



**!nBev AmBev**

INVESTOR **DAY** 2005

Carlos Lisboa

Head of Marketing

# Marketing Operations

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- Brazilian Beer Market Overview
- AmBev's Marketing Strategy

# The Brazilian Beer Market

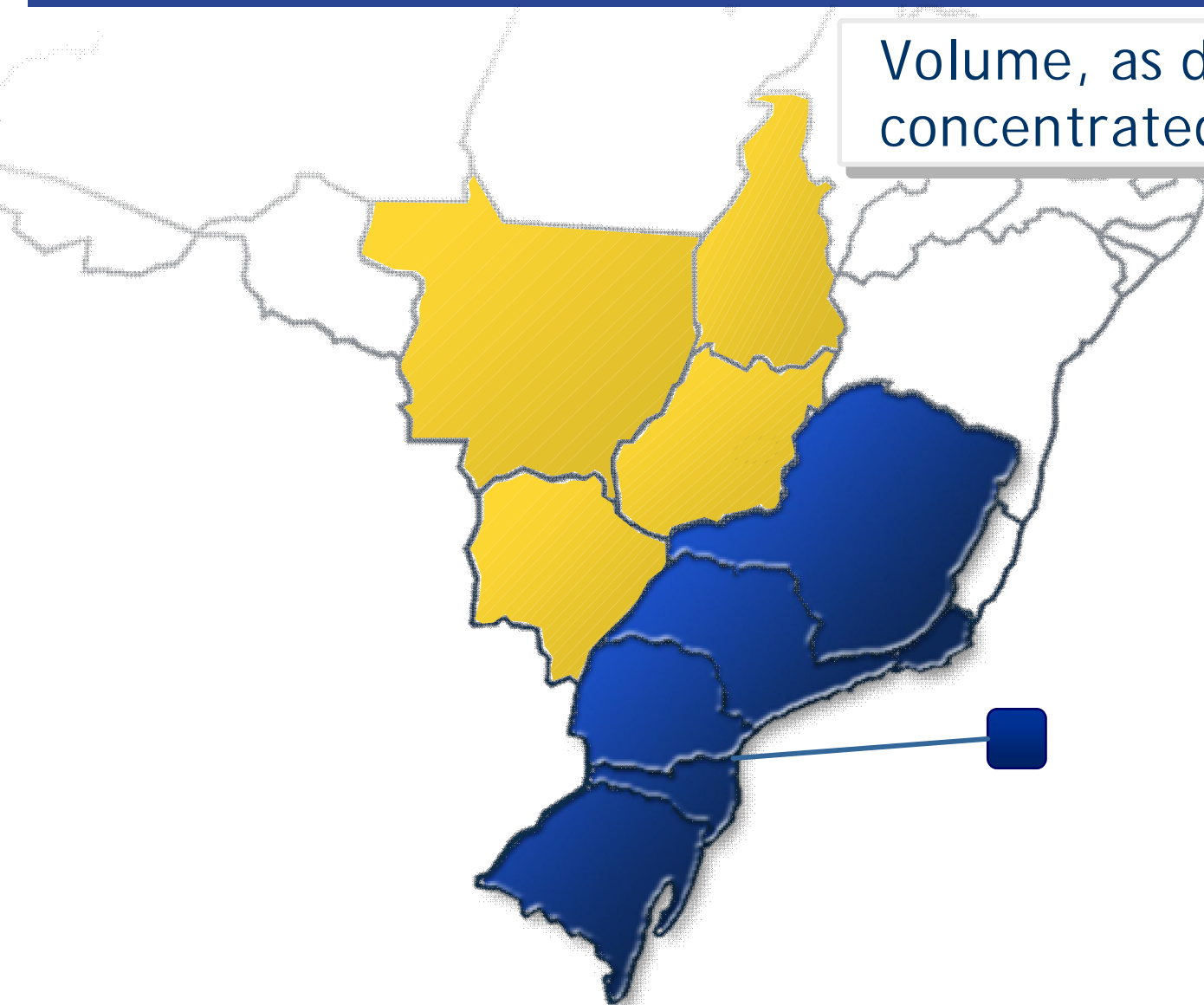
The 4th largest beer market in the world and growing



Source: LCA

# The Brazilian Beer Market

Volume, as disposable income, is concentrated in southern regions

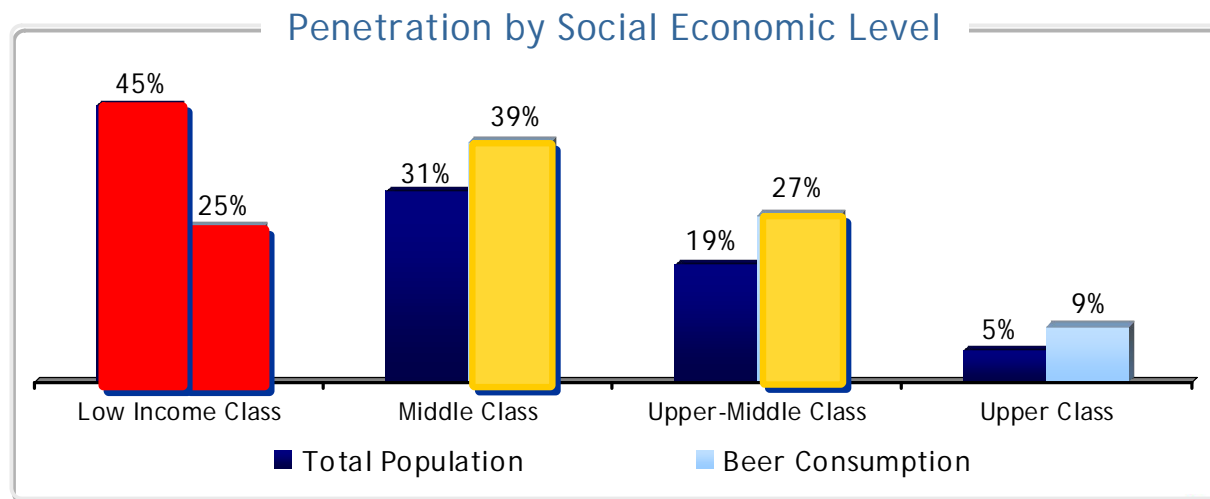
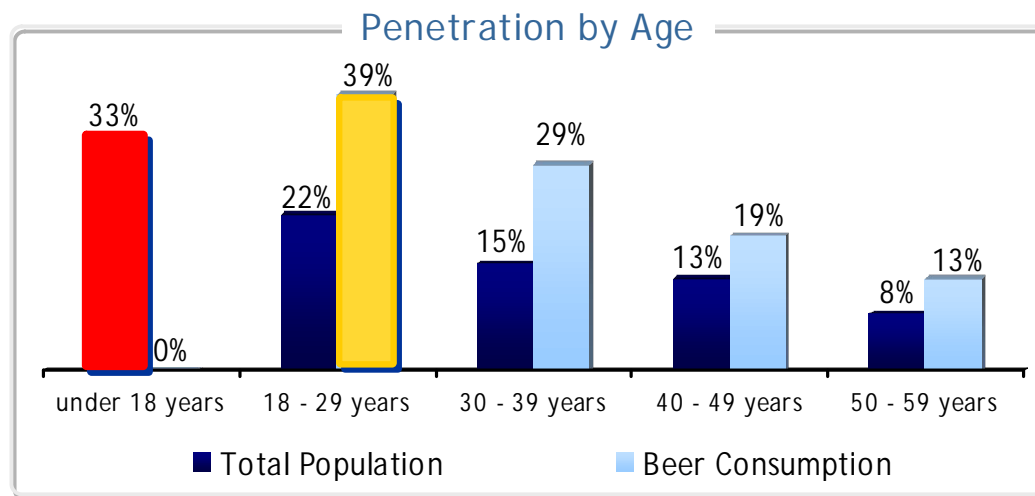
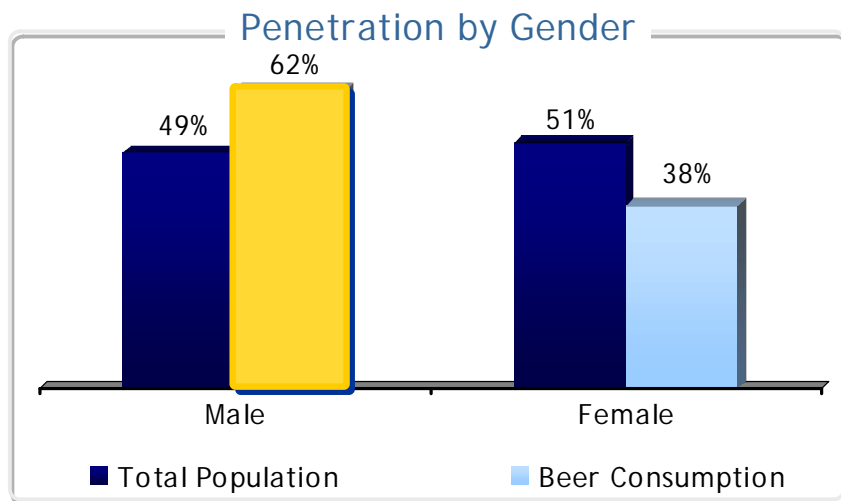


- 64% of population
- 74% of GDP
- 75% Beer volume



# Beer Consumer Profile

Beer consumption is highly concentrated in young, middle class males

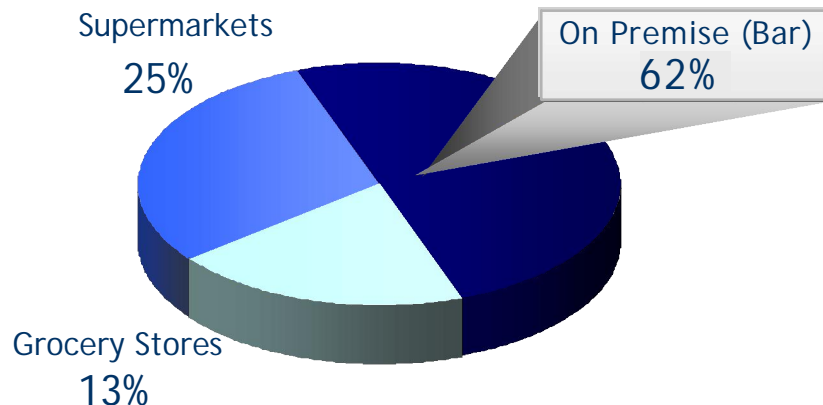


Source: LCA, IBGE, Inbev

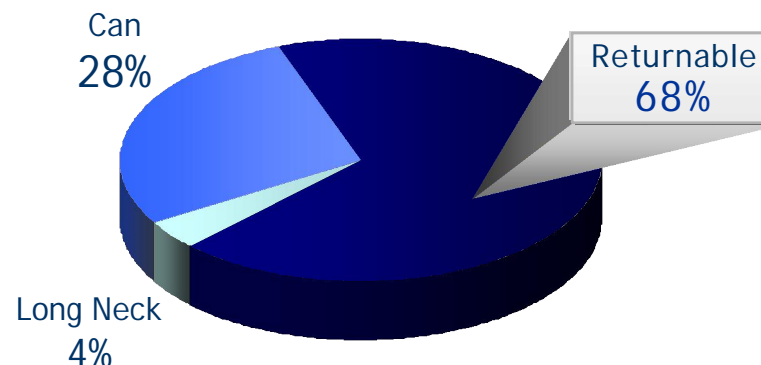
# The Brazilian Beer Market

## Beer market is concentrated in AmBev's stronghold

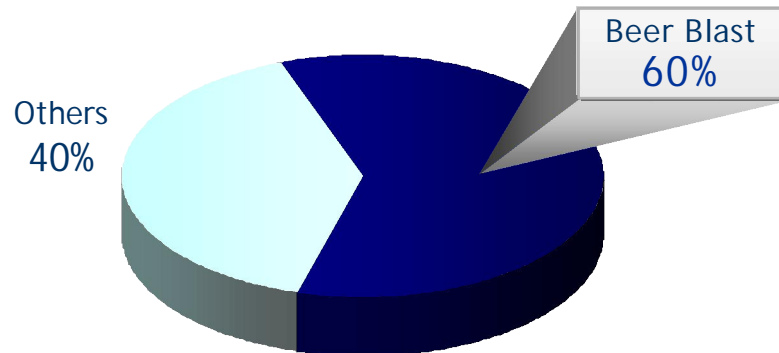
Volume Contribution by Channel - 2004



Volume Contribution by Packaging - 2004



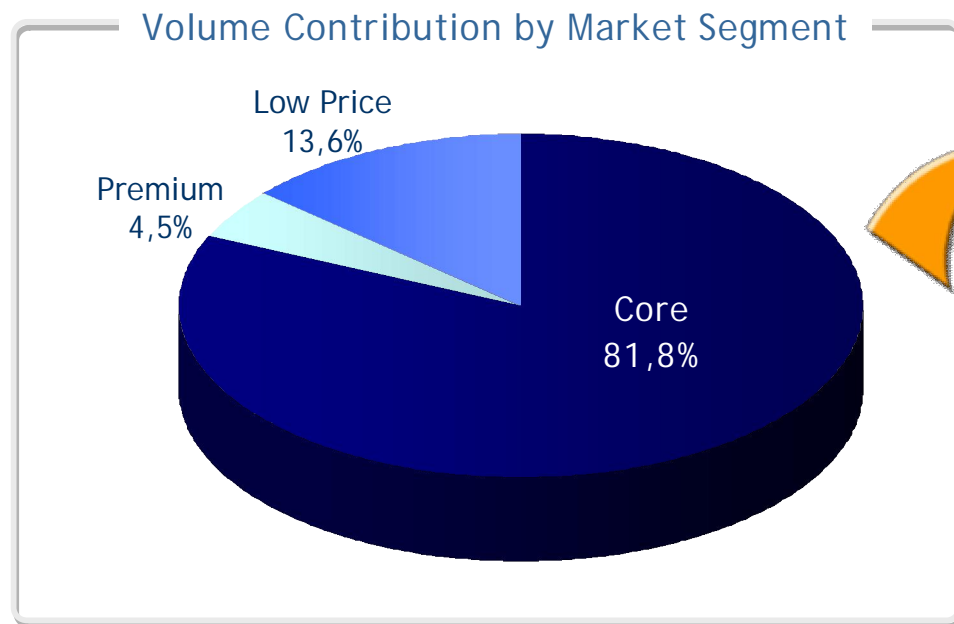
Volume Contribution by Occasion - 2004



Source: Nielsen, Ipsos

# The Brazilian Beer Market

AmBev is the clear market leader with high opportunity to grow the premium segment



