



!nBev AmBev

INVESTOR **DAY** 2005

Bernardo Paiva

Head of Sales and Distribution

Maximize Profitability and Market Share

Sales Operations

Infra-structure

- 1,000,000 POS
- 9 Regional offices
- 1 Key Account specific structure
- 42 DDC's
- 271 Third party distributors
- 9,000 Sales reps
- 1,400 Supervisors
- 900 Sales and trade managers
- 4,900 Delivery trucks

Sales Operations Strategy

Market Share + Profitability

Brands

Availability

Pricing

Execution

RTM
Cost to
Serve

TecSales

Availability

Key Success Factor and Core Initiative

Key Success Factor

- Maximize number of AmBev brands at POS

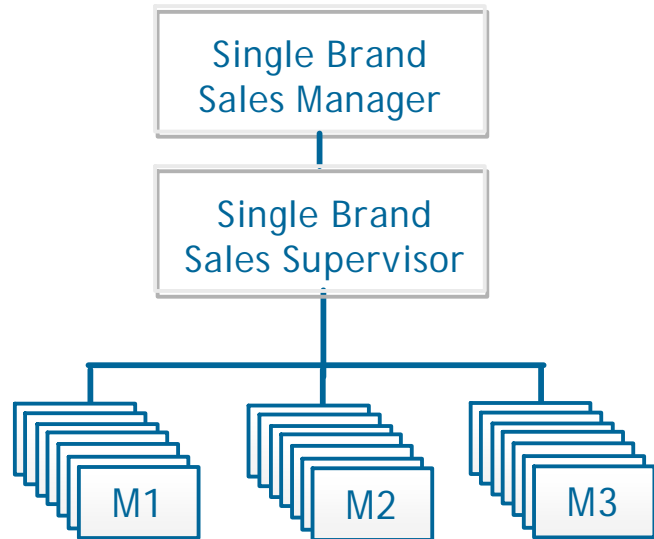
Core Initiative

- Sales Team Reconfiguration

Availability

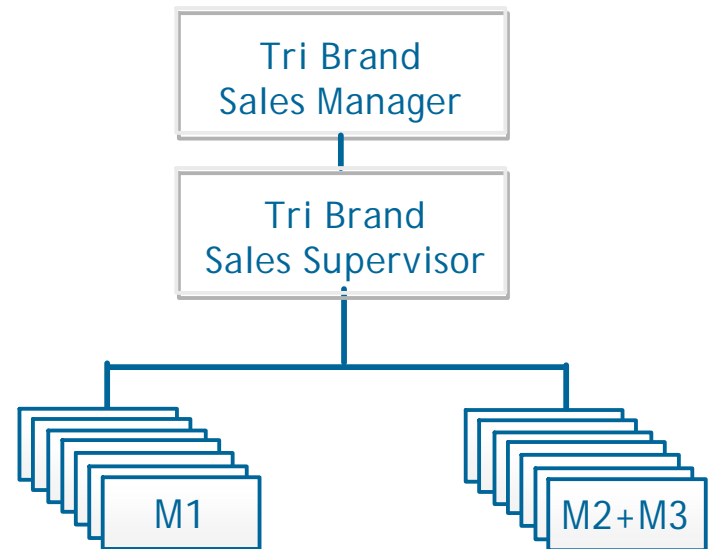
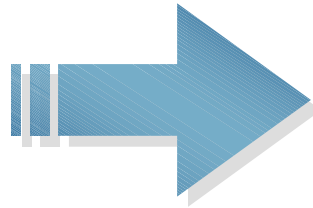
Sales Team Reconfiguration

