



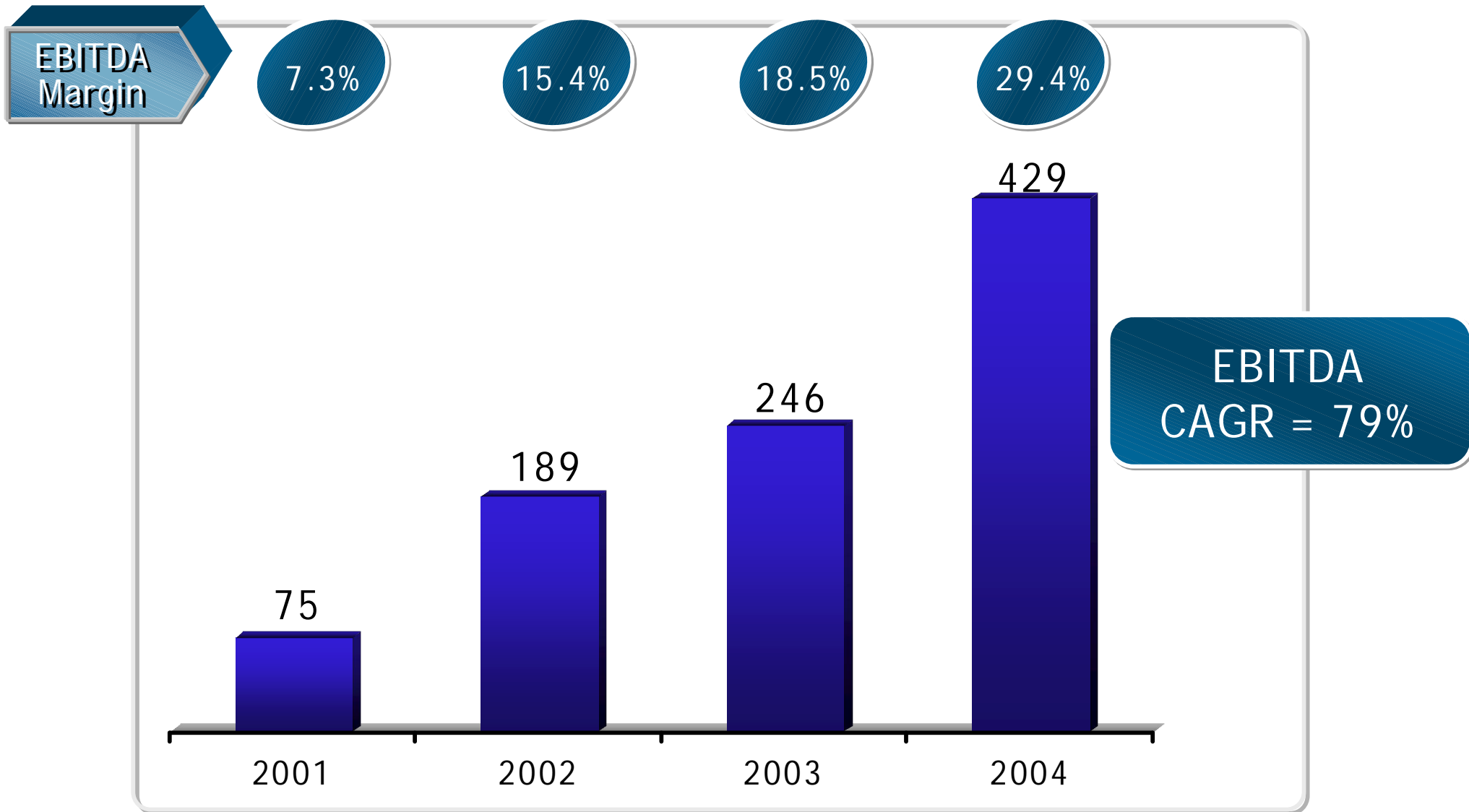
!nBev AmBev

INVESTOR **DAY** 2005

Francisco Sá
Head of Soft Drinks

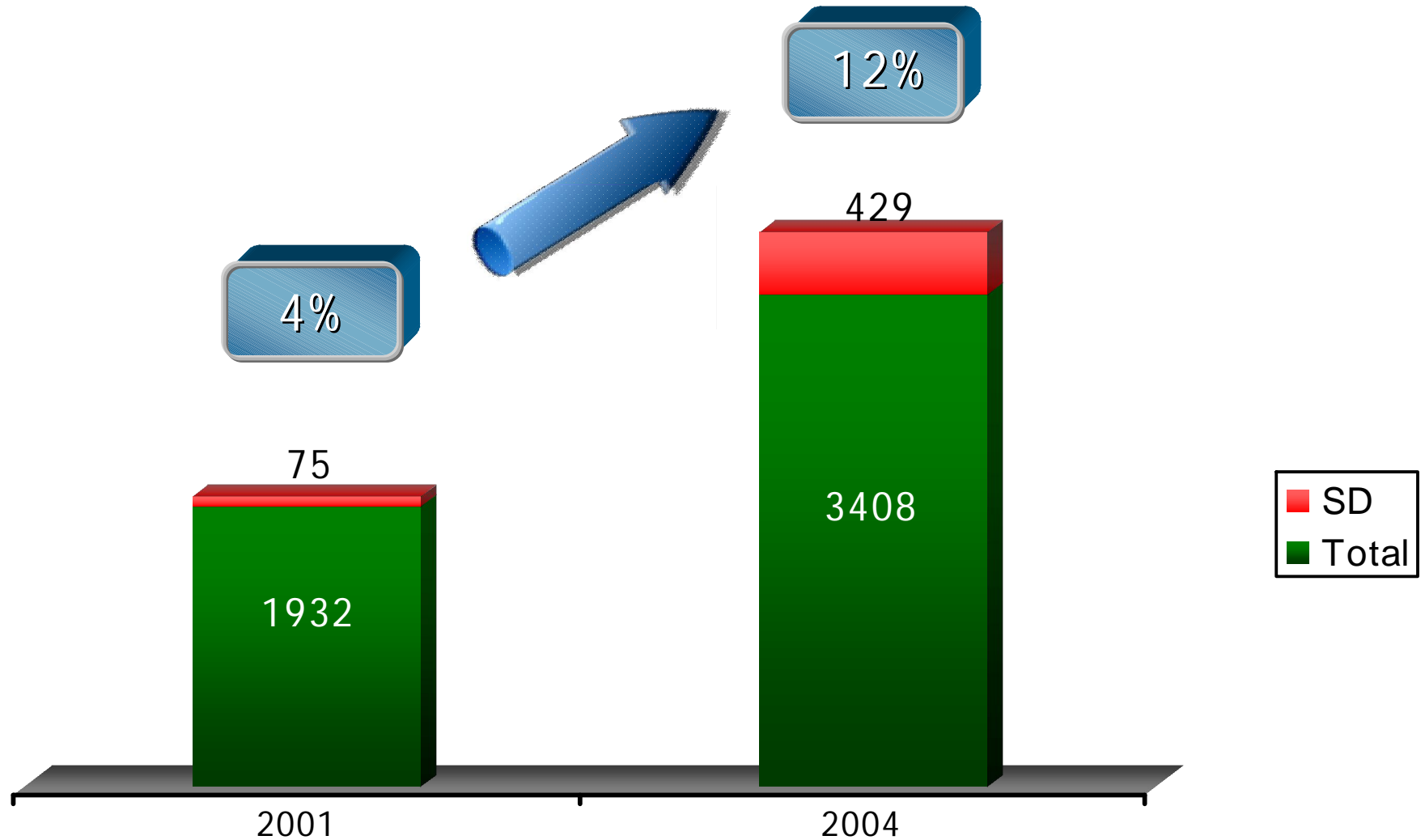
- Profitability Evolution
- The Brazilian Soft Drinks Market
- AmBev's Soft Drink Strategy