## AmBev Share by Segment

- Premium = 93%
- Core = 75%
- Low Price = 0%

Lowprice: < 85% price index

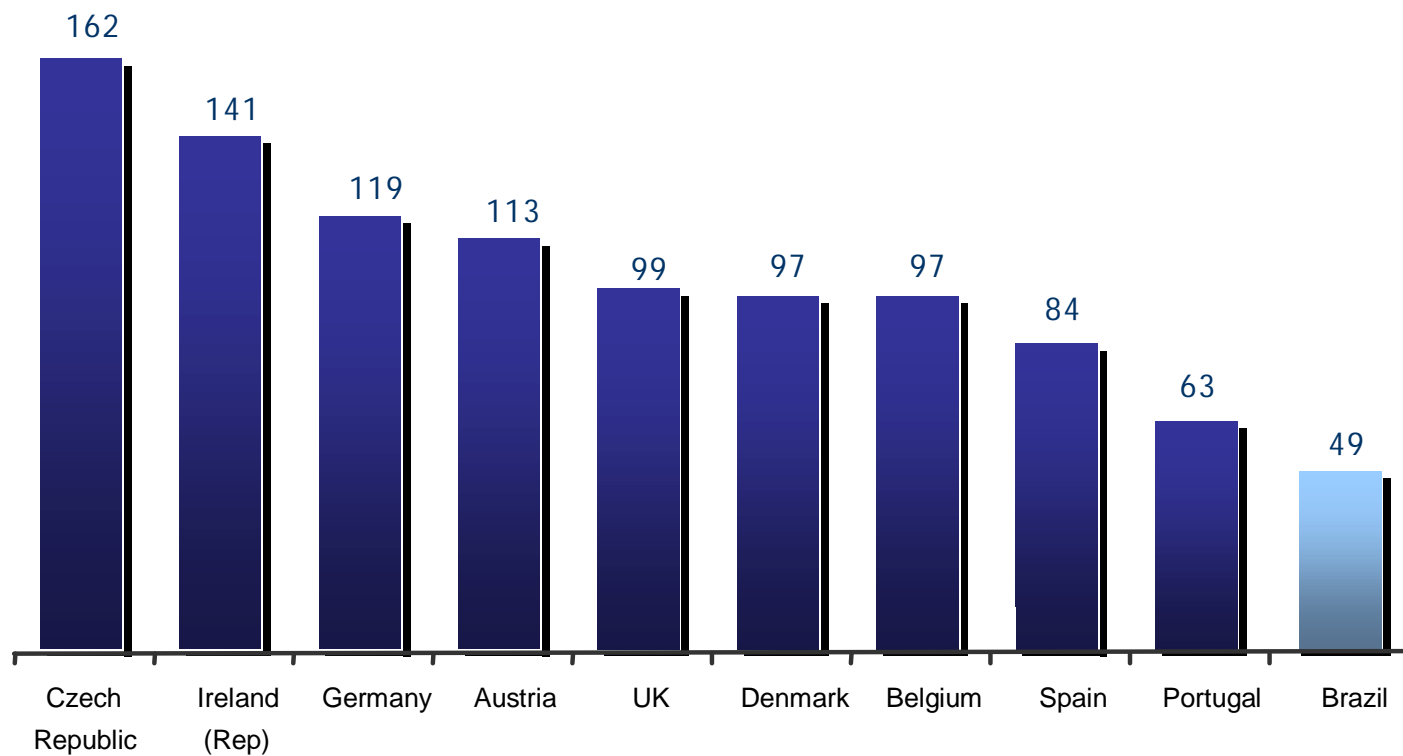
Core: 85% < x < 115% price index

Premium: > 115% price index

# Per Capita Beer Consumption

Vast Room for growth in Brazil despite being the 4<sup>th</sup> largest beer market in the world

Per Capita Beer Consumption (in liters)



Source: Canadian 2003

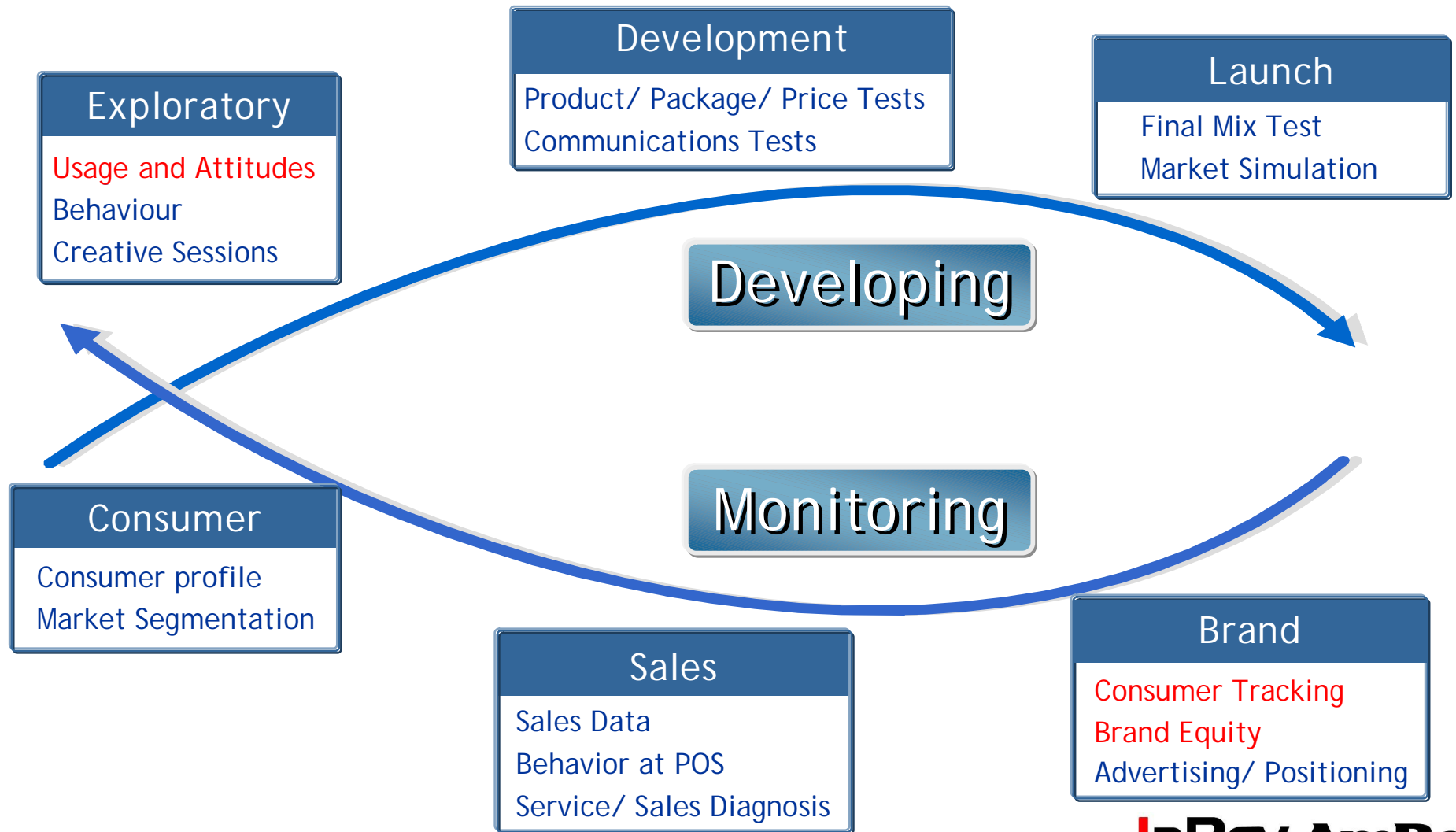
# AmBev's Market Strategy

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- Strengthen core performance
- Develop the premium segment
- Grow volume and profitability through per capita programs

# Market Intelligence

## Decision making based on facts



# Exploring Usage and Attitudes

## Market trends and opportunities

- Identify key beverage occasions

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- Describe each occasion

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- Identify Key need states

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- Quantify occasion volume

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- Map growth opportunities

### Key occasions

Beer Blast

Daily Indulgence

Flavor With Food

Healthy Good Morning

Light Snack

Night Out

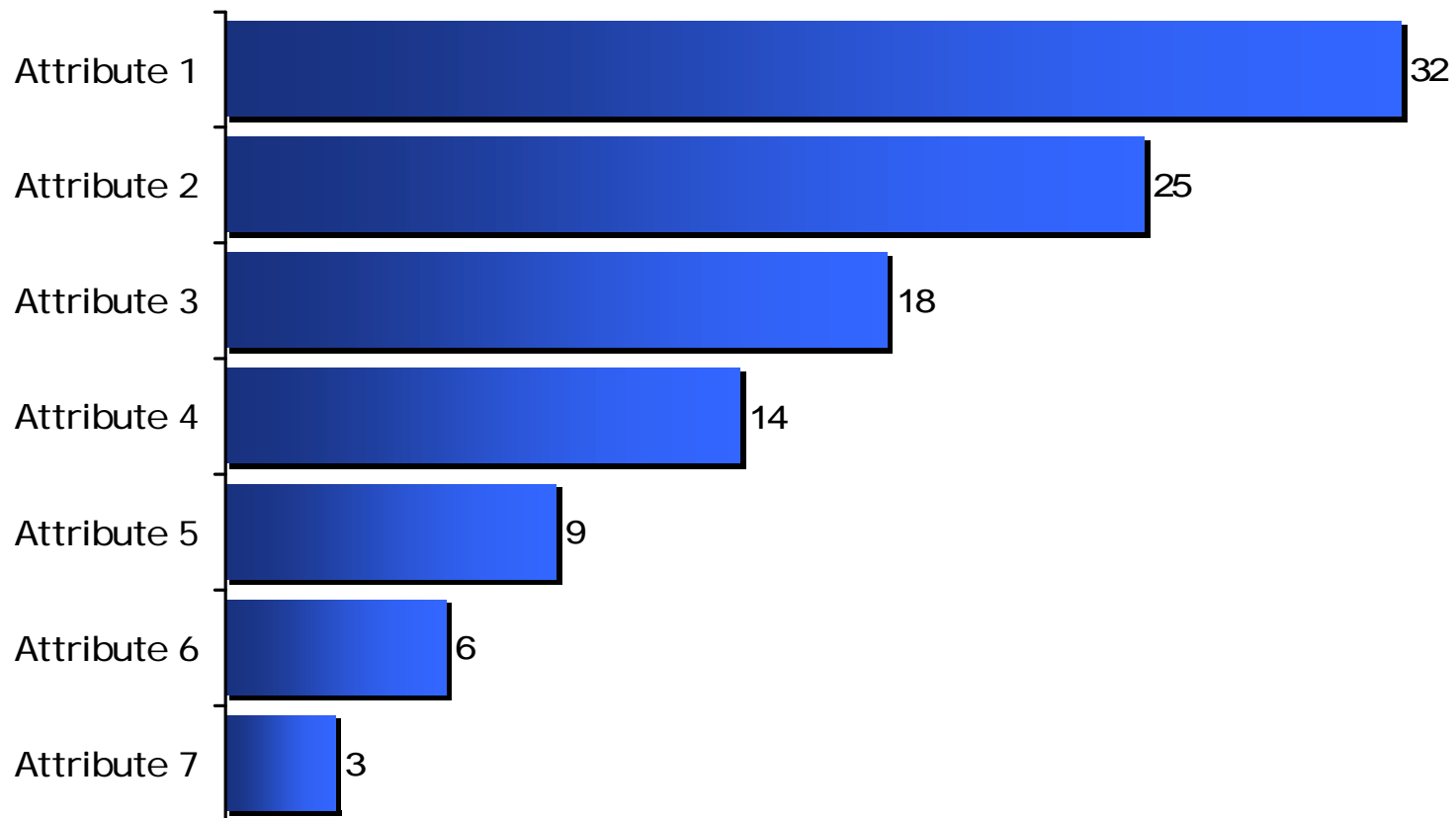
On the Go

Pit Stop

Wake Up

# Brand Equity

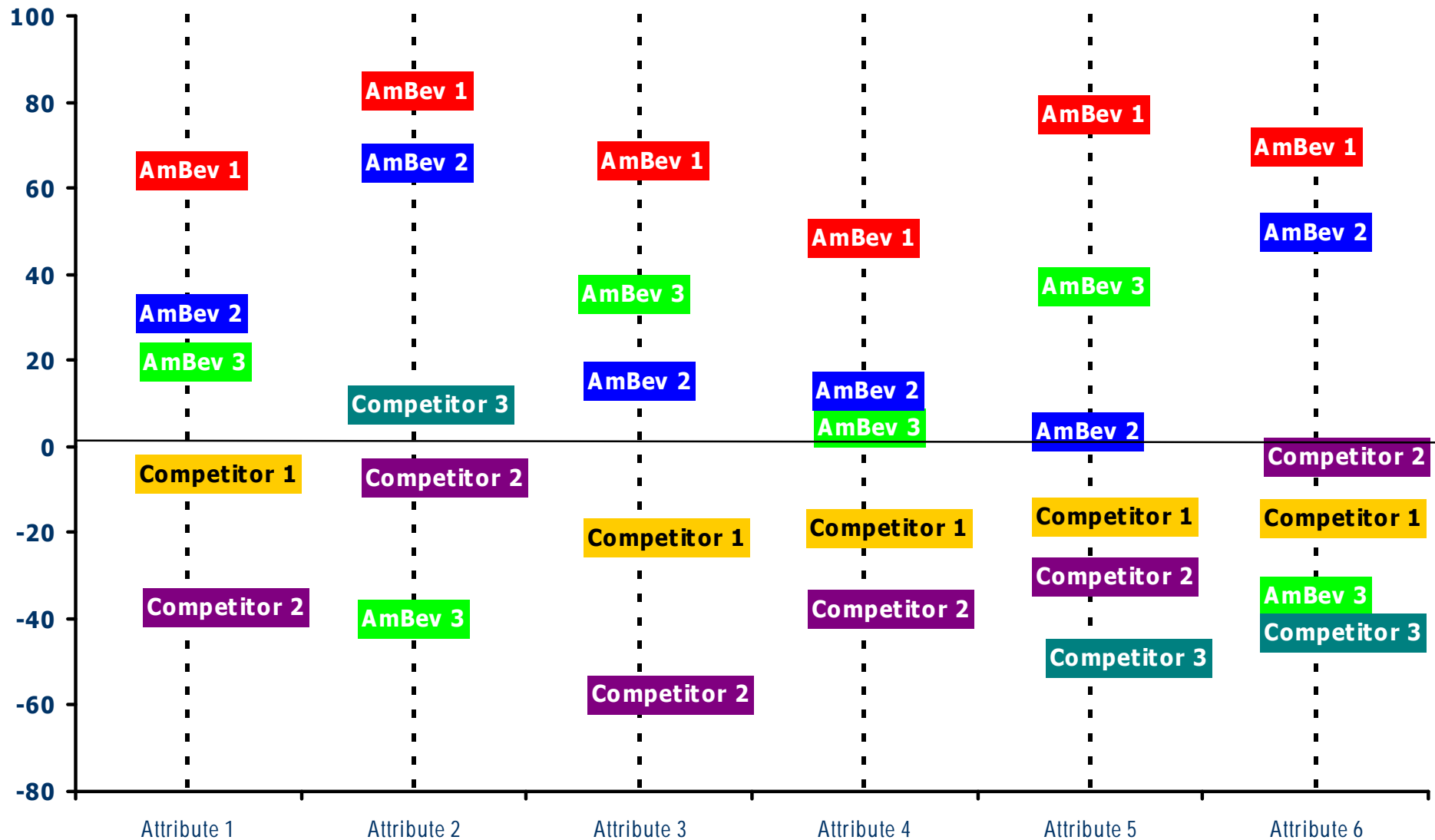
Brand positioning based on attributes proven to be relevant and differentiated





