overall Global Strategy?

**Federico Castillo Martinez:** I it's super important um we actually just held our 85th Anniversary of our listing in uh in Amsterdam uh it so Heineken became listed for the first time 1939 and uh Heineken is actually one of the uh anchor founders of the stock exchange in in in the Netherlands the UR next as it stands today and we are a Dutch company and uh with a lot of its values actually very closely connected to the Dutch culture and um and yeah I think that it is it is our home uh for many reasons and uh and I think uh the entire company is very proud of it uh you think not only about about Heineken but I'm you know also the brand of the river of Amsterdam so so there's there's a lot of emotional connections and I think there's a lot of sense for us to to to continue with that you may have seen some corporates that have actually left in Netherlands of important companies like Unilever like shell um but yeah Heineken I think is is there is there to stay and I think we are trying to engage more actively with the society so that also the right things are done for big corporations like ours to continue to thrive together with the community to invest Us in the Netherlands and of course being a European company um we also don't want to miss out on the US market

**OTC Markets Group:** Of course

**Federico Castillo Martinez:** And that's why OTC becomes is such an important platform for us we are able to promote our AR program through this platform and that gives us investors some accessibility of to trade and have a small part of our business of our company some shares um without having to of course have all the obligations of what a full formal listing would entail which could be quite cumbersome we already have sufficient duties to report with what we have to do in the in Europe as it is and it's going to get even more challenging now with some of the environmental disclosure obligations of CSRD uh but yes I think both platforms are very important for us

**OTC Markets Group:** Thank you for the insight well Federico it's been a pleasure having you on the podcast and it was great to speak with you today thank you

**Federico Castillo Martinez:** Thank you for having me

**OTC Markets Group:** Thank you for joining us today as a reminder Heineken trades on the OTC QX best Market

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under the symbols HEINY and HINKF thank you

**Federico Castillo Martinez:** Thank you

*\*This is an autogenerated transcript and may contain typos.*