Profitability Evolution



Profitability Evolution

Relevance of Soft Drink Business



Profitability Evolution

"Right Fews" Strategy

"Right Fews"

Few
Brands

Few
Channels

Few
Programs

Profitability Evolution

The "Right Few" Strategy

- Full integration of soft drinks into beer operation, without deriving focus from beer

- Discipline to terminate

System bigger than KOI Brazil

8 oz. cs	MM'04	AmBev	KO
Beer in Brazil		1,017	150
Non-Alc. In Brazil		336	1,069

- Close relationship with PepsiCo

COGS advantage to KO Bottlers (avg-13%)

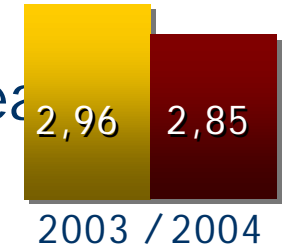
Total AmBev (ex-beer)



KOF - Brazil

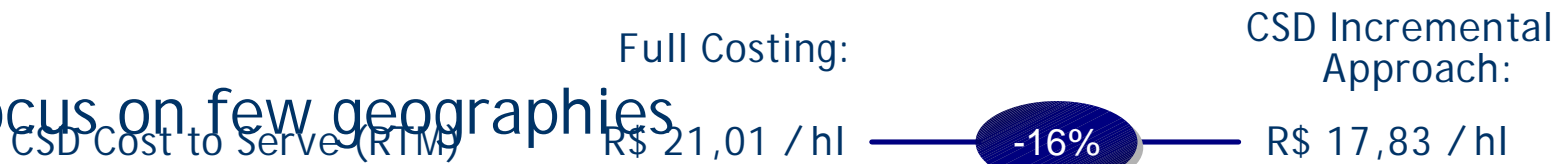


Andina - Brazil



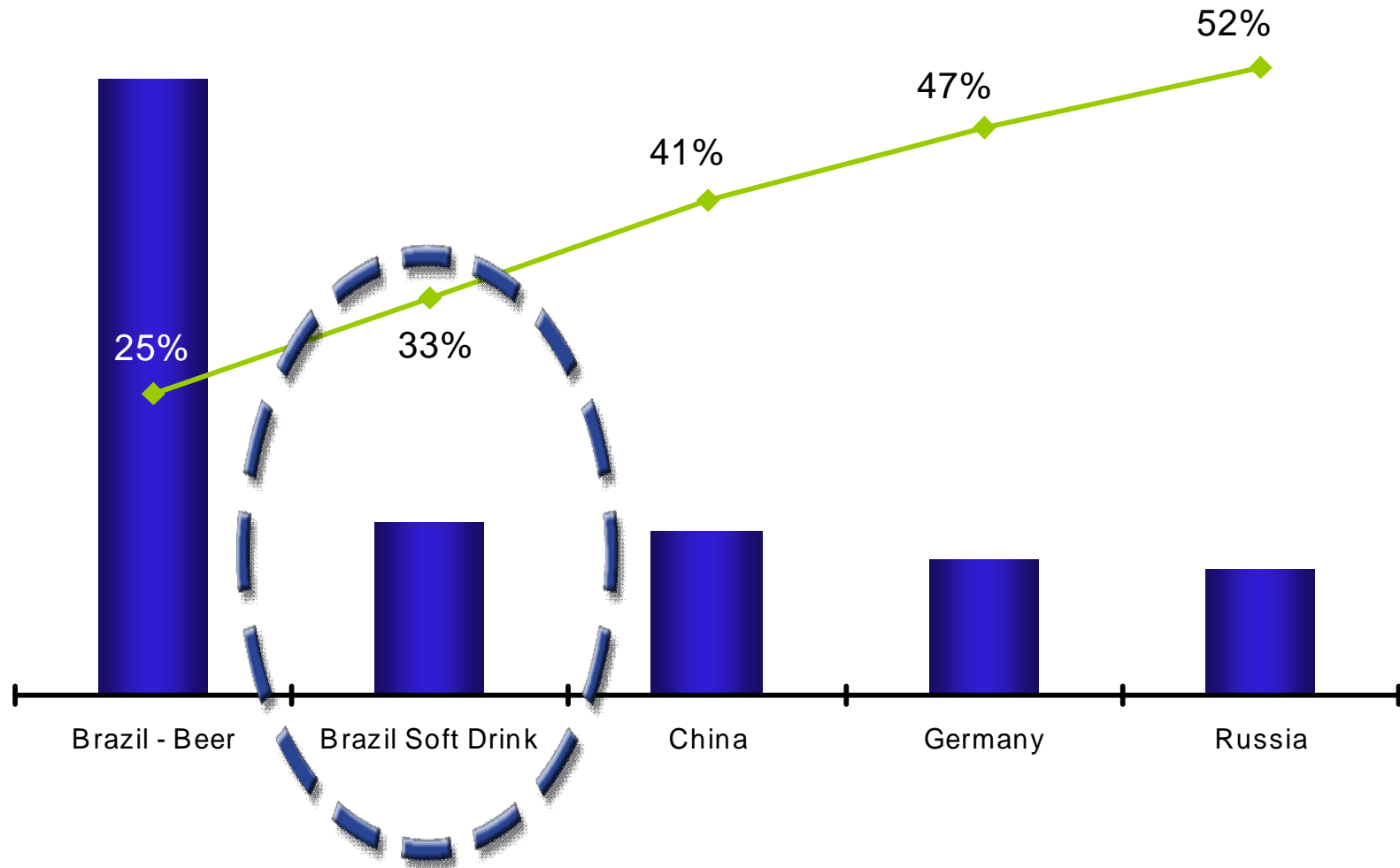
Internal AmBev Costing Exercise conservatively shows the added value for soft drinks to be in Beer Trucks in terms of Cost to Serve...