# Monitoring Brand Equity

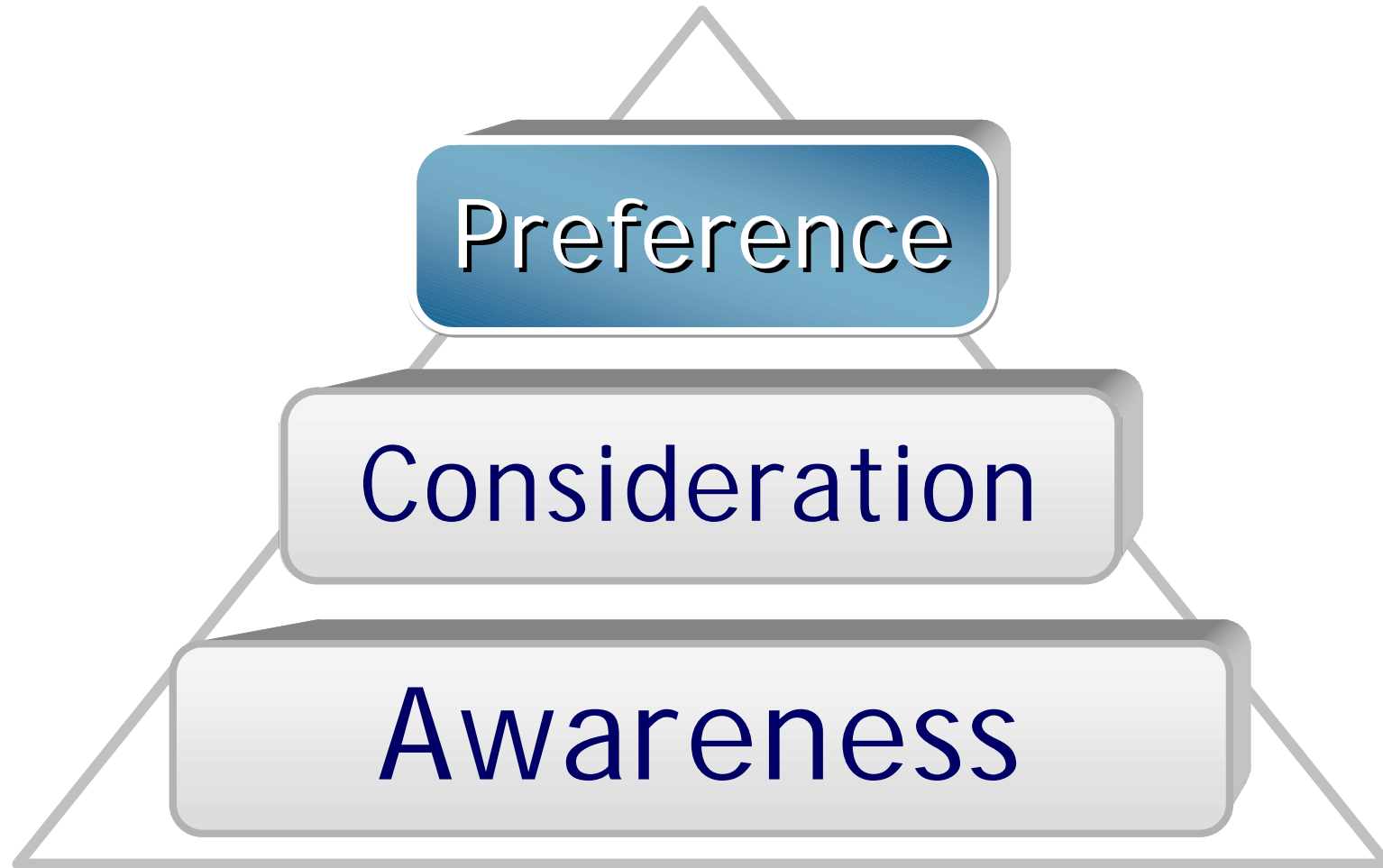
AmBev brands standing out in main category attributes



# Consumer Tracking

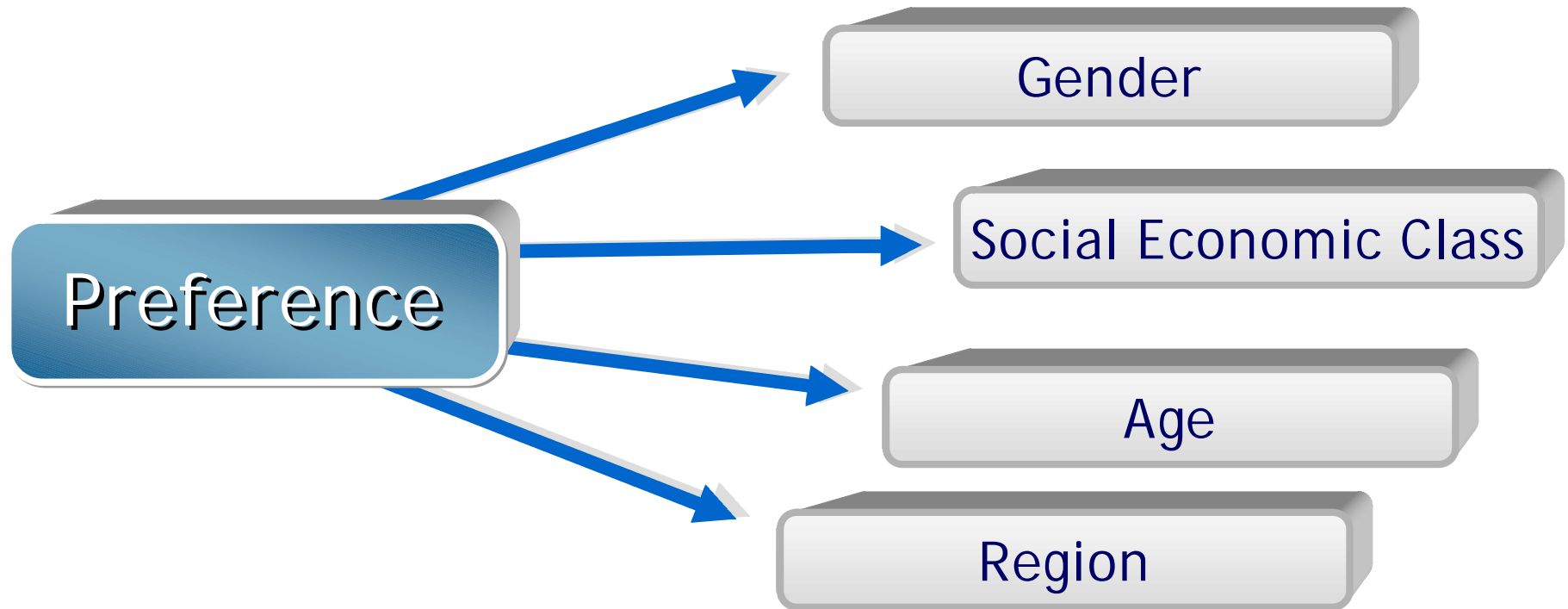
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Preference is the most important  
brand image KPI for AmBev brands



# Consumer Tracking

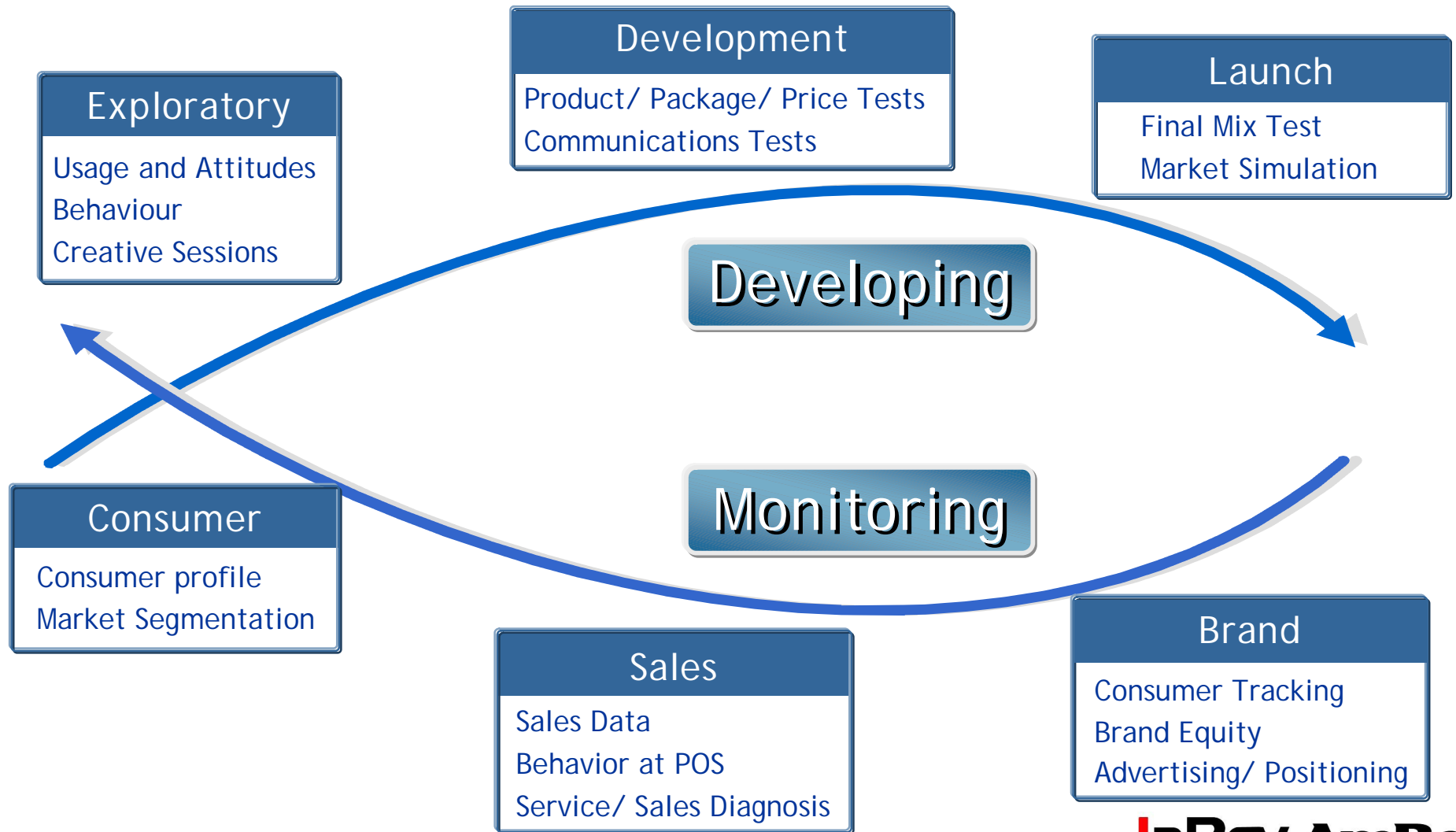
Robust and detailed information on our consumer for every brand in the Market \*



(\*) Data received twice a month

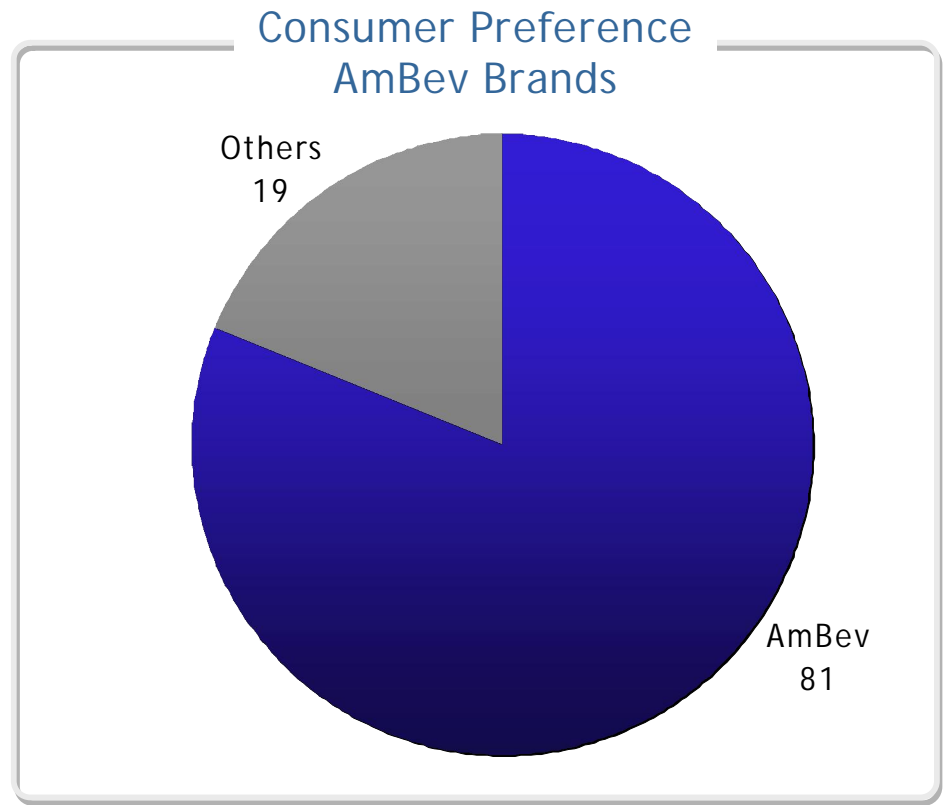
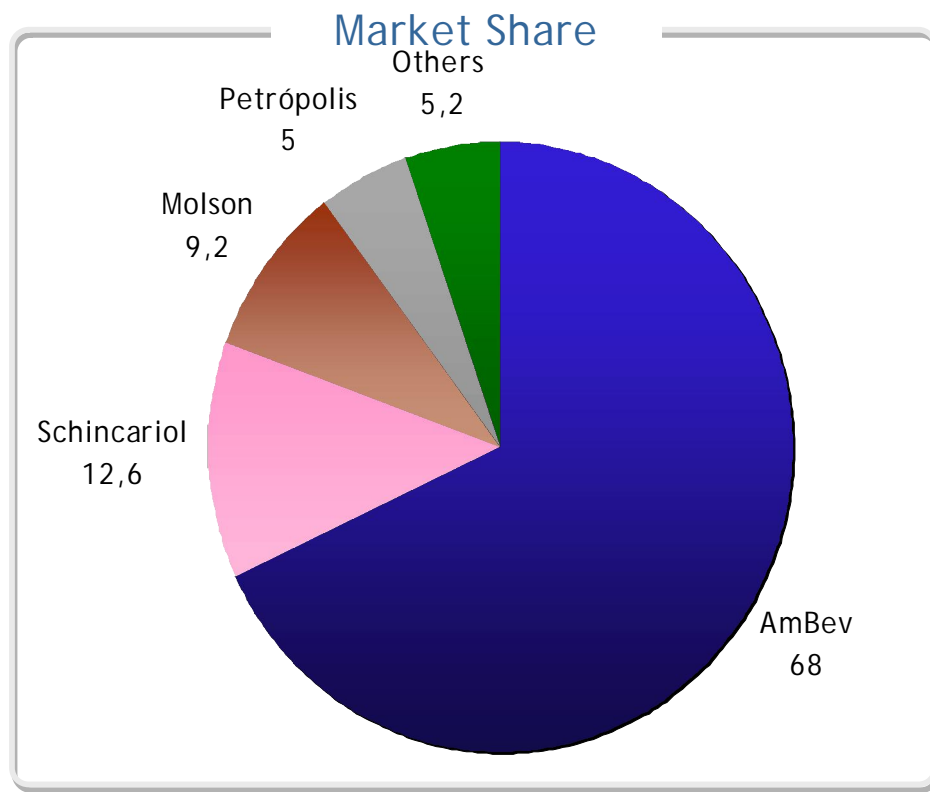
# Market Intelligence