Previous Model



One sales team for each family of brands

Current Model



Functional Sales Team

- #1 brand + premium portfolio
- #2 + #3 brands + CSD

Availability

Sales Team Reconfiguration Objectives

M1

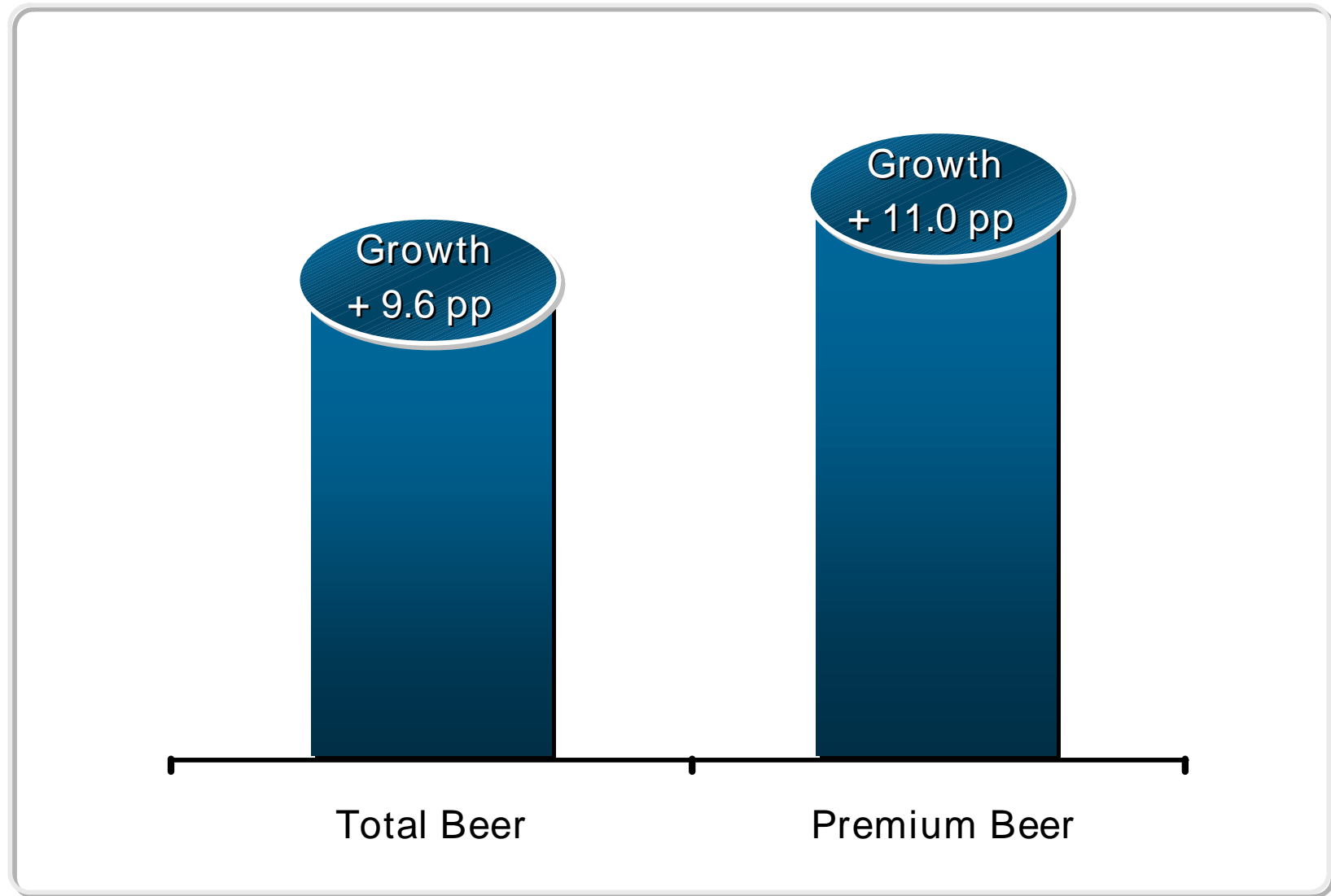
- Capture volume opportunities (Increase in visit frequency)
- Focus on Beer, Core and Premium (SKU reduction)
- More time to execute (improved visit quality)

M2-M3

- Greater coverage (100% of POS served)
- Brands Synergy
- Higher productivity (Brands Synergy)

Availability

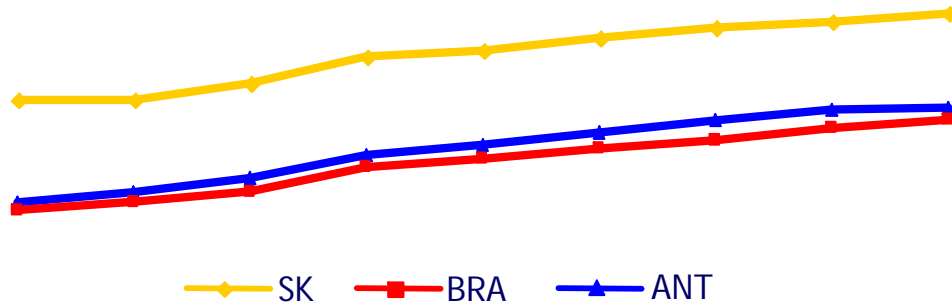
Sales Team Reconfiguration Results – Real example