- Focus on few geographies



Market Overview

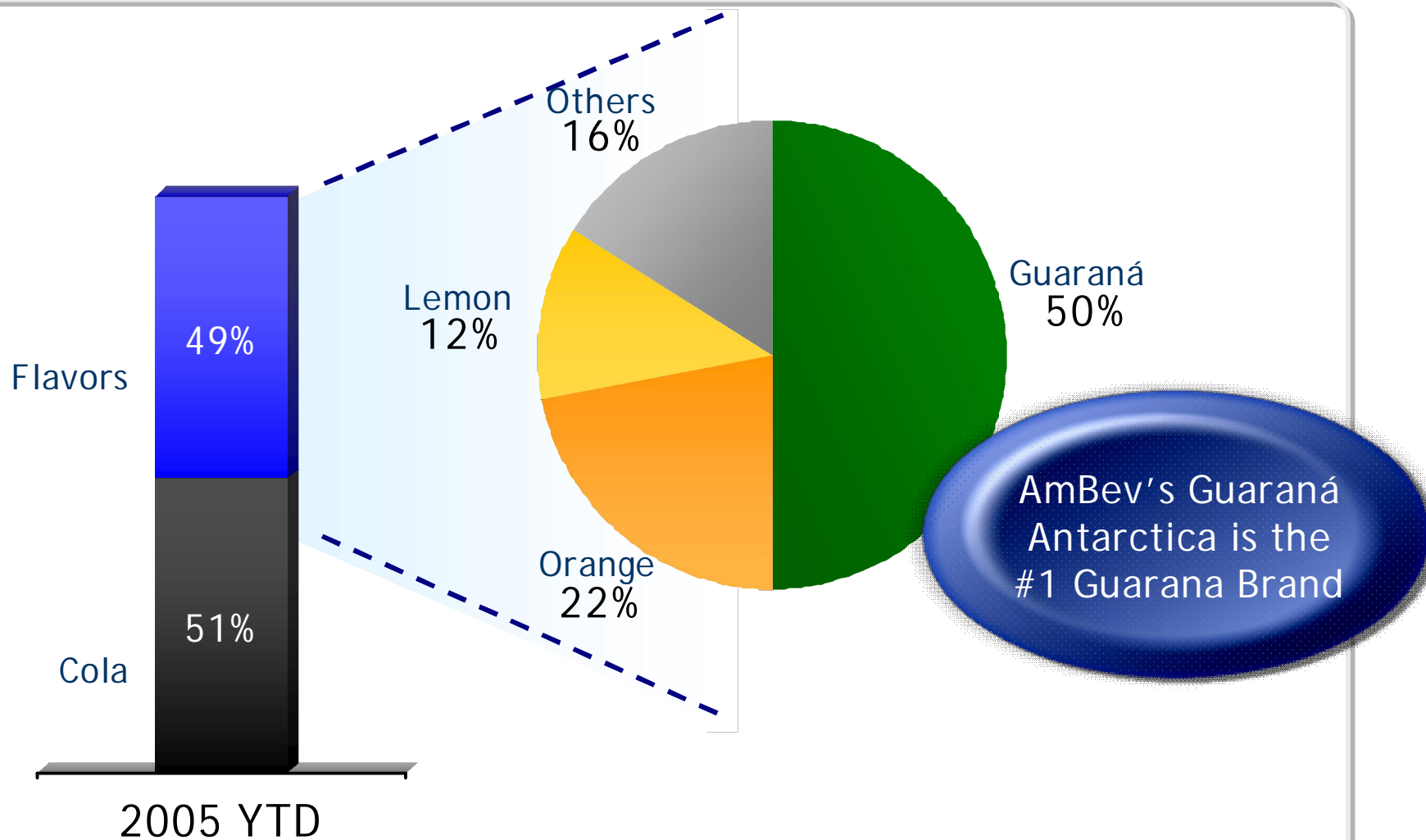
Relevance of the Brazilian Market



1% Soft Drink = 0,6% Beer (Brazil)