## Decision making based on facts



# Brand Preference

Growth potential driven by gap between consumer preference and AmBev market share



Source: Nielsen, Ipsos, YTD 2005

# AmBev's Market Strategy

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- Grow volume and profitability, through per capita programs

# Core Portfolio Strategy

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Skol



- ➡ The leading brand in Brazil
  - ➡ Youngest, most modern and innovative brand in the Brazilian market
- 

Brahma



- ➡ Second largest brand
  - ➡ Strongly associated to Brazilian identity and male friendship
- 

Antarctica



- ➡ #3 national brand with strong regional presence in north and northeast
- ➡ More than a beer, a brewery recognized for beer expertise and quality

# "The Beer that Goes Down Round"

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# Skol – A True National Brand



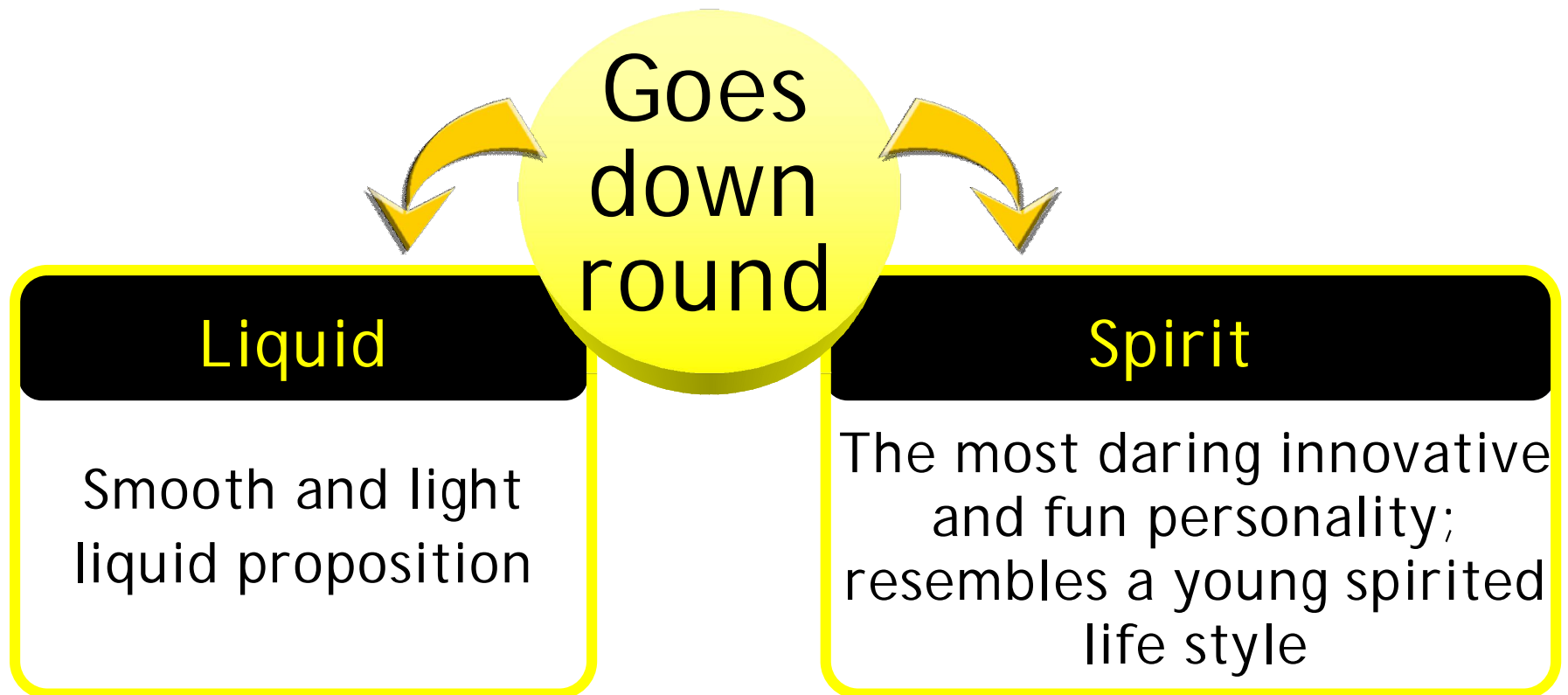
Source: Nielsen

# Skol X Competition

	Skol Superior	Excellent: Could Not Be Better	Acceptable	Unacceptable	Skol Inferior
High (65+)			Goes down smooth	Is very flavorful (-11) Has real beer taste (-11) Preferred by those w/ you (-10) Is worth the cost (-4)	Extremely confident (-21) Strong minded/willed (-23) Made w/quality ingredients (-18)
Mod (56-64)			Young/Young spirit	Is always on sale (-10) Isn't bitter (-1)	Is a well deserved reward (-14) Friendly/Outgoing (-17) Optimistic (-15) Happy/Playful (-18) Sold almost anywhere (-27)
Low (<56)		Practical/Easy to serve (-11)	Quenches your thirst (-3) Tradit. manuf. process (-11)	Is cheap (+5) Consistent quality (-9) Humble/Simple (+1) Great after sports (-9) Goes well with food (-11) Can drink a lot of it (-12) Has body (-10) Gives you energy (-6) Has a lighter color (-2) Adventurous (-10) Has a strong taste (-18) Has more alcohol (-8) Rebel (-5) Is only for men (=)	Good to serve to guests (-16) Modern/Innovative (-20) Is great on the beach (-12) Helps you relax/have fun (-12) Successful (-25) Present at the hip places (-19) Attractive (-15) Most sold in this city (-30) Lifts your spirits (-17) Great advertising (-26) Creamy head that lasts (-12) Known around the world (-20) Conservative/Traditional (-18) Sponsors events/sports (-26) Made by large company (-18) Values national things (-27) Sophisticated (-19)

**"Skol."**

The beer that goes down round"



# Skol's Success pillars

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1

Positioning  
&  
Advertising

2

Events  
Platform

3

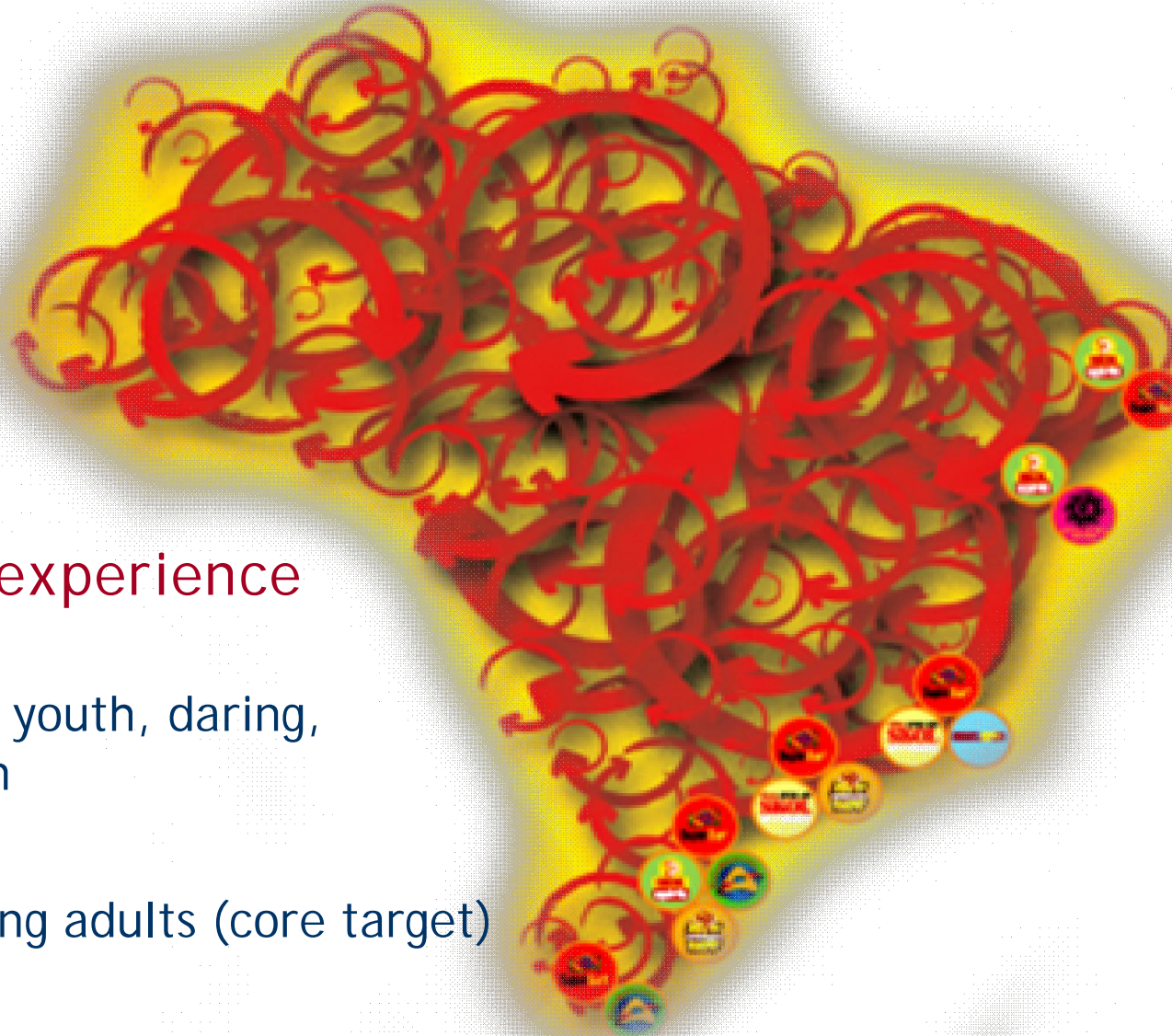
Product  
Innovation





# Skol's Events Platform

- Provide a full brand experience
- Consolidate brand values: youth, daring, entertainment, innovation
- Leverage impact with young adults (core target)