Availability

Sales Team Reconfiguration Results – Real example

Pilsen Coverage
(Number of POSs)



New configuration

SK +13,676

BR +14,922

AN +14,422

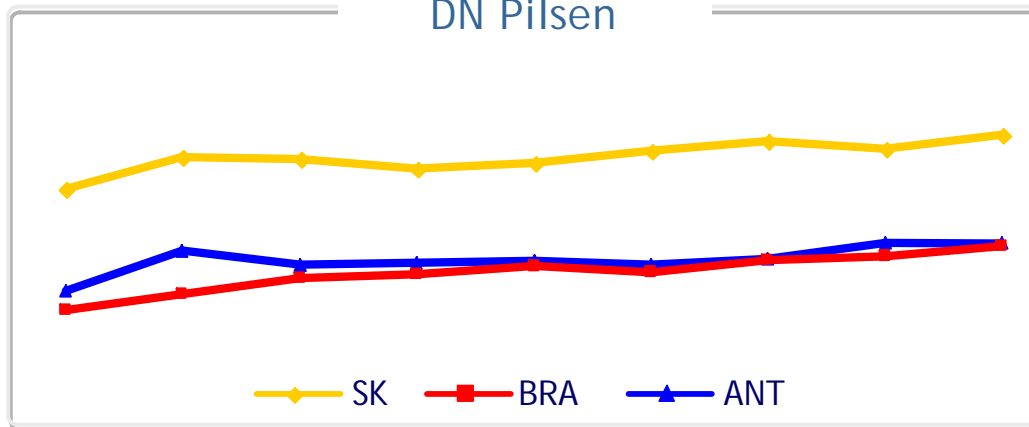
BRAZIL

SK + 3

BR + 2

AN + 4

DN Pilsen



SK +6pp

BC +6pp

AP +6pp

Number of Brands per POS

Brazil - INC Packaging - RGB	2003	2004	2005
AmBev	1.91	1.98	2.08
	+4%		+5%
Competitors	0.91	1.00	0.91
Total	2.82	2.98	2.99

AmBev = SK. BH. AP. BOH

Comp. = NS. KA. BAV. Itaipava. Crystal

Aug/03 , Aug/04 , Aug/05

Pricing

Key Success Factors and Core Initiatives

Key Success Factors

- Maximize Net Revenue
- Minimize impact on consumer prices - not exceed inflation
- Focus on relative consumer price

Core Initiatives

- Price to retailer
- Price to Consumer/Price Point
- Brand/Premium Mix
- Channel and Package Mix

Proprietary Research

- Frequency: every 4 months
- Scope: 800.000 POS
- Researched items (by brand)

- Maximize value through price differentiation
- Assure minimum impact over price to consumers
- Customized price strategies based on market research
- Pre-defined discounts and pricing algorithm programmed into sales rep hand held
- No discounts offered without clear counterpart

Pricing

Price to consumer – Track record

Average Price at POS

Brazil – INC Packaging – RGB	2003	2004	2005 YTD
AmBev	2.01	2.10	2.17
Competitors	1.50	1.62	1.69
Price Gap	0.51	0.48	0.48

AmBev = All Brands Average Price at POS
Comp. = Non AmBev Average Price at POS
Source: AC Nielsen, Average Price Year