Market Overview

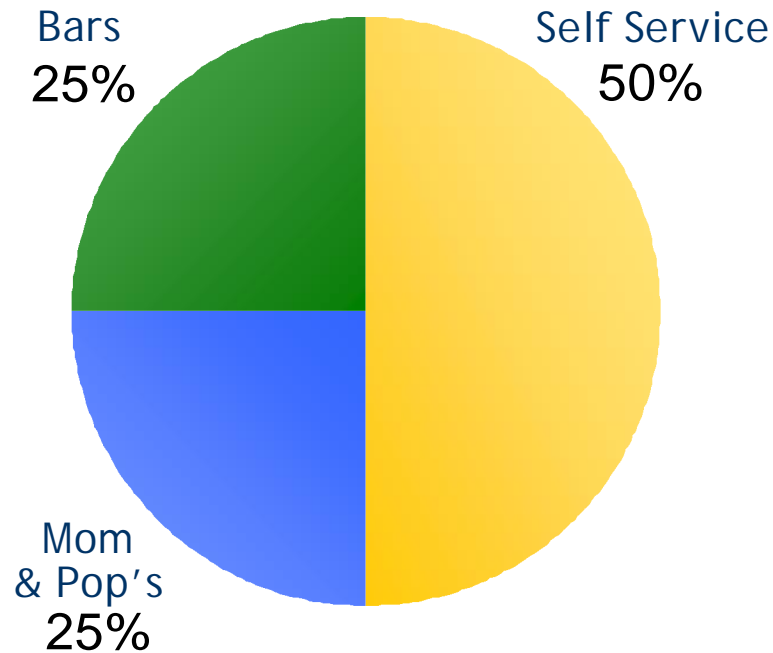
Flavor Segmentation



Market Overview

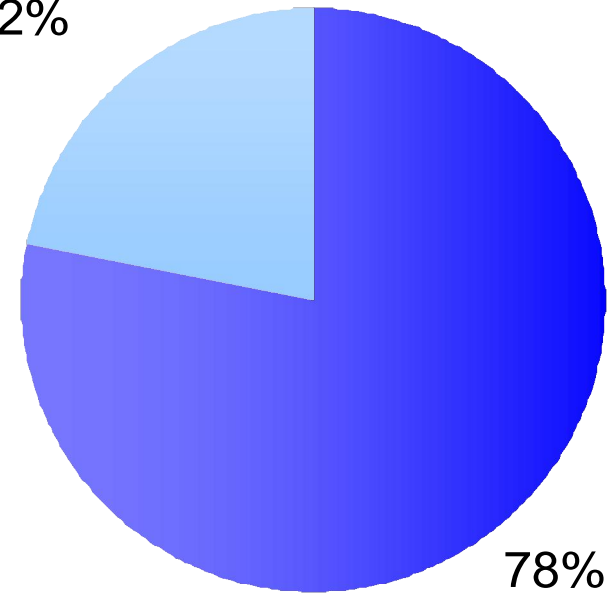
Channel & Packaging Segmentation

Sales Channels



Packaging

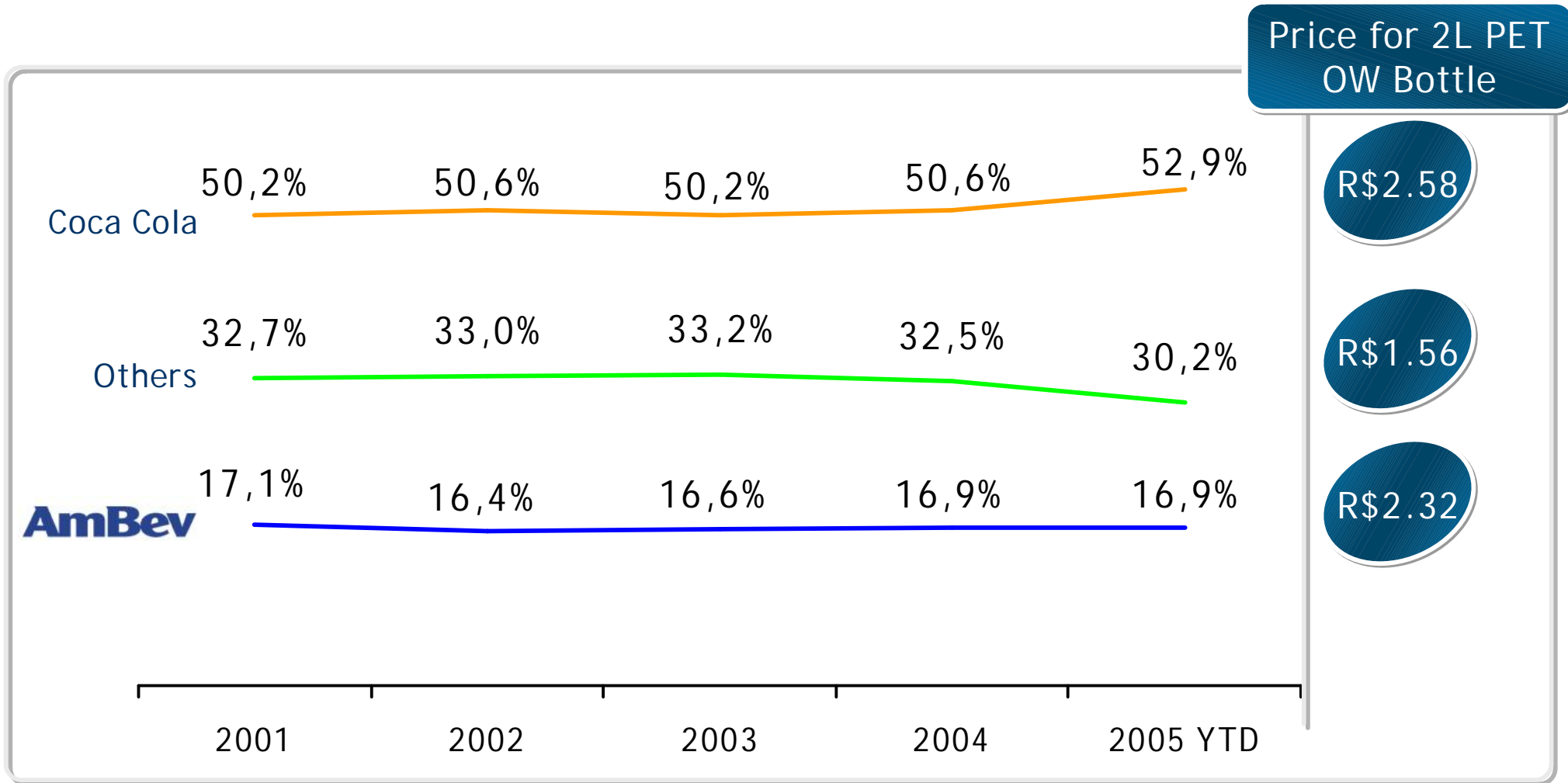
Single Serve
22%



Multi Serve

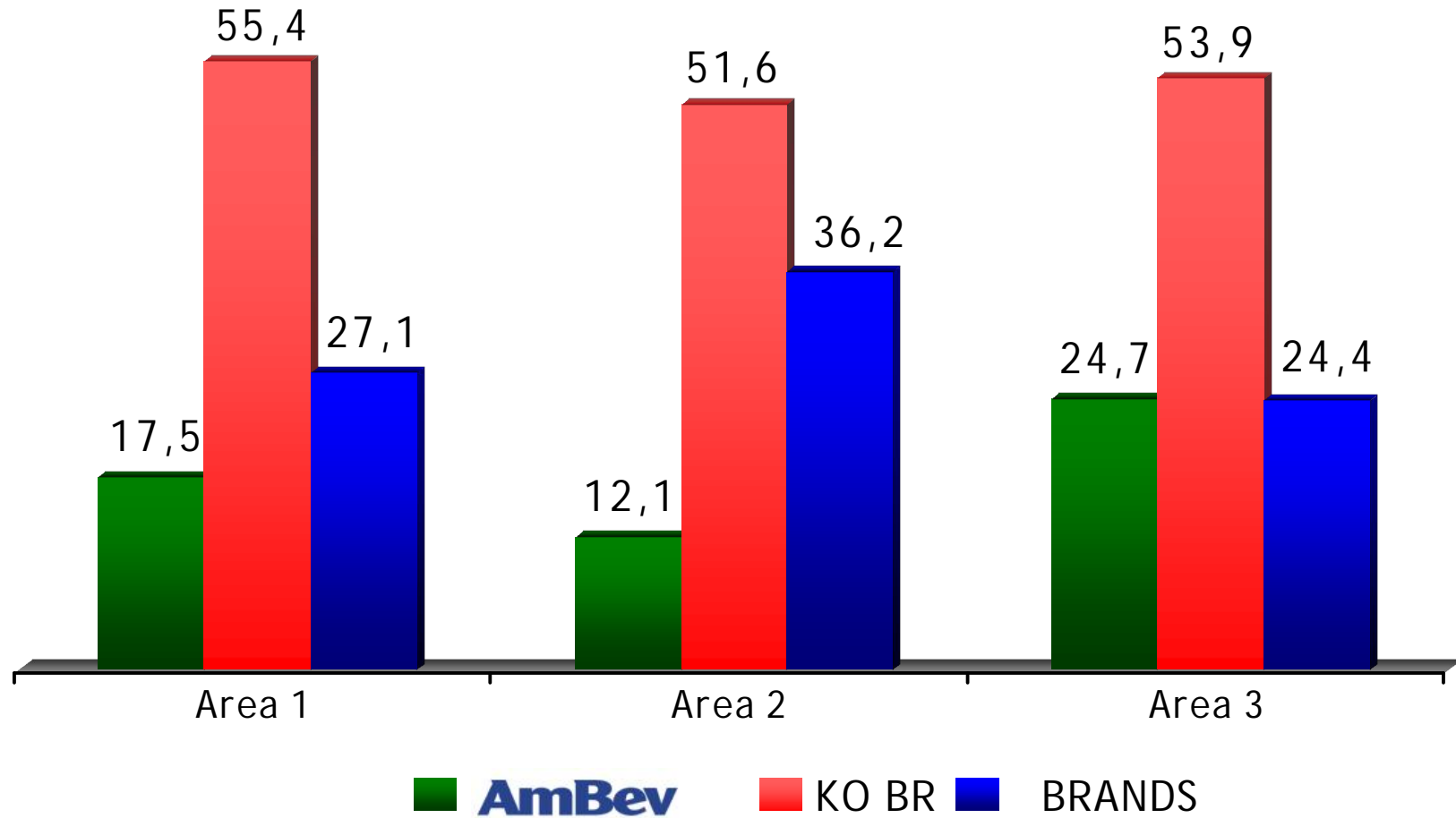