**SKOL**  
beats

# Skol's Innovation Platform



1st can



1st long neck



First 473ml Can



Cold Pack



Skol Beats





# Skol's Innovation Platform

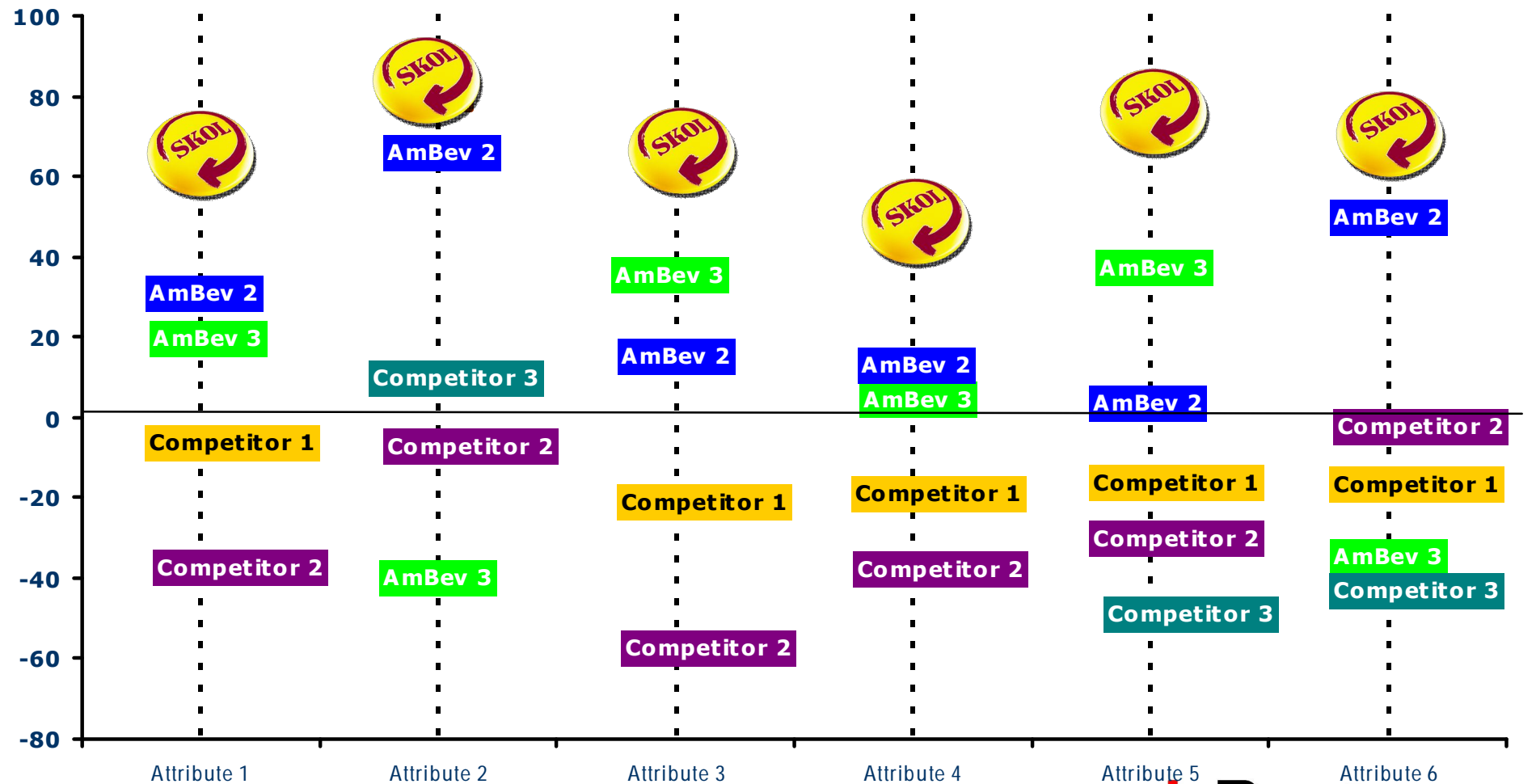
## 2005 - Another Step Ahead



Video Skol

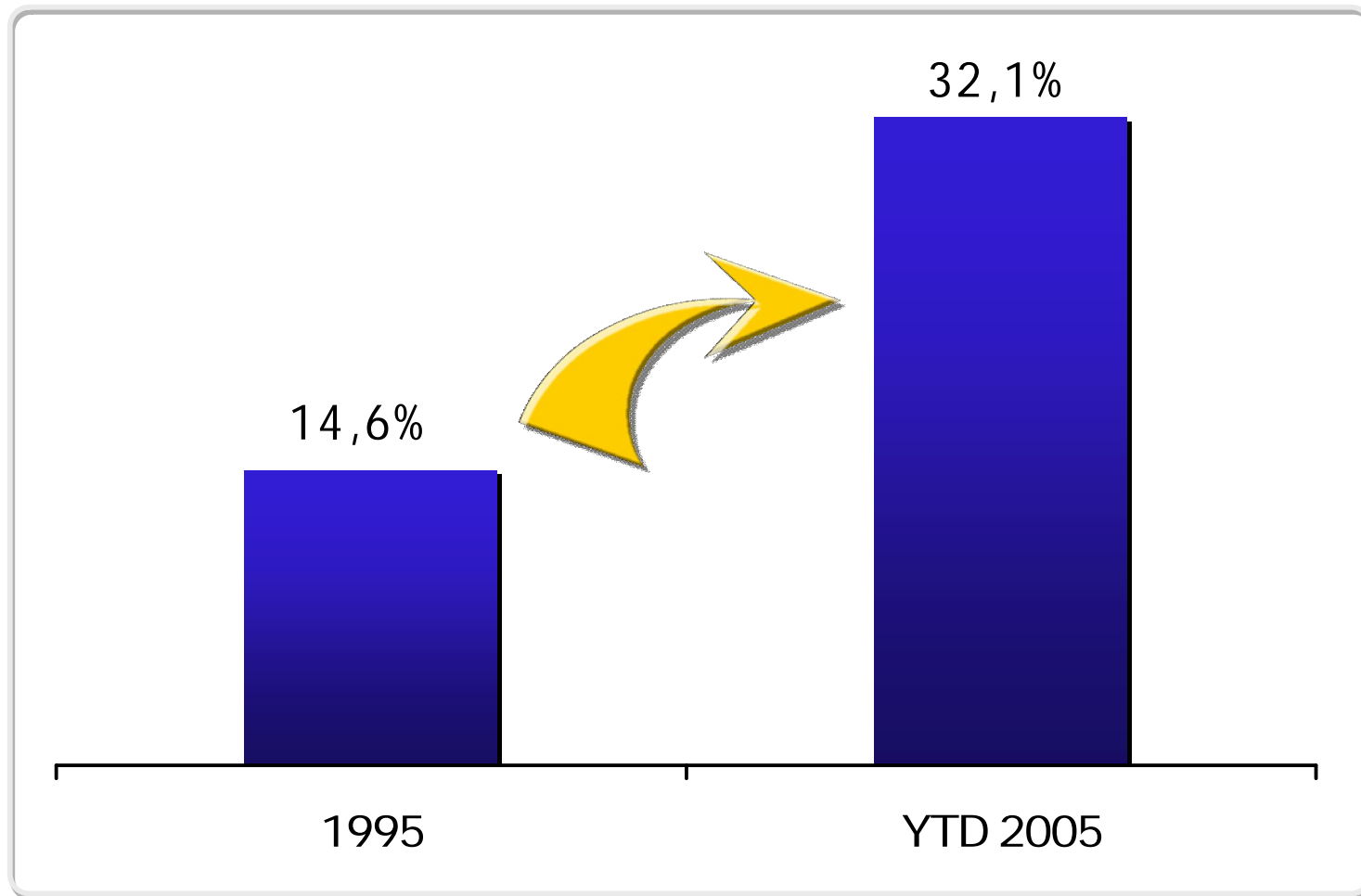
# Skol's Image

Strong positioning leading to dominance of main category attributes



# Skol's Market Share Evolution

Strong positioning leading to great market results



Source: Nielsen

# "The Beer that Goes Down Round"

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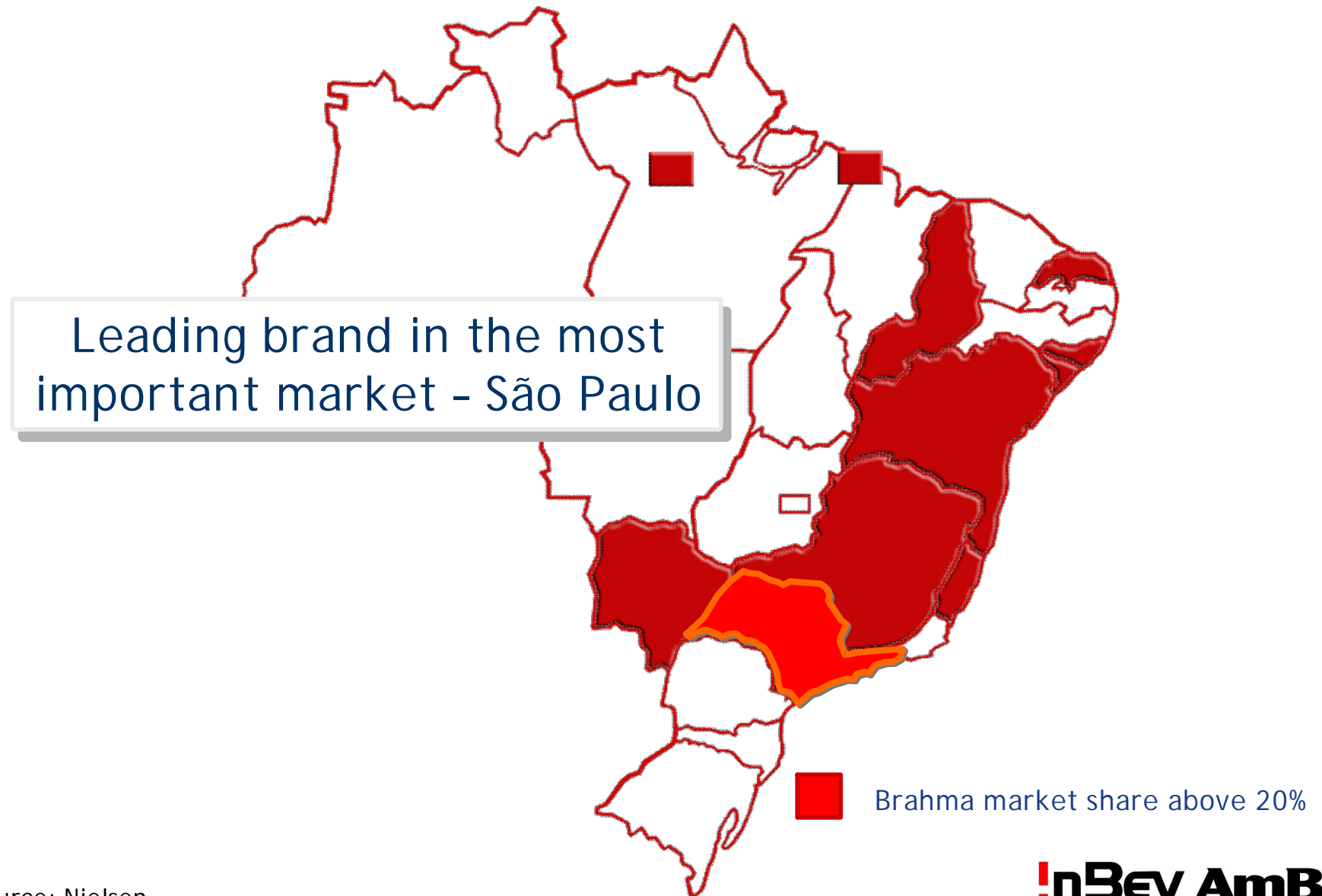


Brahma

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# Brahma



Source: Nielsen



# Brahma Positioning



Male friendship  
Brazilian spirit - "Ginga"





# Brahma Positioning



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Video Brahma

Brahma

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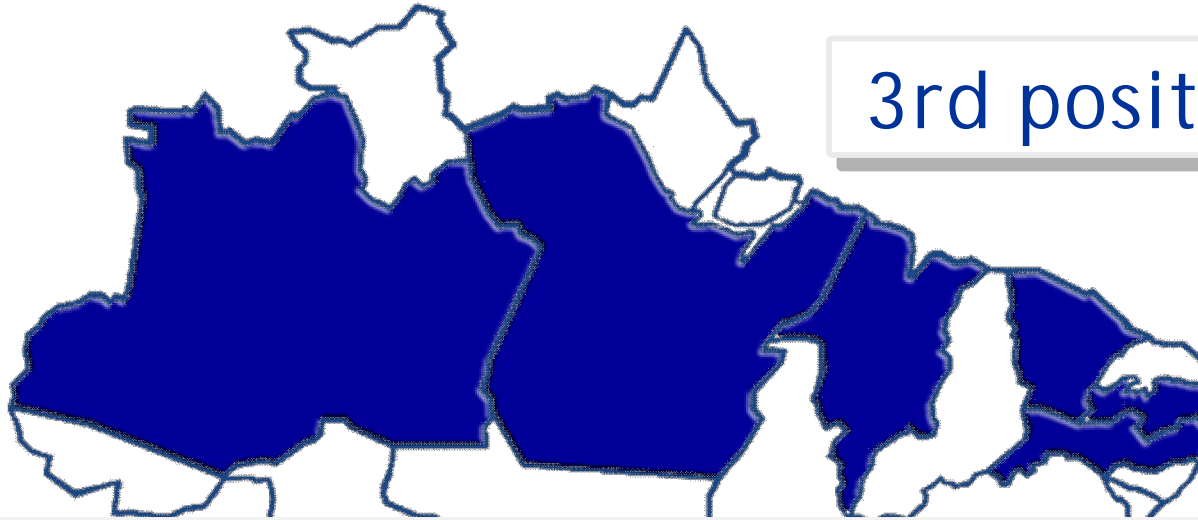


# BOA ("The Good One")

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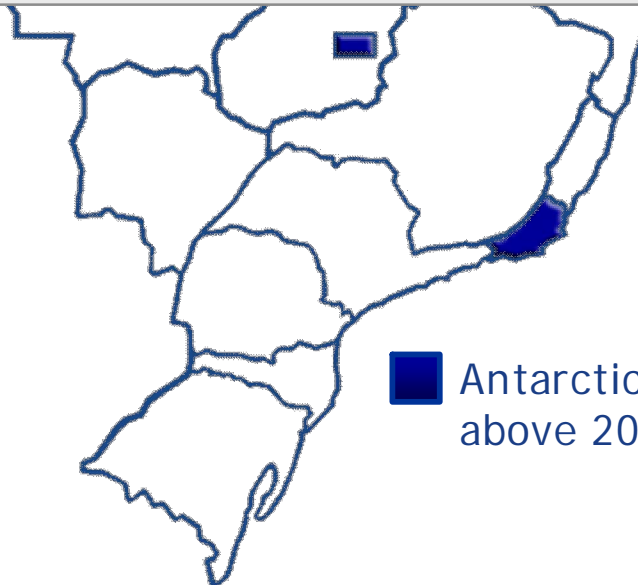


# Antarctica



3rd position in Brazil

Strong presence in North and Northeast



■ Antarctica market share  
above 20%

# Antarctica's Positioning



More than a beer, a brewery  
Quality and beer expertise





# Antarctica's Positioning

## Regional Events



Video antarctica



# BOA ("The Good One")

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Video antartica 2

# Core Portfolio Strategy

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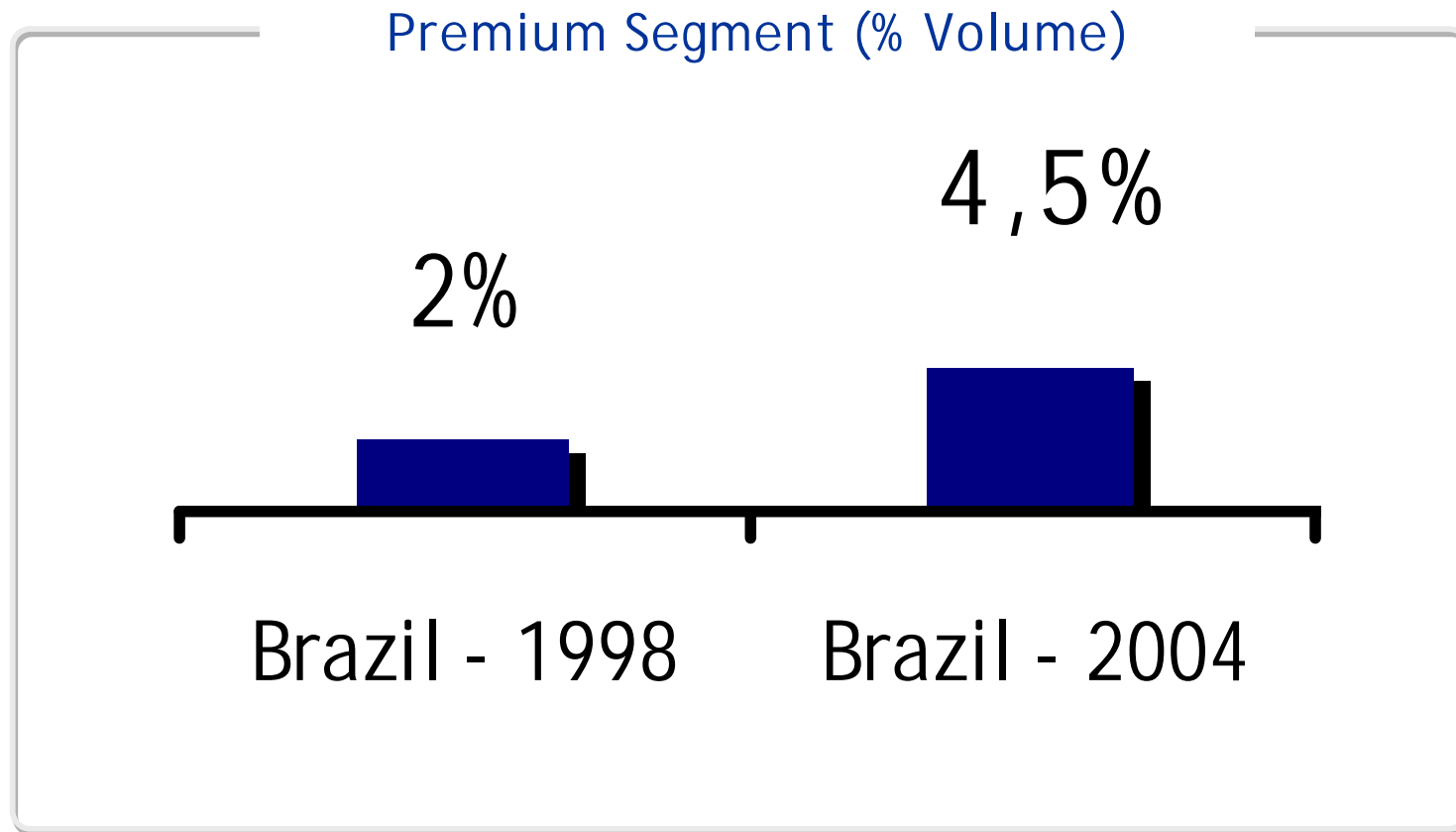
# AmBev's Marketing Strategy