Pricing

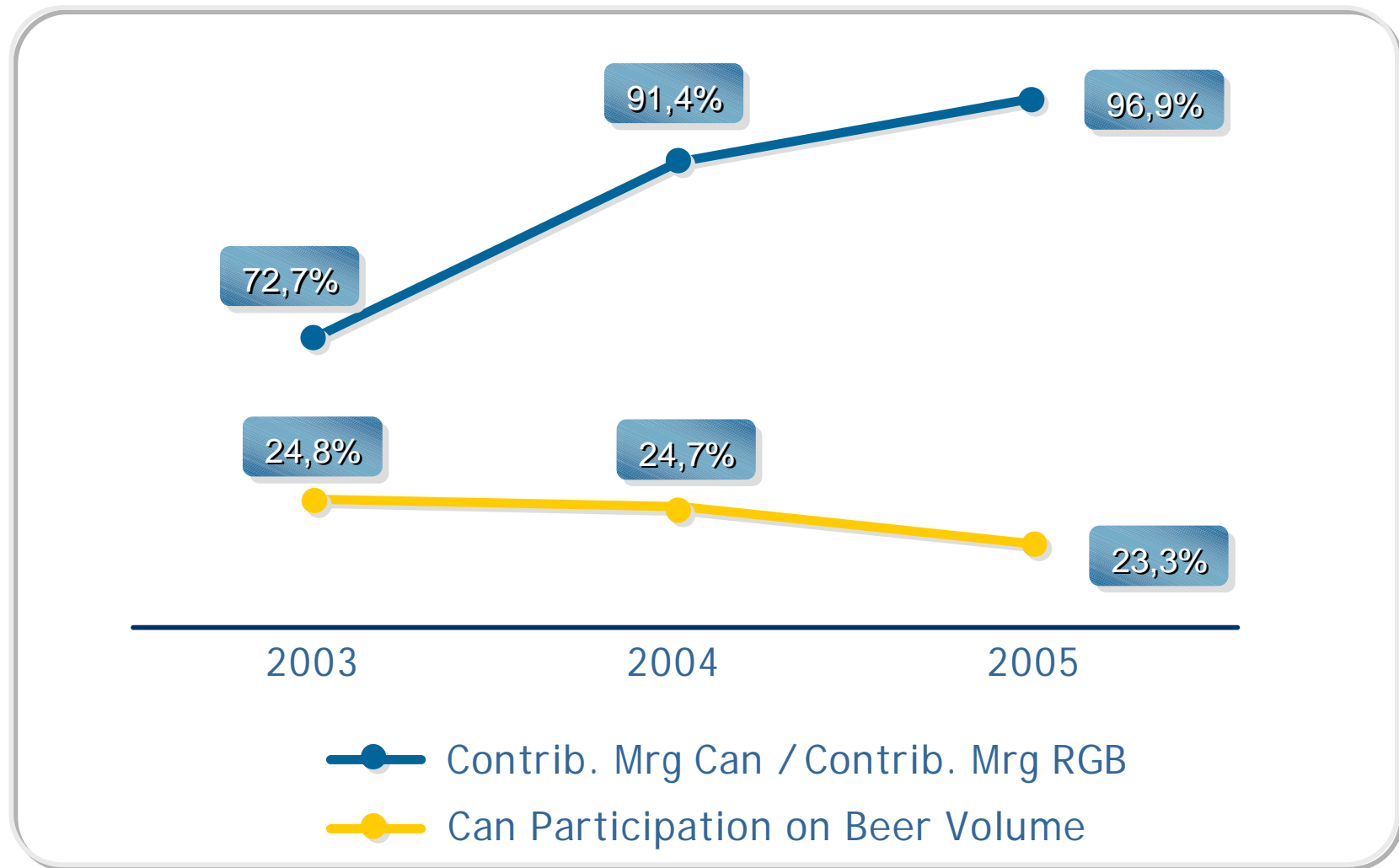
Development of Premium segment

- Explore synergies with core brands
- Consumer Price Focus
- Leverage market initiatives