Market Overview

Share Evolution



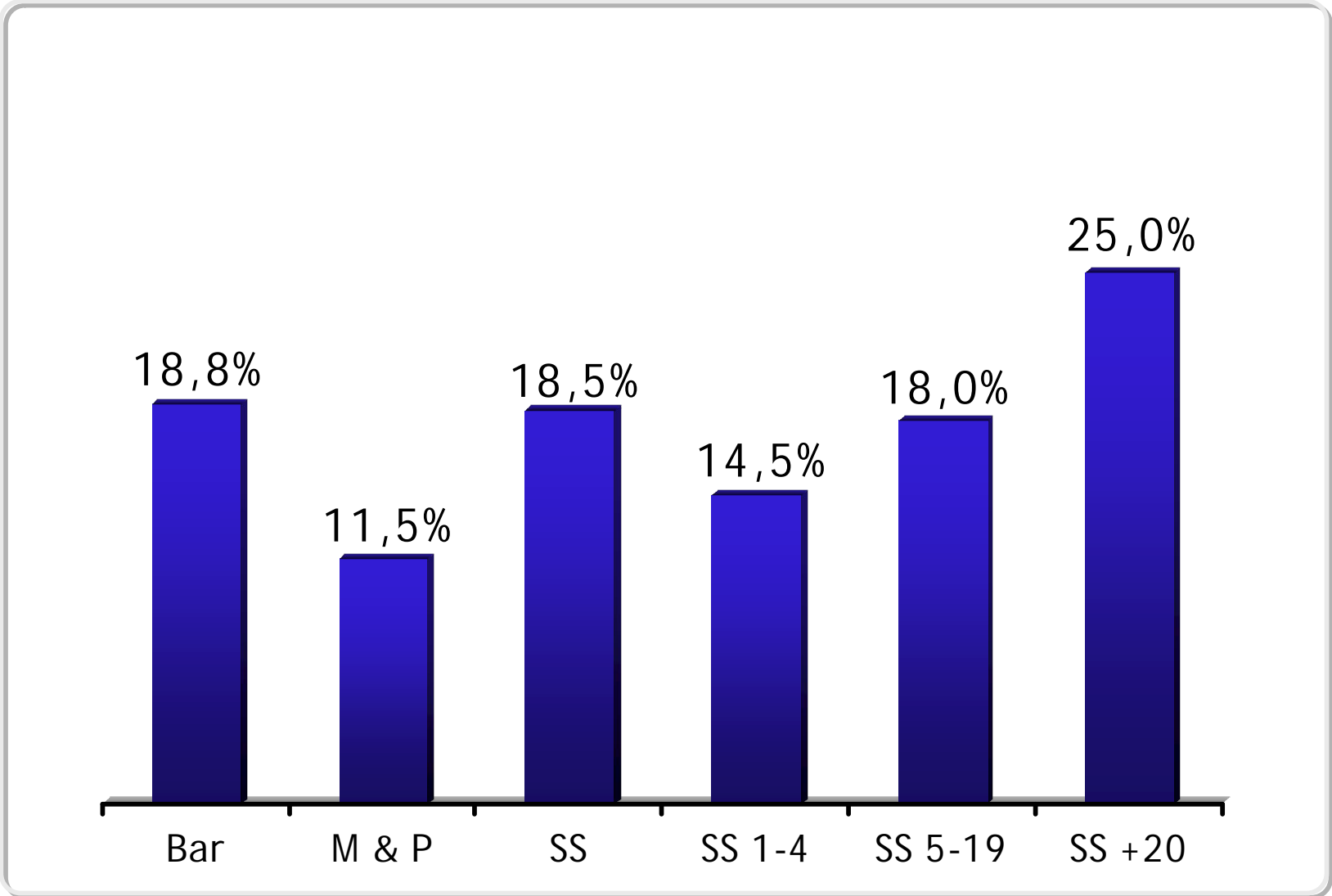
Market Overview

Regional Market Scenarios



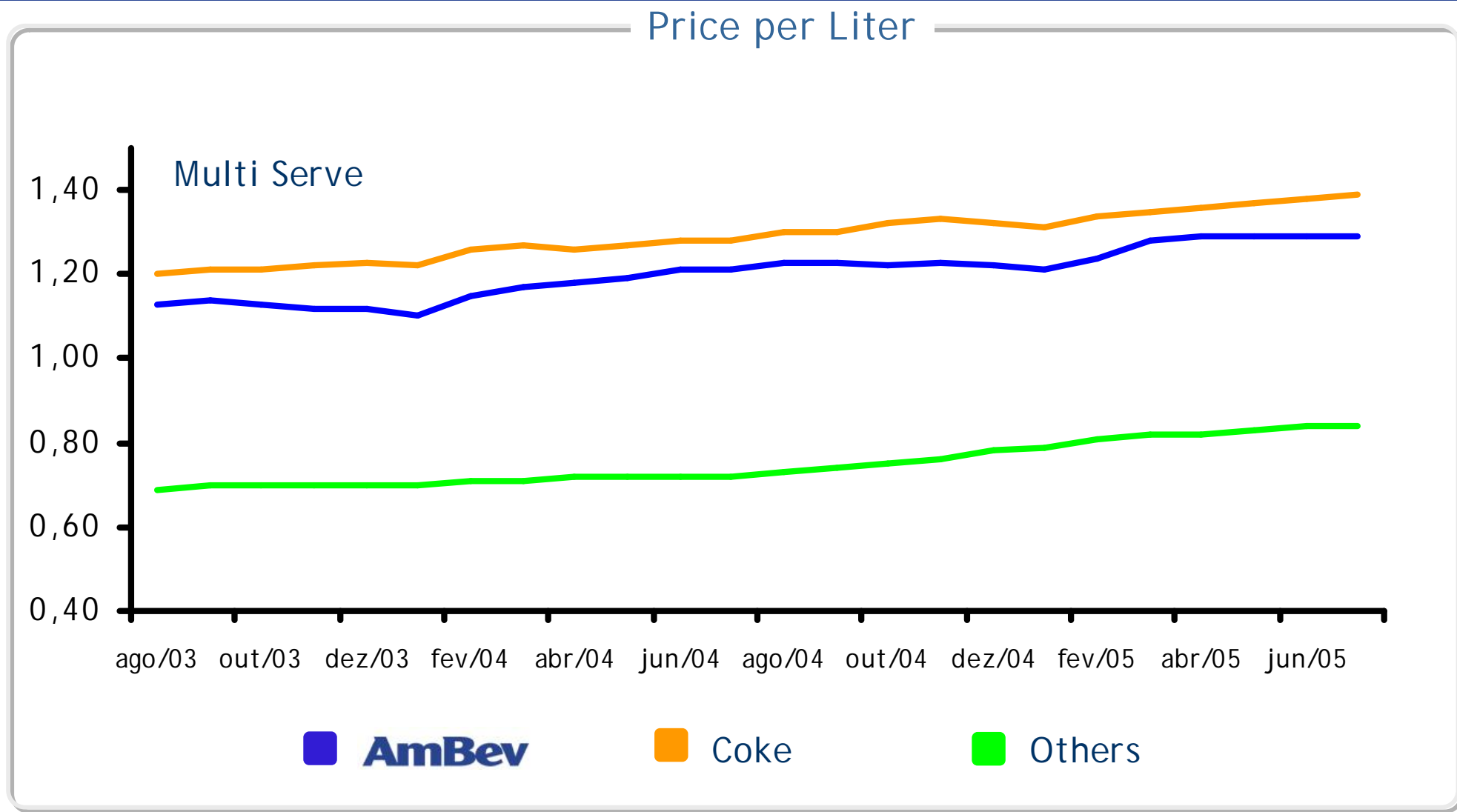
Market Overview

Market Share by Channel



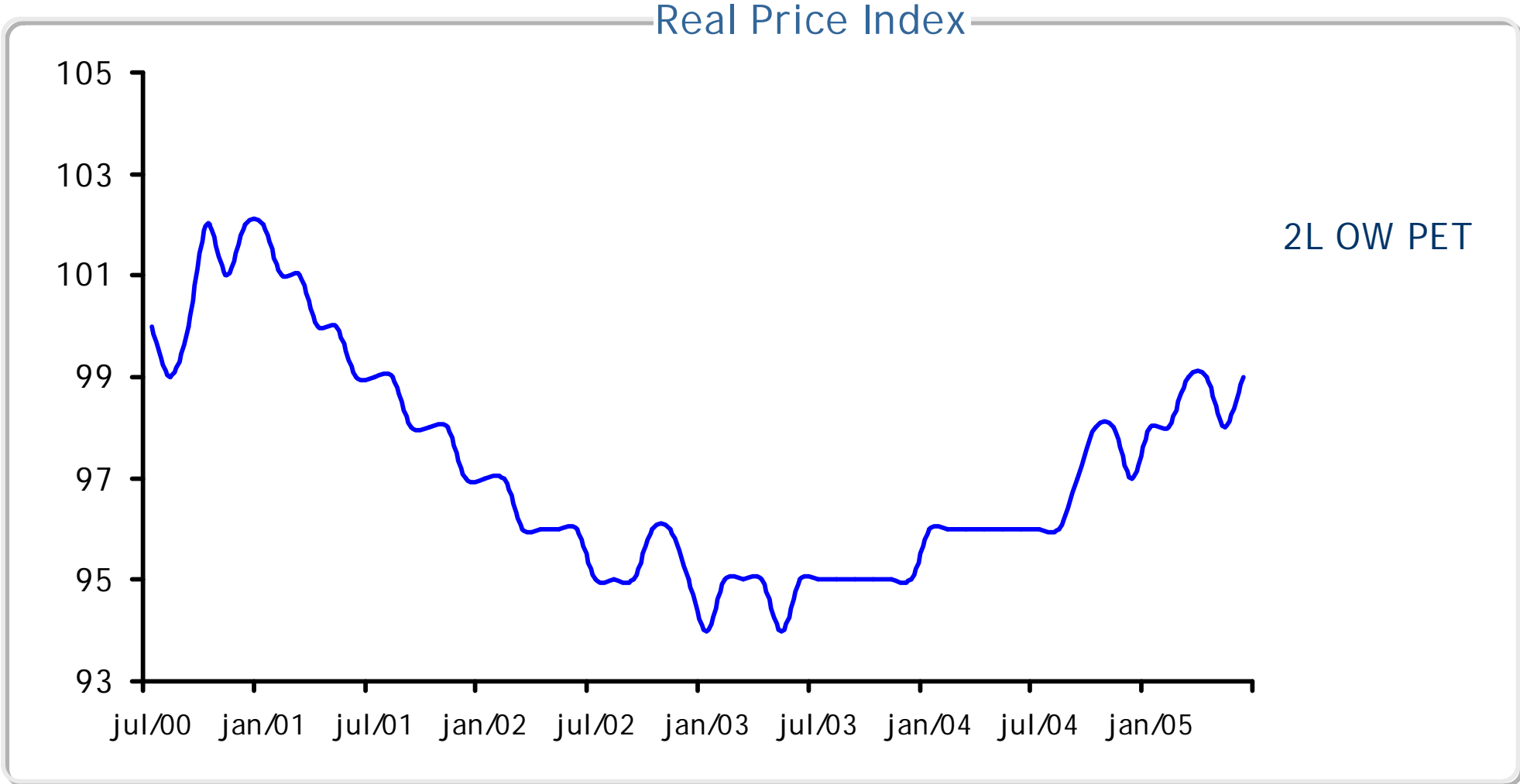
Market Overview

Multi Serve Price Evolution



Market Overview