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- Strengthen core performance
- Develop the premium segment
- Grow volume and profitability through per capita programs

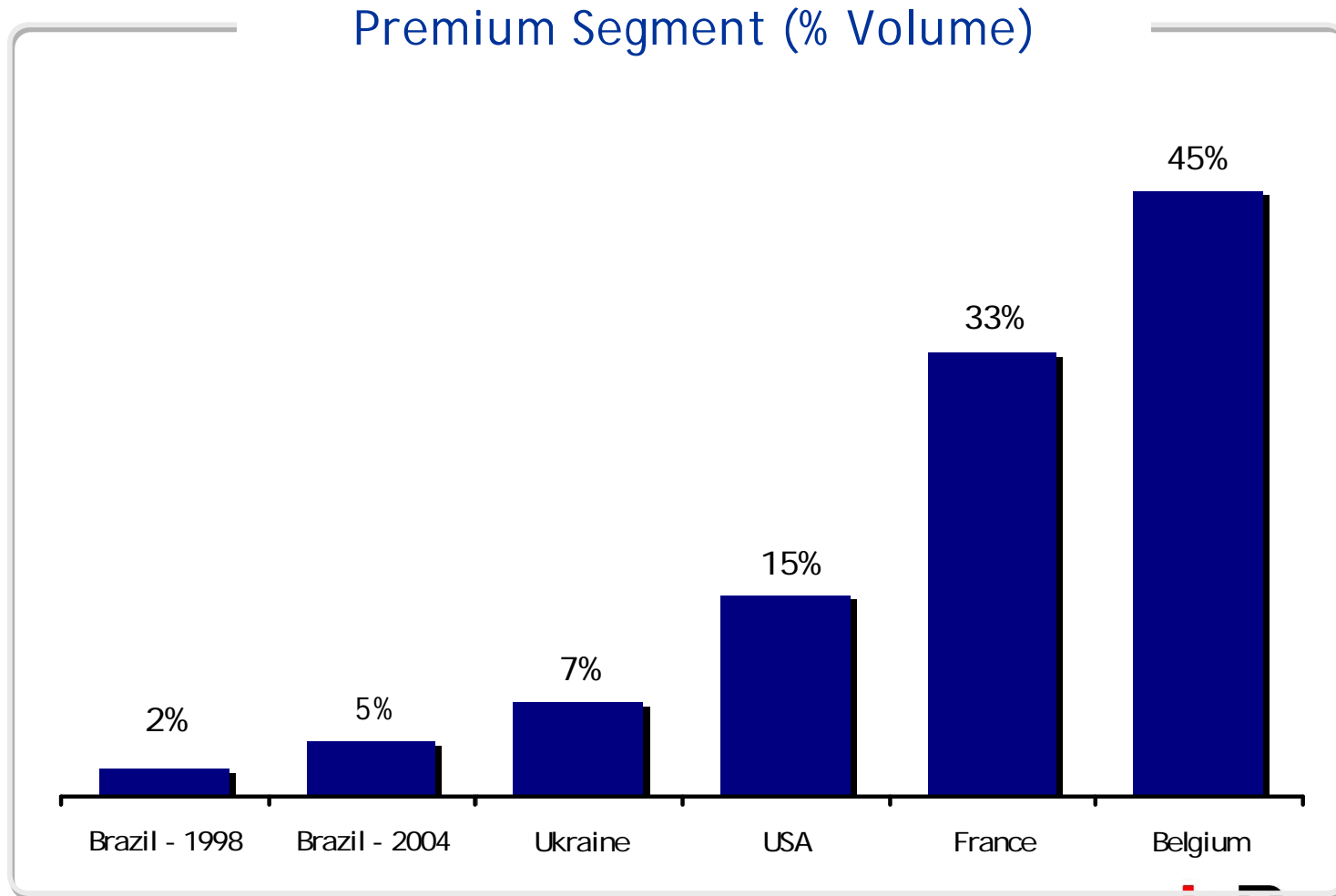
# Premium Segment

Premium segment more than doubled participation in the total beer volume since 1998



# Premium Segment

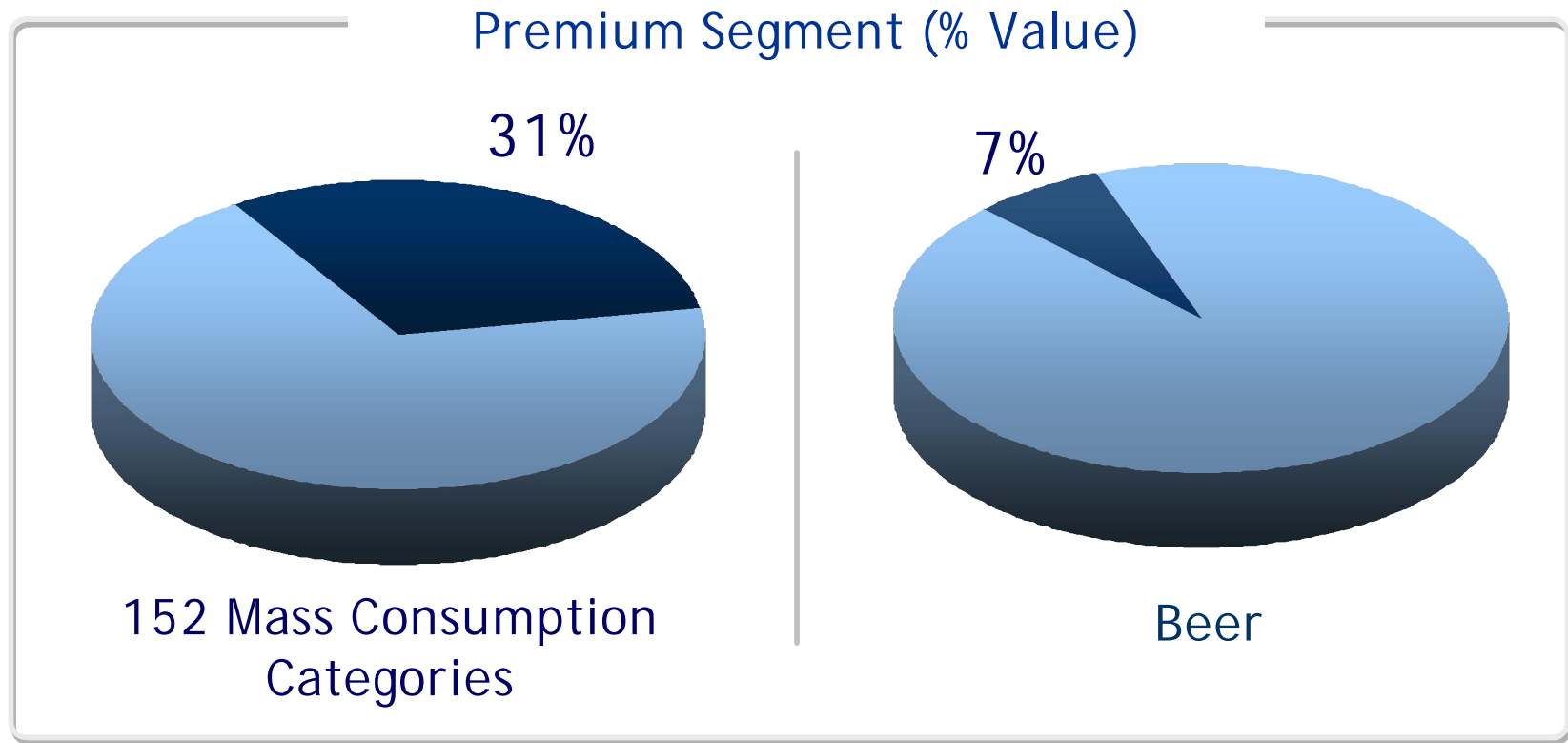
And there is still plenty of room for growth



Source: Inbev

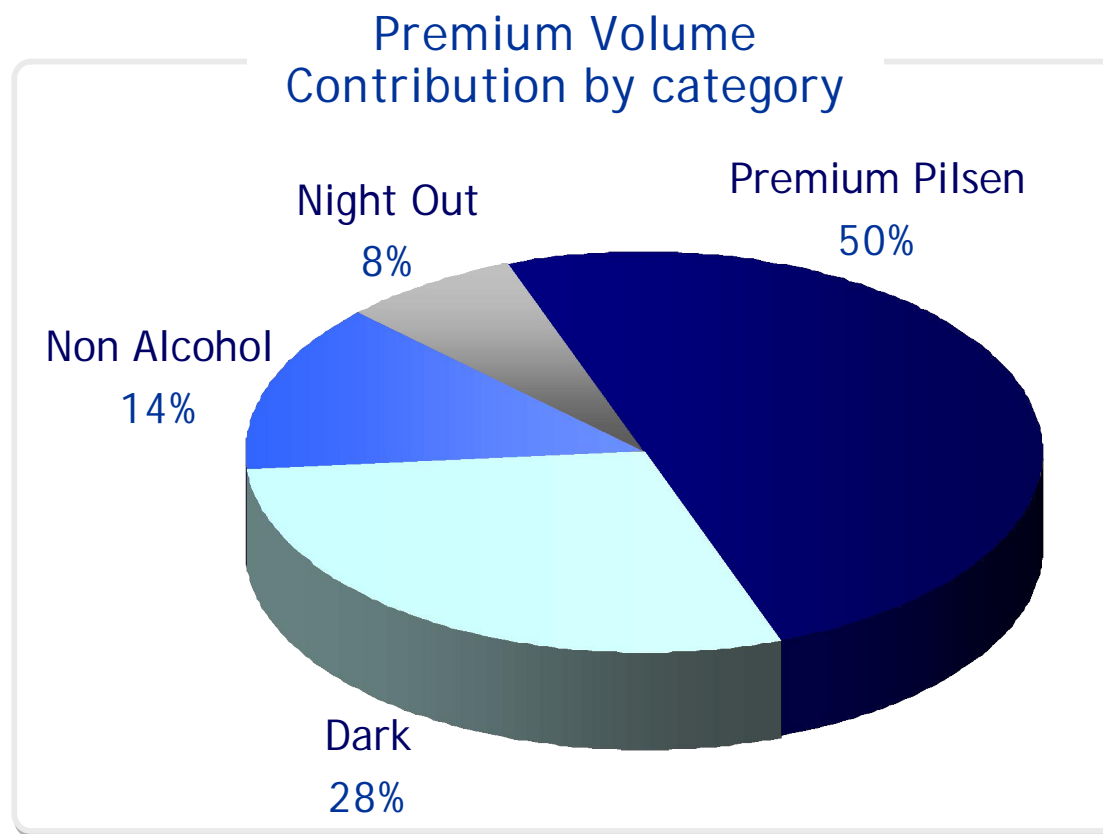
# Premium Segment

A comparison between beer and other consumption categories in Brazil also suggests room for further development of the premium segment



# Premium Categories

AmBev has the highest market share and the leading brand in all premium categories

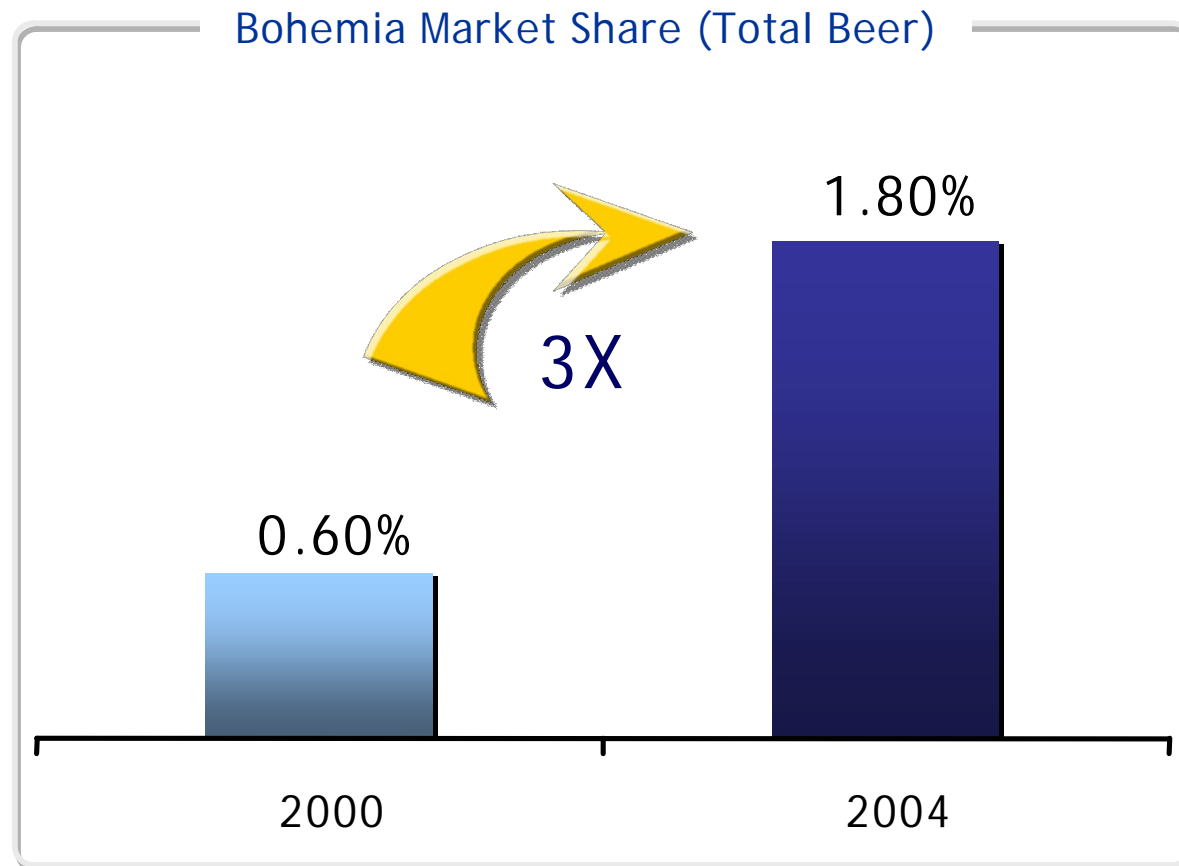


are	Leading Brand
	Bohemia
	Caracu
	Skol Beats
	Kronenbier



# Premium Pilsen

Bohemia leading the premium pilsen growth in Brazil and in a position to become a 4<sup>th</sup> big player for Ambev



Source: Nielsen

# Premium Pilsen - Bohemia



The first beer in Brazil  
Heritage, Superior Quality



# Premium Pilsen - Bohemia

Kit Imagem



Metal sign



Bucket

Proprietary Merchandising Material



Refrigerator



Special Glass





# Premium Pilsen - Bohemia

## Bohemia Line Extensions



# Premium Pilsen - Bohemia

Só uma cerveja com mais de 150 anos de tradição pode inaugurar novas tradições.