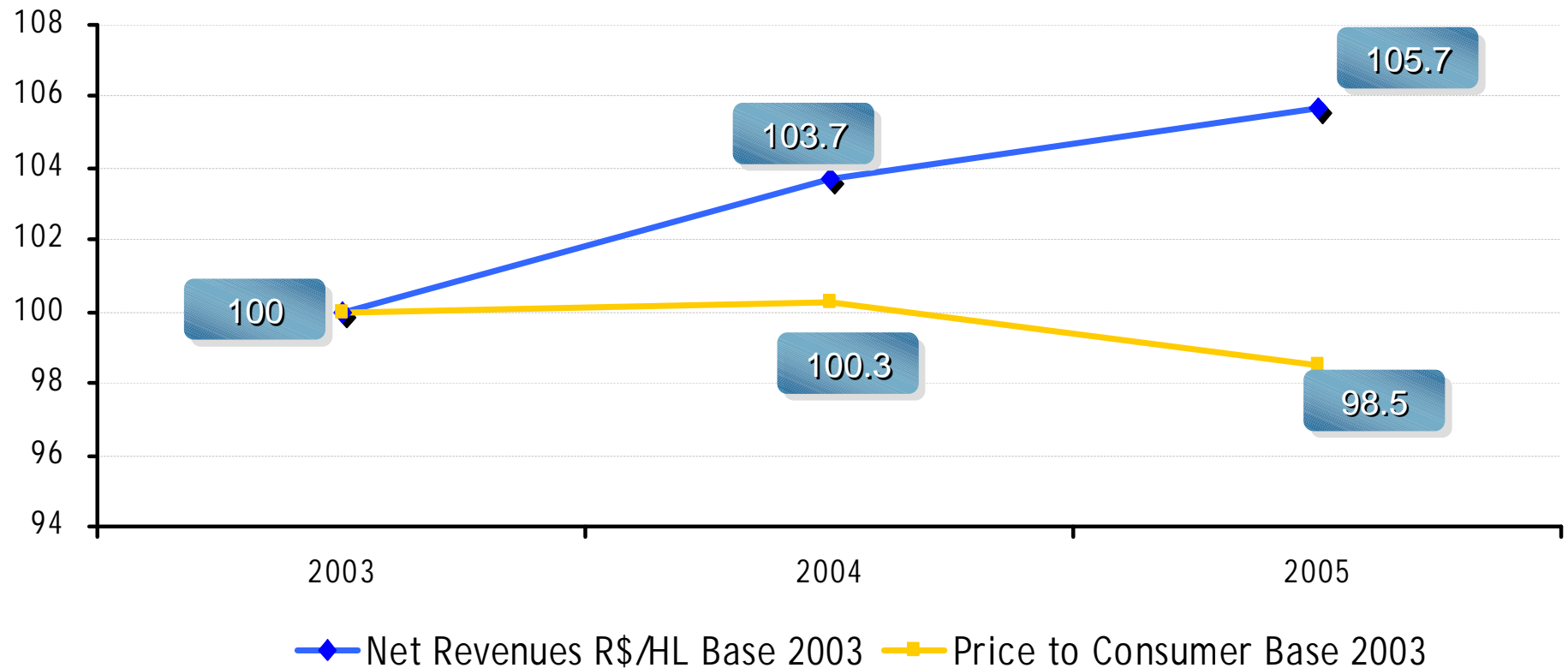
Pricing

Channel management – Track record



Pricing

Net sales per hectoliter – Track record



Net Sales = Considers 2003 as base 100 and discount inflation

Price at POS. = Considers 2003 as base 100 and discount inflation

Execution

Key Success Factors and Core Initiatives

Key Success Factors

- Win main clients' loyalty
- Influence consumer and shopper behavior at the POS

Core Initiatives

- Standardized POS Execution
- Relationship Initiatives
- Sub Zero Coolers

Execution

Standardized POS Execution

- Cold Product Availability
- Optimized Portfolio
- Brand Communication
- Adequate Pricing



Tô Contigo
Programa de Fidelidade

AmBev

DESDE 1888

José Batista dos Santos
Bar do Zé



Execution

On Premise Initiatives



Out of season Carnival - Fortal



Brazilian Team Soccer Games



Zeca Pagodinho's Show - São Paulo

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Video Loyalty Program

Off Premise Initiatives



Execution

Off Premise Initiatives



Execution

Sub Zero Coolers



Execution Challenges

- Differentiate from competitors
- Develop Premium segment
- Increase Per capita consumption
- Strengthen the connection between our brands and consumers