OW 2L Pet Real Price Evolution



Soft Drink Strategy

Market Share + Profitability

Strong
Brands

Availability

Price

Execution

RTM
Cost to
Serve

PepsiCo Relationship

Strong Brands

AmBev Portfolio



Leader in the
flavor segment



Second in cola
segment

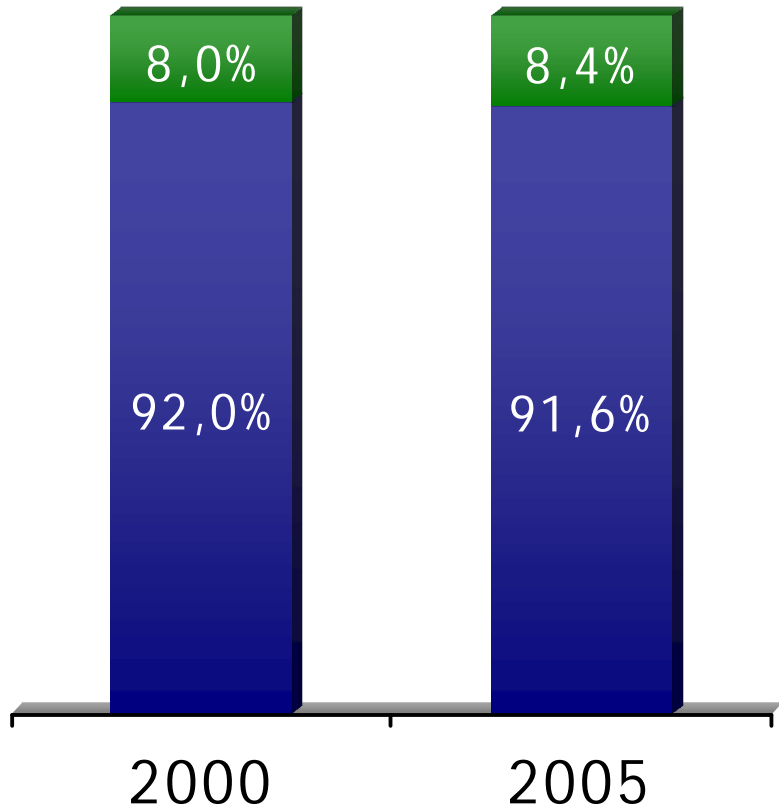


Leader in sports