Bohemia Pilsen, Bohemia Export e Bohemia Weiss. A família imperial das cervejas.

APRECIAR COM MODERAÇÃO

Foram tantos chorinhos que a Bohemia Weiss, a sua cerveja de trigo, resolveu ficar.

Depois de grande sucesso do público imperial, a Bohemia Weiss - cerveja de trigo - não se limitou a isso. Bohemia Weiss é uma cerveja de alta fermentação, naturalmente leve e produzida com mais de 150 anos de tradição. Por isso, a Bohemia Weiss, com sua tradição de mais de 150 anos, resolveu ficar.

APRECIAR COM MODERAÇÃO

Uma tradição medieval que só não passou de pai para filho porque quem inventou era monge.

Bohemia Export e Bohemia Weiss. A tradição medieval que só não passou de pai para filho porque quem inventou era monge.

APRECIAR COM MODERAÇÃO

TAMBÉM ESTÁVAMOS SENTINDO MUITA FALTA DE VOCÊ.

BOHEMIA ESCURA. AGORA É PARA SEMPRE.

APRECIAR COM MODERAÇÃO

Video Bohemia





# AmBev's Marketing Strategy

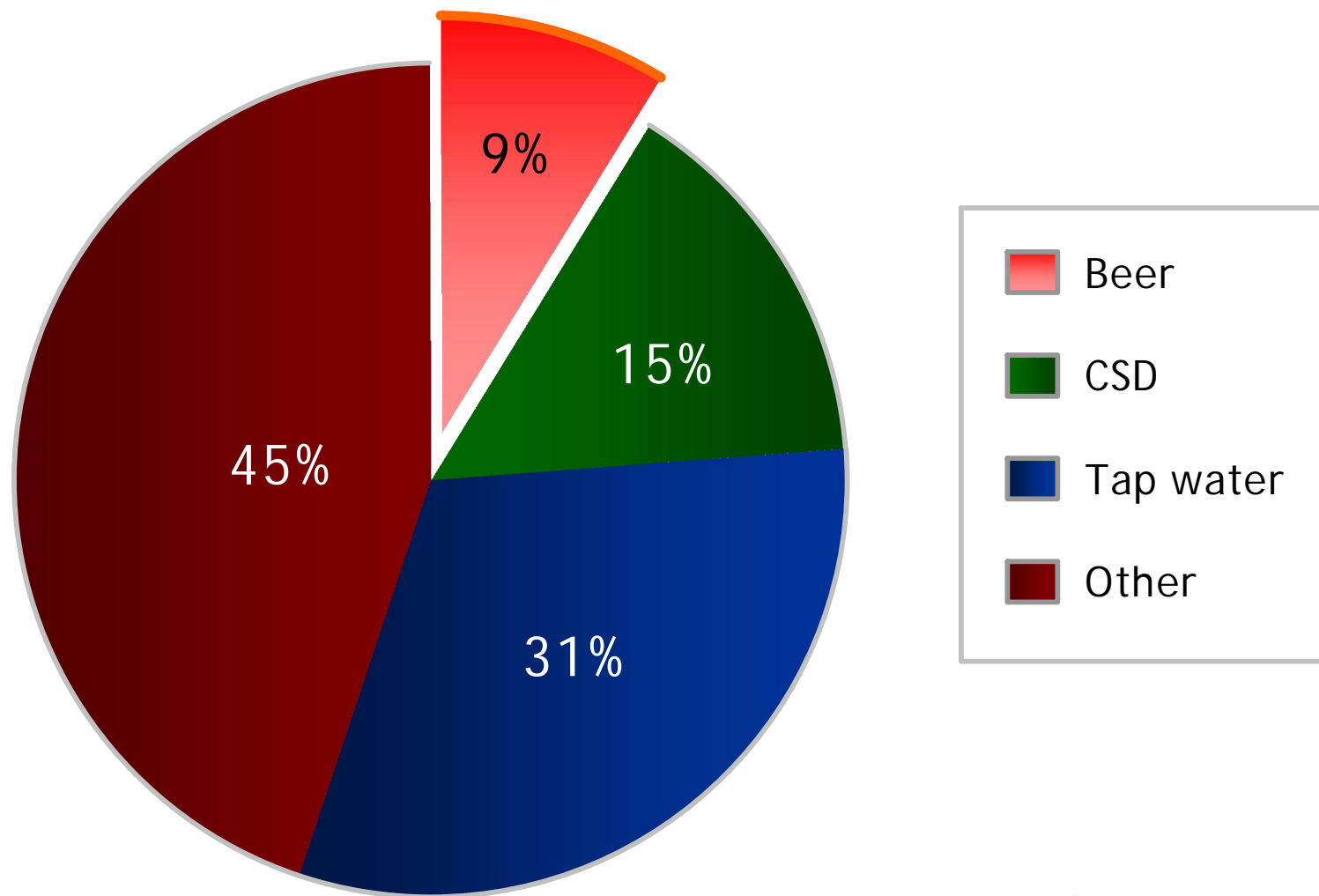
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- Strengthen core performance
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# Beverage Share of Stomach

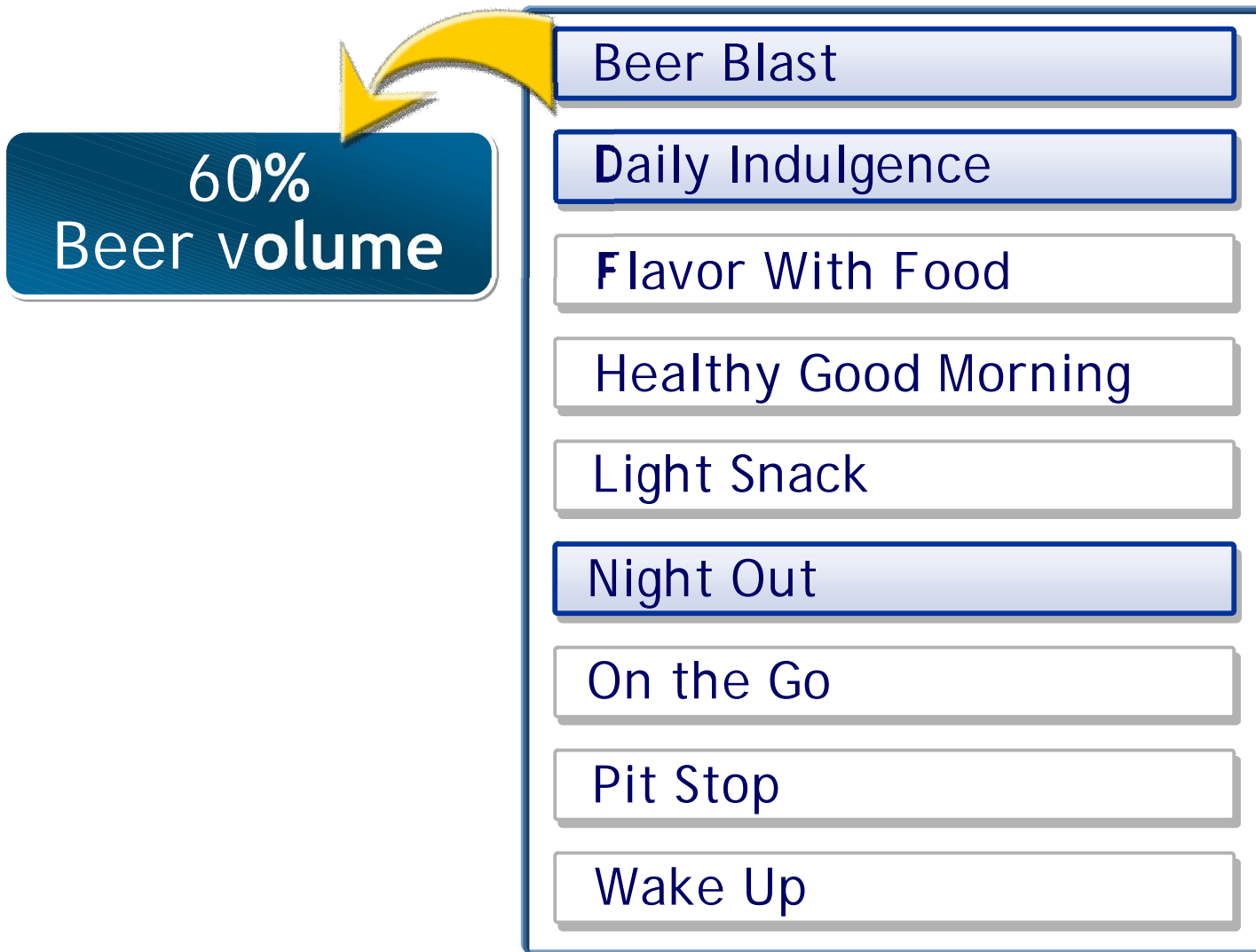
Looking beyond the category is the name of the game



Source: InBev study

# Beverage Map of Occasions

Strategy focused on 3 key occasions: 80% of beer consumption



# Night Out

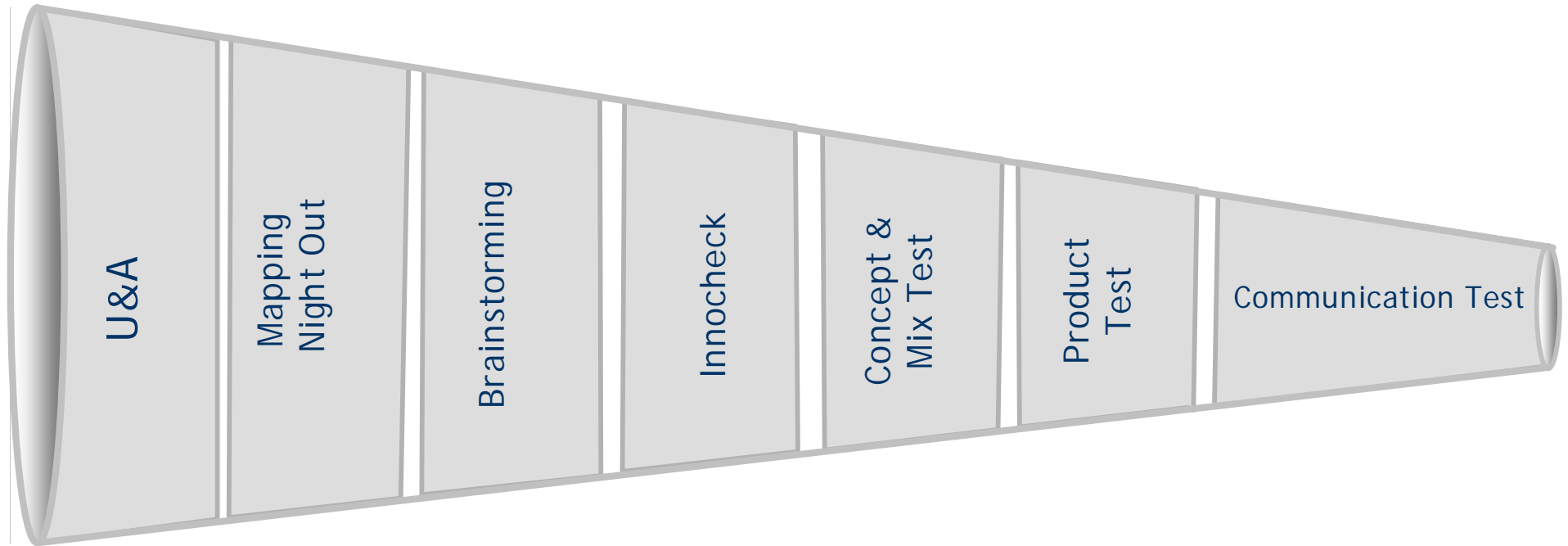
2<sup>nd</sup> Most Important  
Occasion for Beer