Cost to serve

Key Success Factors and Core Initiatives

Key Success factors

- Ensure the best service level
- Lowest possible cost

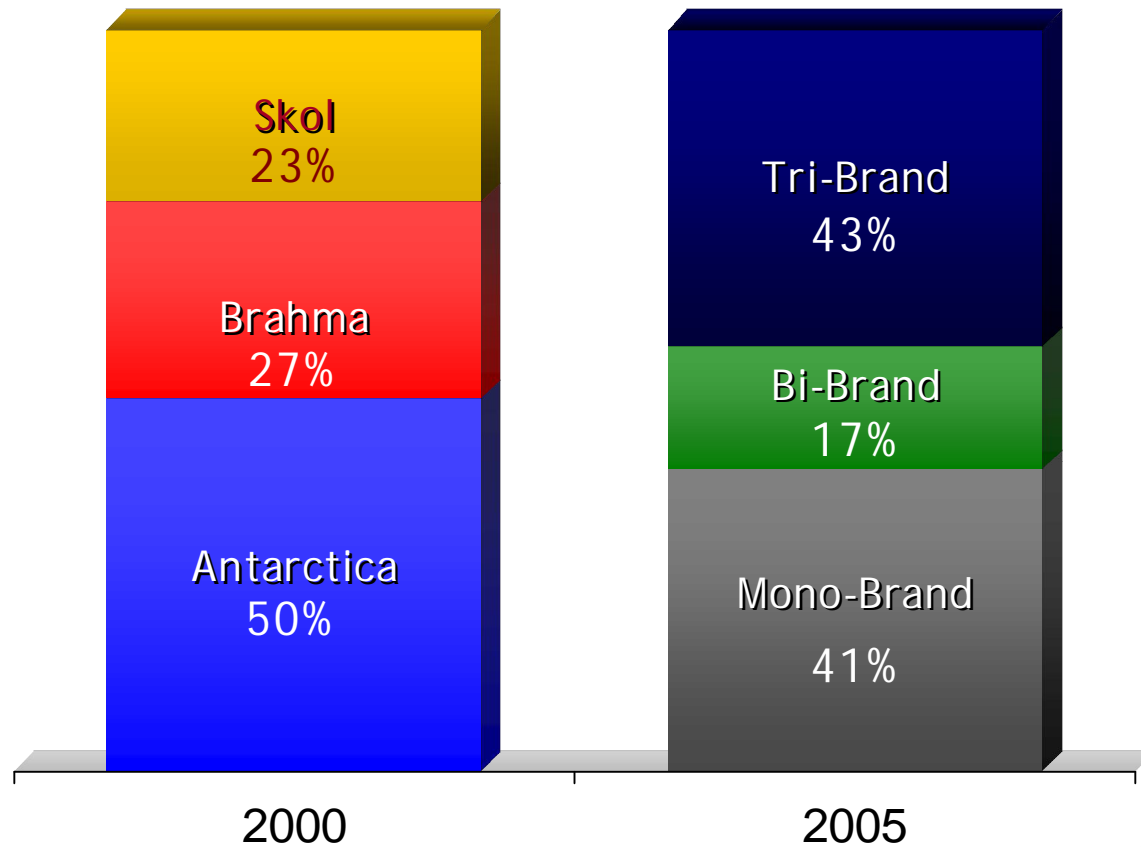
Core Initiatives

- Third-party consolidation
- Tri-brand operations
- Direct distribution
- Operational efficiency