drinks

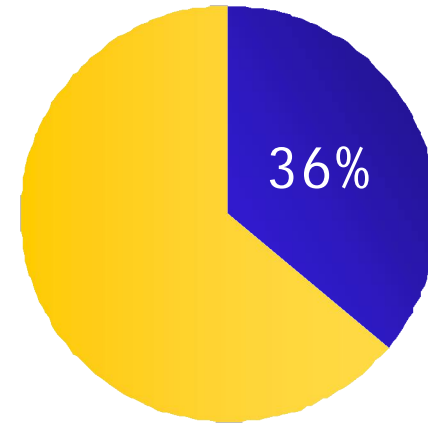
Strong Brands

Opportunity in the Diet / Light Segment

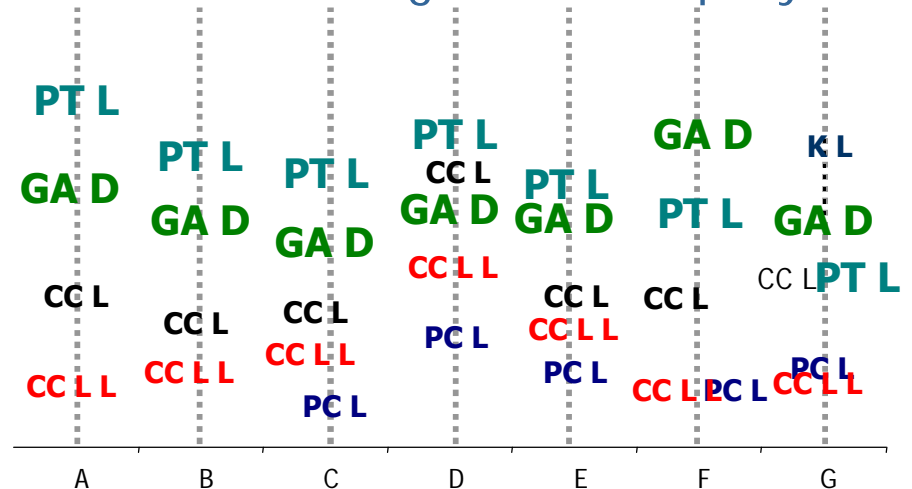
Development



AmBev Share

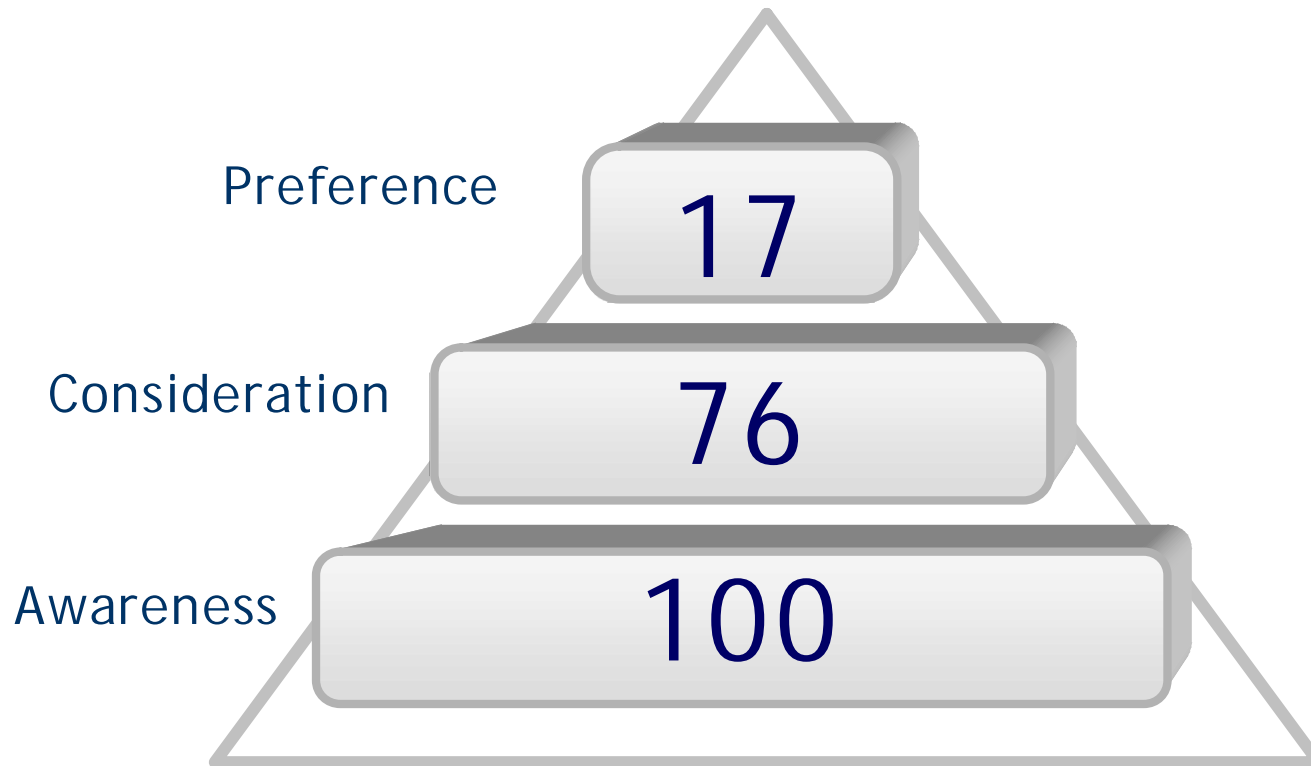


AmBev Diet/LightBrand Equity



Strong Brands

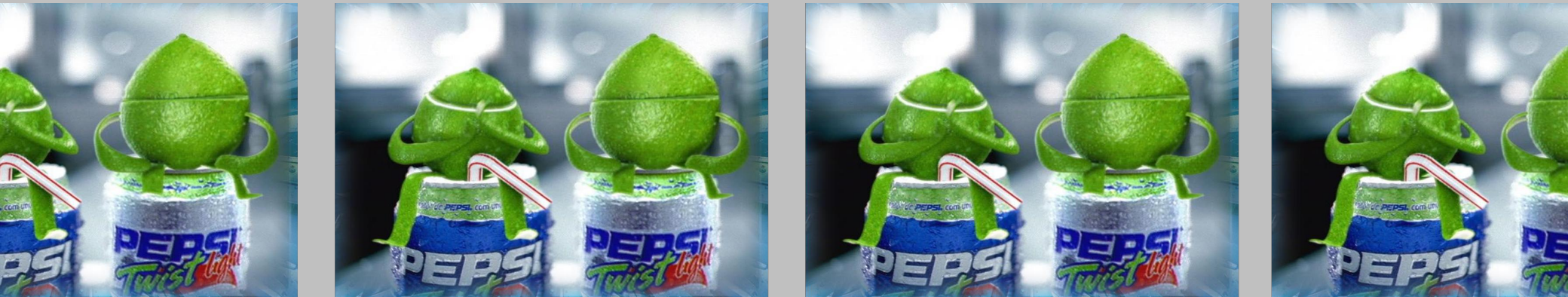