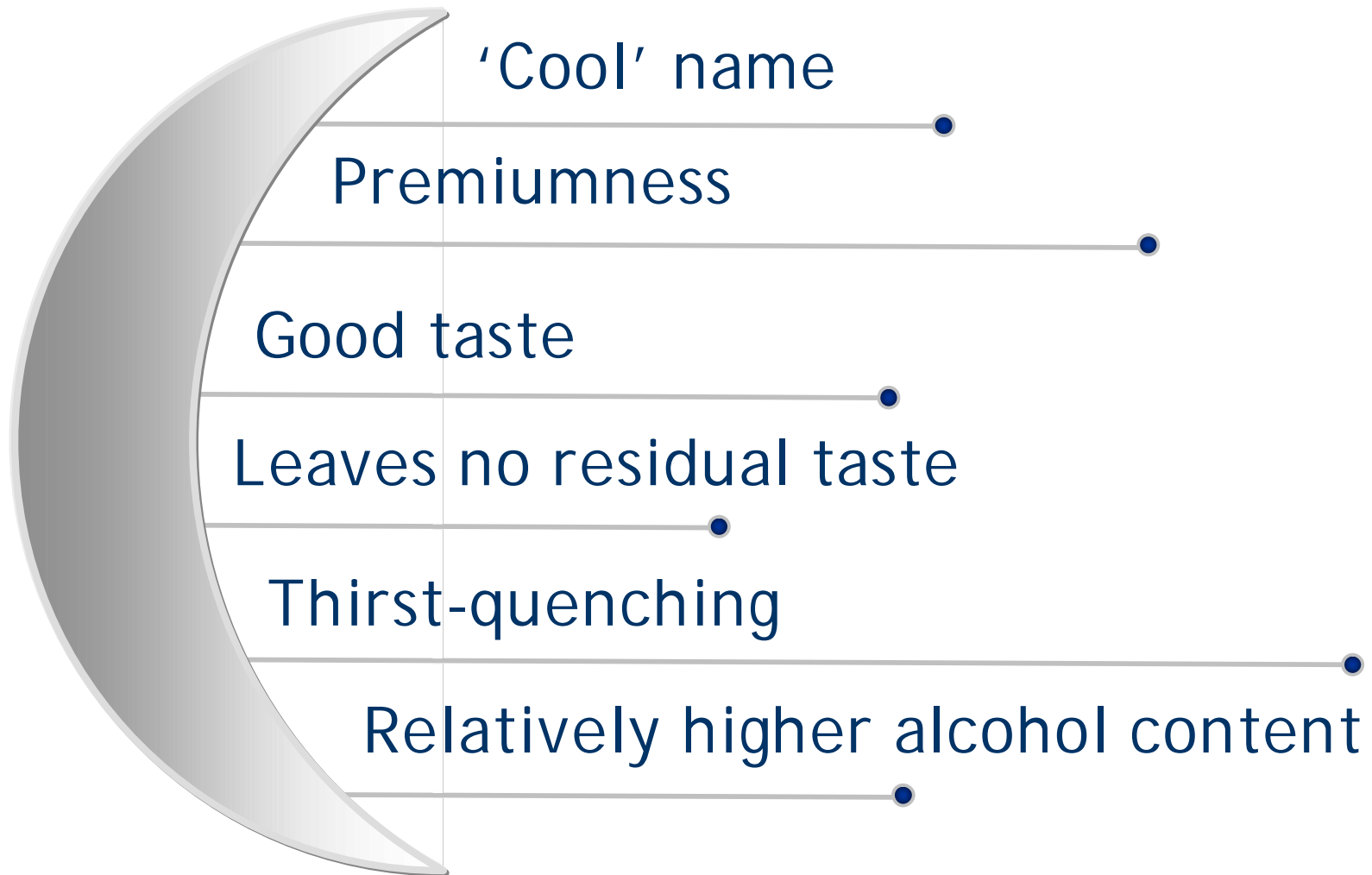
Alcohol Dominance



# Skol Beats - Innovation Funnel



# Mapping Night Out Main Need States



# Skol Beats Concept

Skol Beats sets up the right mood for a night out



## Emotionally

Stylish Packaging

Right Brand Support

## Functionally

Higher Alcohol Content

Less Bitterness

Cleaner After Taste



# Skol Beats - Out of Home Media

- Sign on buildings



Stand





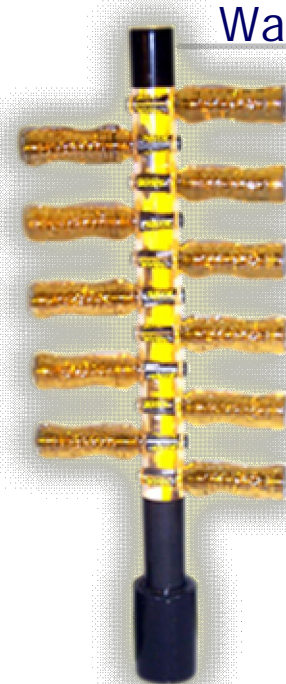
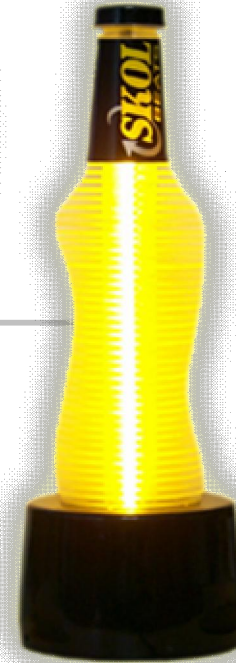
# Skol Beats – Proprietary Materials



Light signs



Buckets

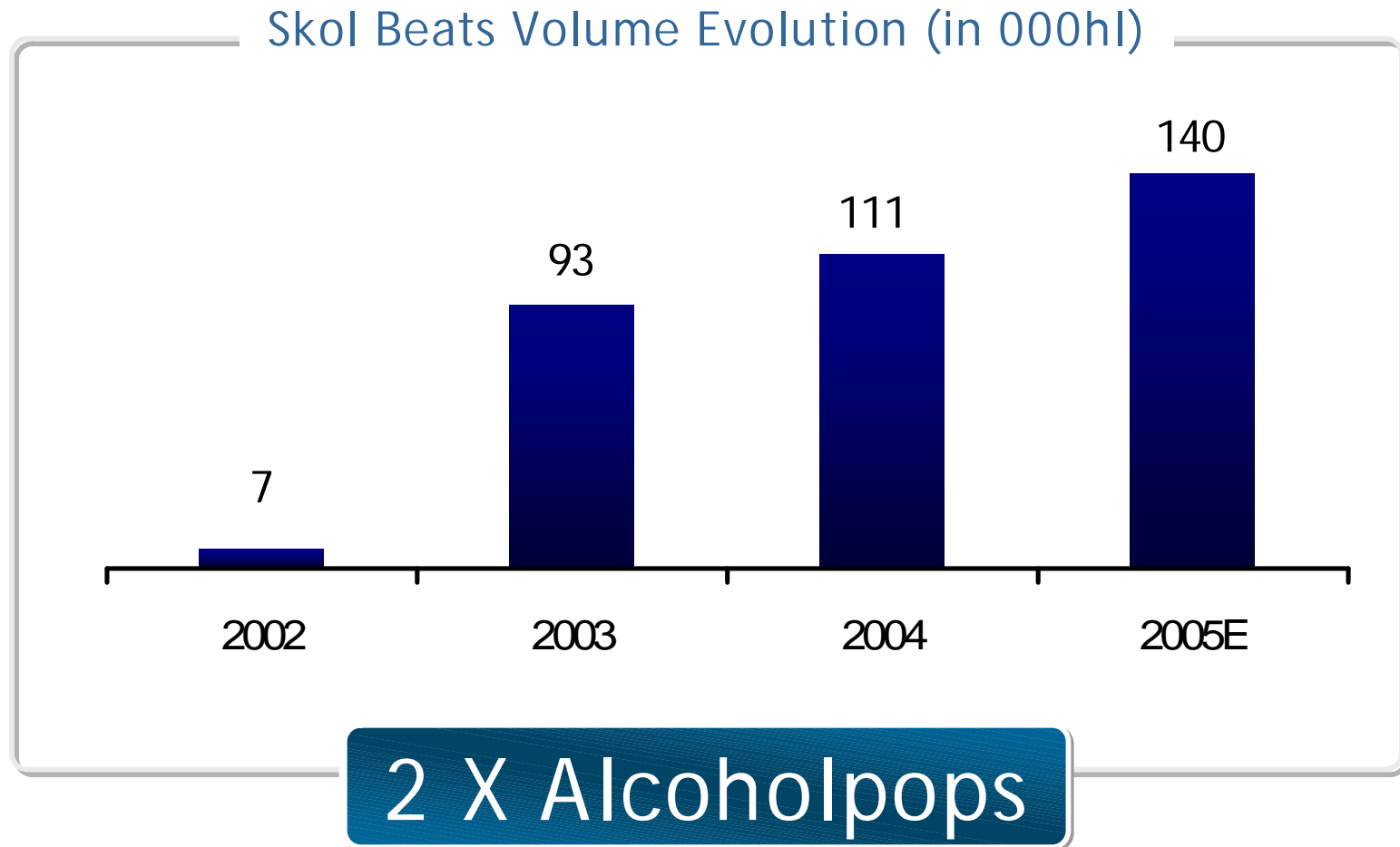


Wall Display



Neon

# Skol Beats – Volume Results



Source: InBev



# Night Out



Up Beat

Relaxed







# Stella Artois



Sofistication Since 1366  
European Breweing Heritage





# Stella Artois



NYSE

- ABV
- ABVc

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# Proprietary Materials





# Draft Beer – New Concepts



Locations with high concentrations of people

Home consumption

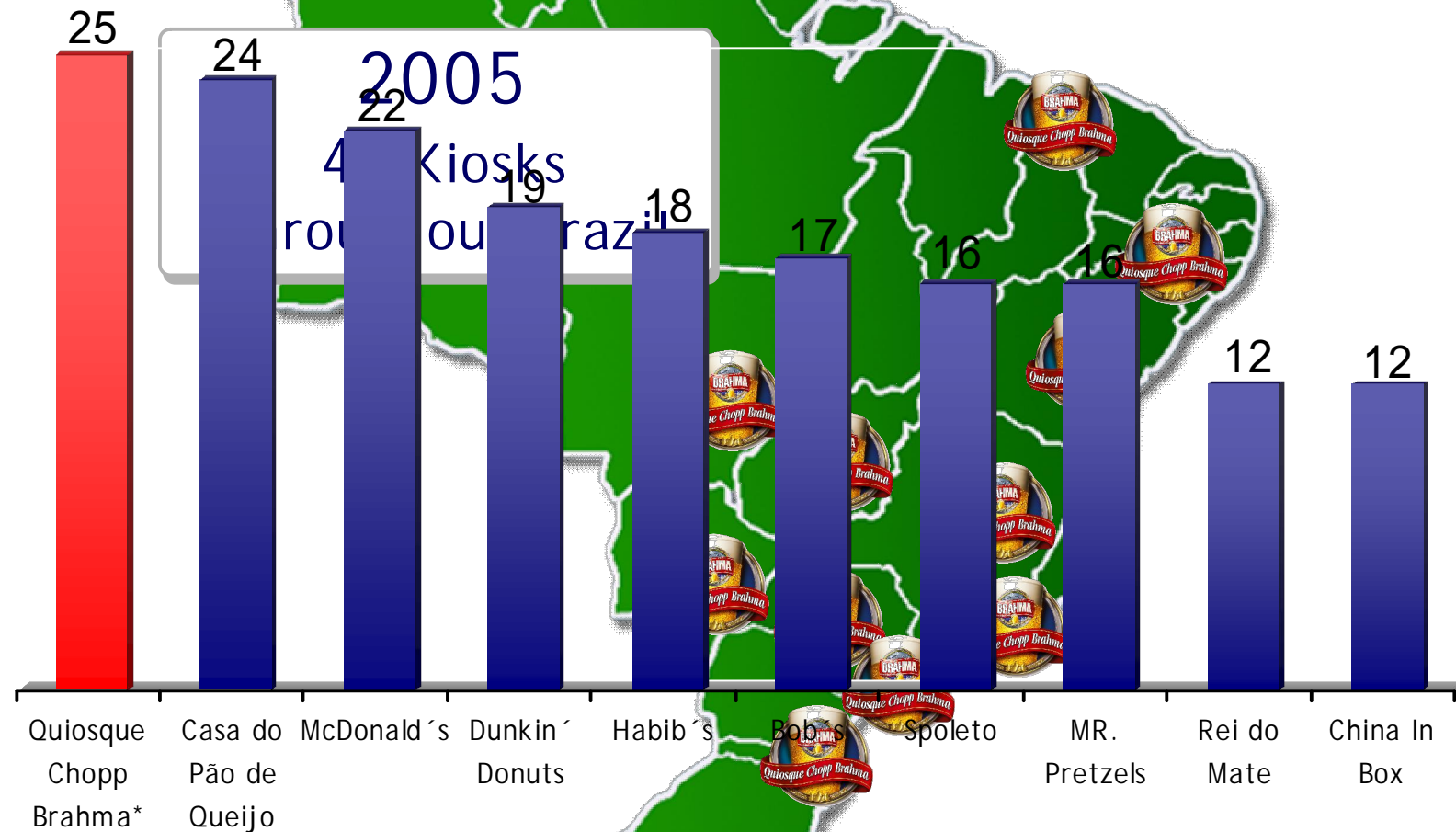
# Kiosk Chopp da Brahma

Providing the same quality and service of a regular bar



# Kiosk Chopp da Brahma

Expansion Results in 2004:  
The biggest growth among food & beverage franchising chains



source: ABF 2004



# Home Consumption

Chopp Express Store: brand experience and delivery



# Non Alcohol Segment





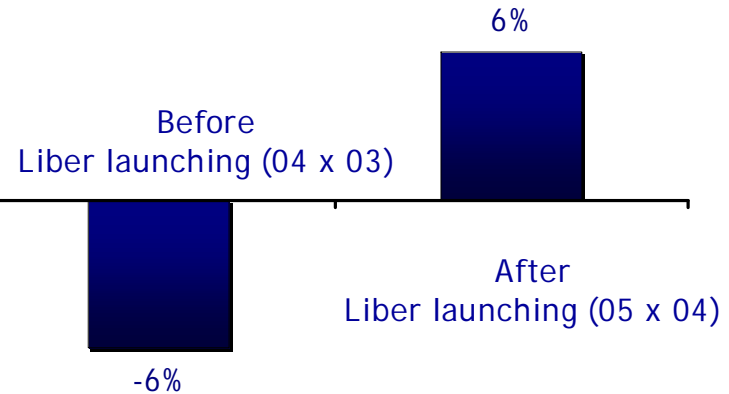
# Non Alcohol Segment

With the launch of Liber, AmBev gained market share and increased the segment

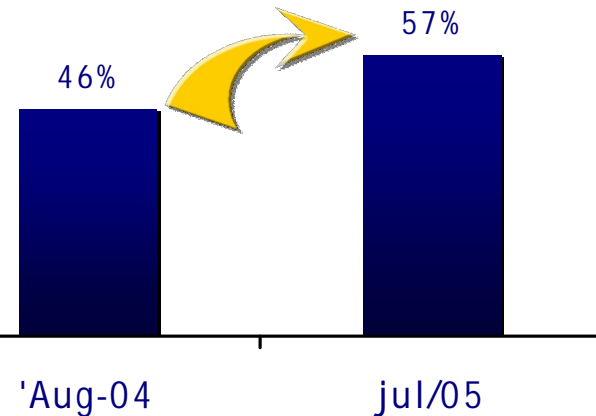


Source: Nielsen

Non Alcohol Market Growth



AmBev Market Share



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