Cost to serve

Tri Brand Operations

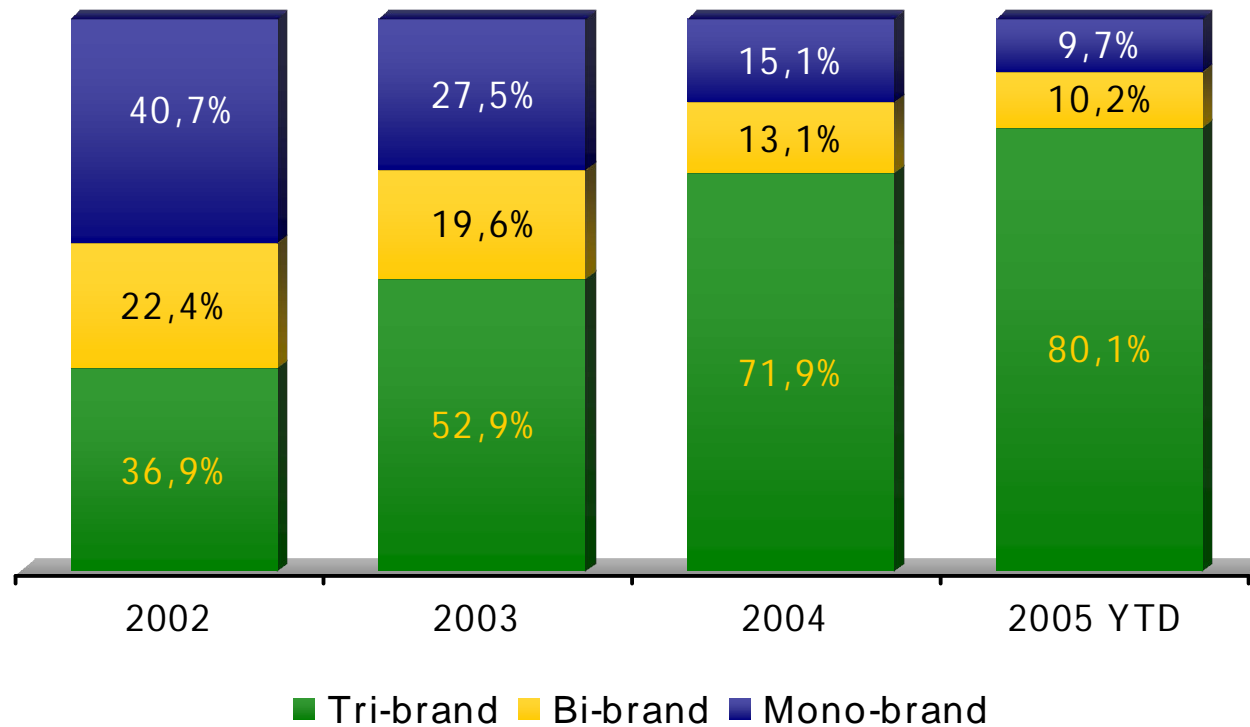
Number of Third Party Distributors



Source: AmBev

Cost to serve

Tri Brand Volume



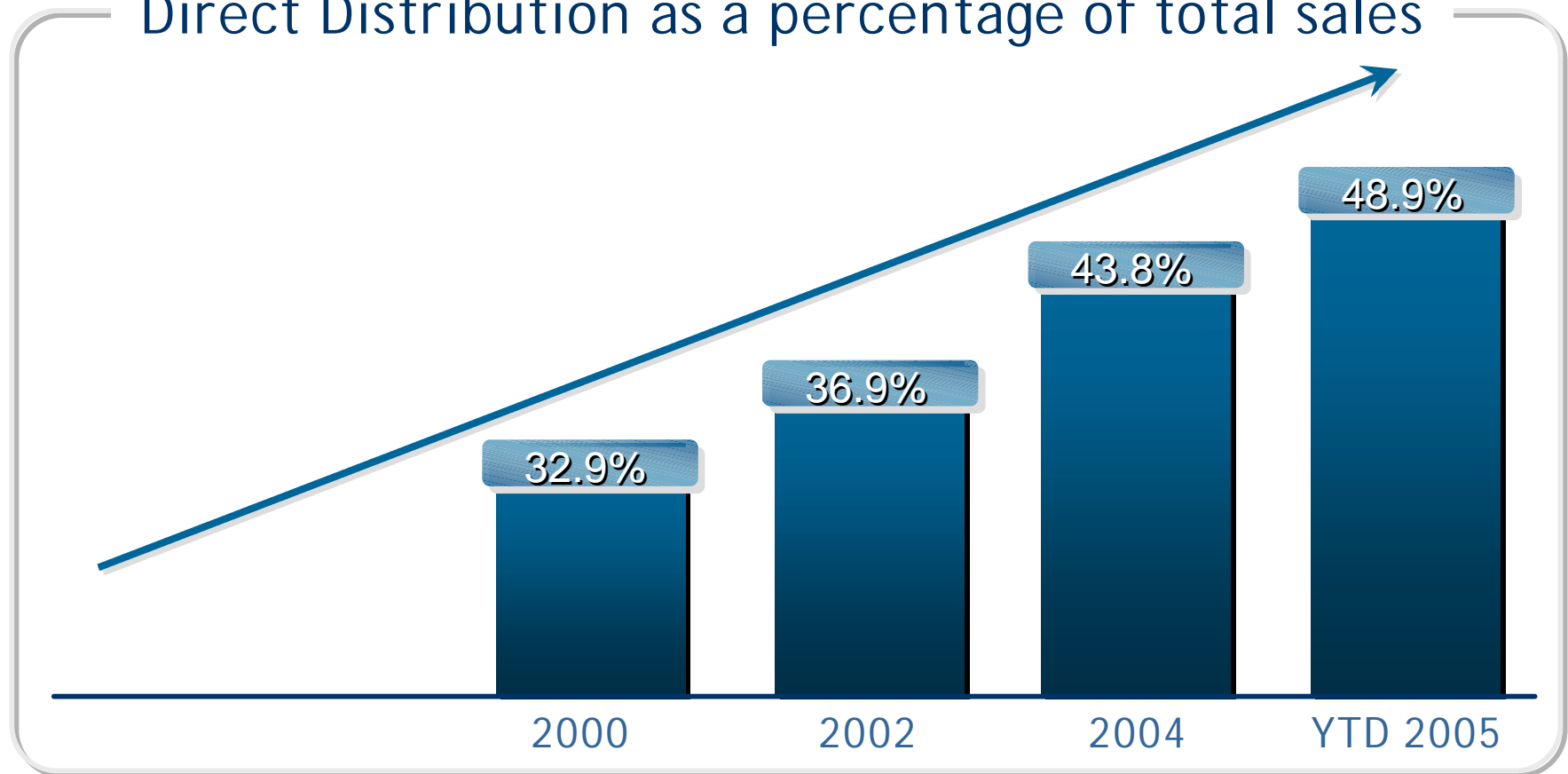
Source: AmBev

Cost to serve

Direct Distribution Expansion

5 pp year

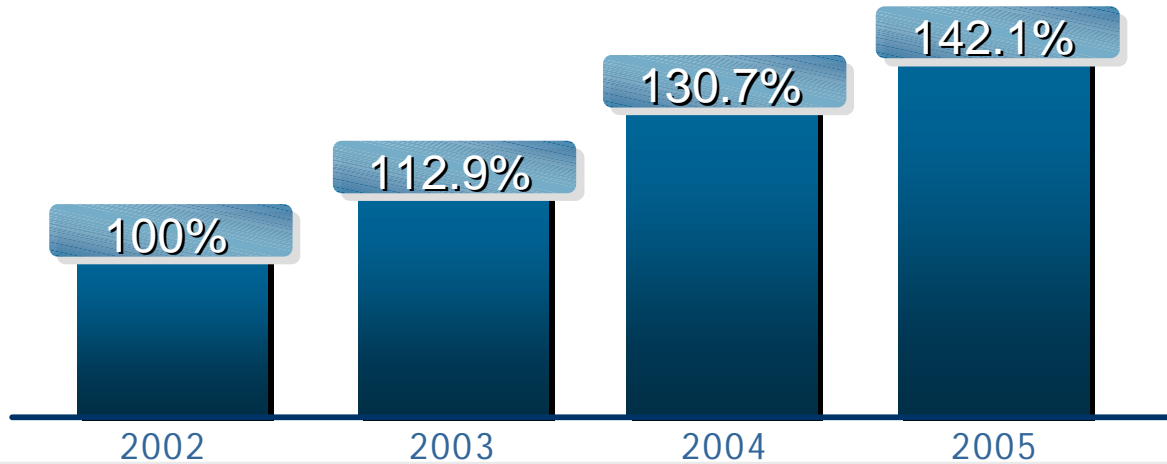
Direct Distribution as a percentage of total sales



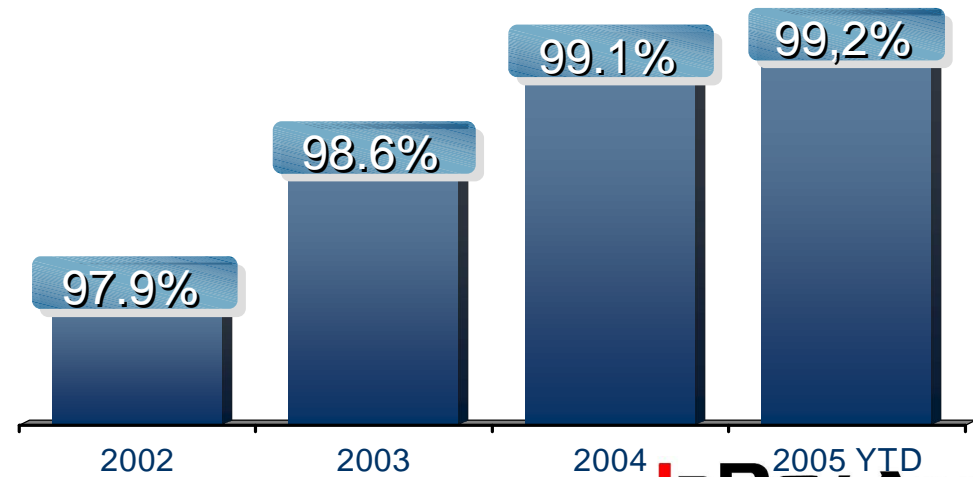
Cost to serve

Operational efficiency

Cases per round trip



Delivery efficiency



Sales Operations

Enabling Strategy with information



- Ensure uniform, military like execution of sales initiatives in 1,000,000 POC to achieve AmBev's strategies
 - ▶ Righ Structure
 - ▶ Standard Sales Processes
 - ▶ Technology
 - ▶ People

"Complexity within a box"



TEC SALES

STRUCTURE

PROCESS

TEC SALES

PEOPLE

TECHNOLOGY



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