Key Brand Indicators



Strong Brands

Effective Communication

AmBev



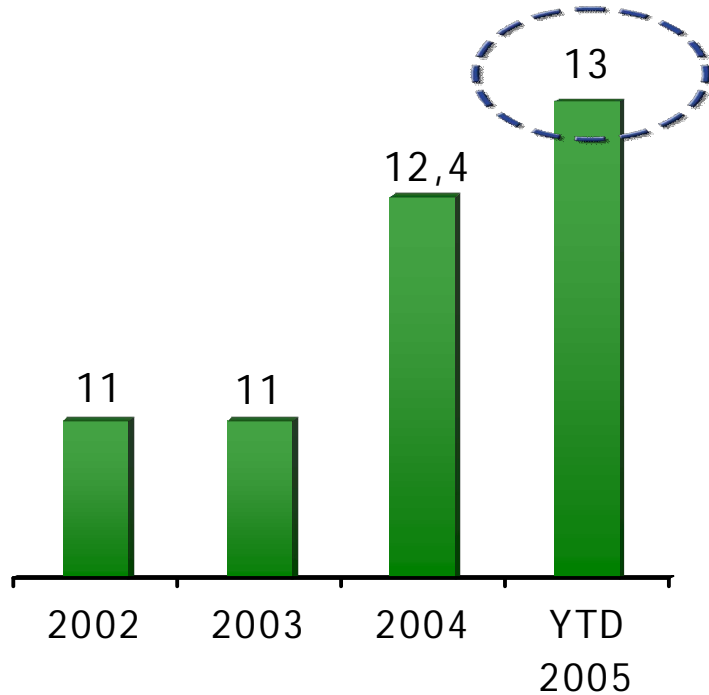
Video

Strong Brands

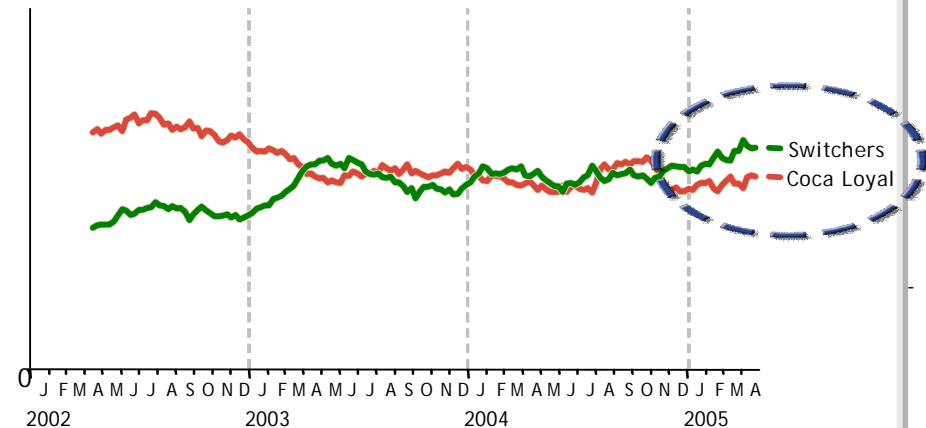
Preference & Switchers

Preference

Guaraná Antarctica

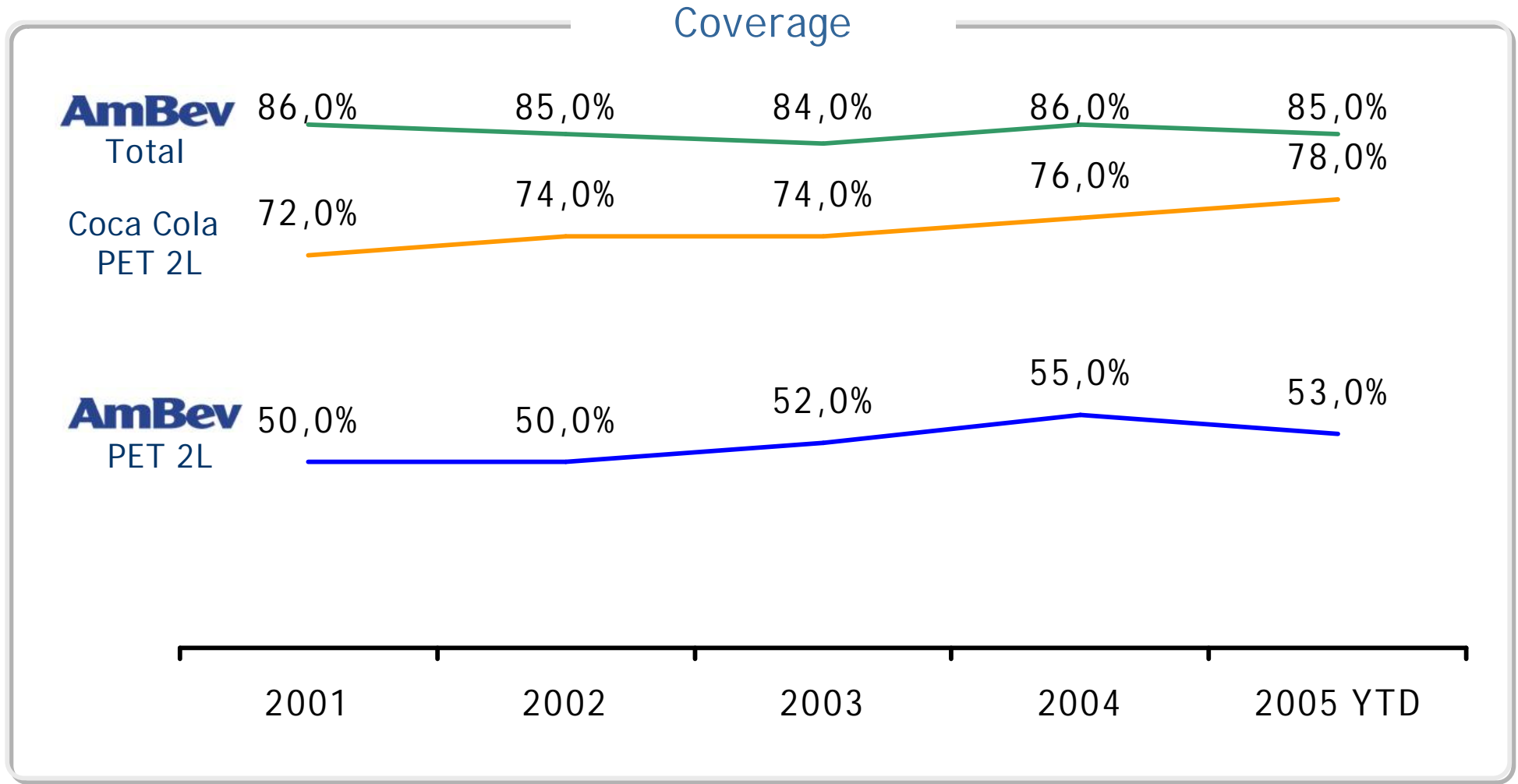


Pepsi Cola









Availability

Gap in Execution

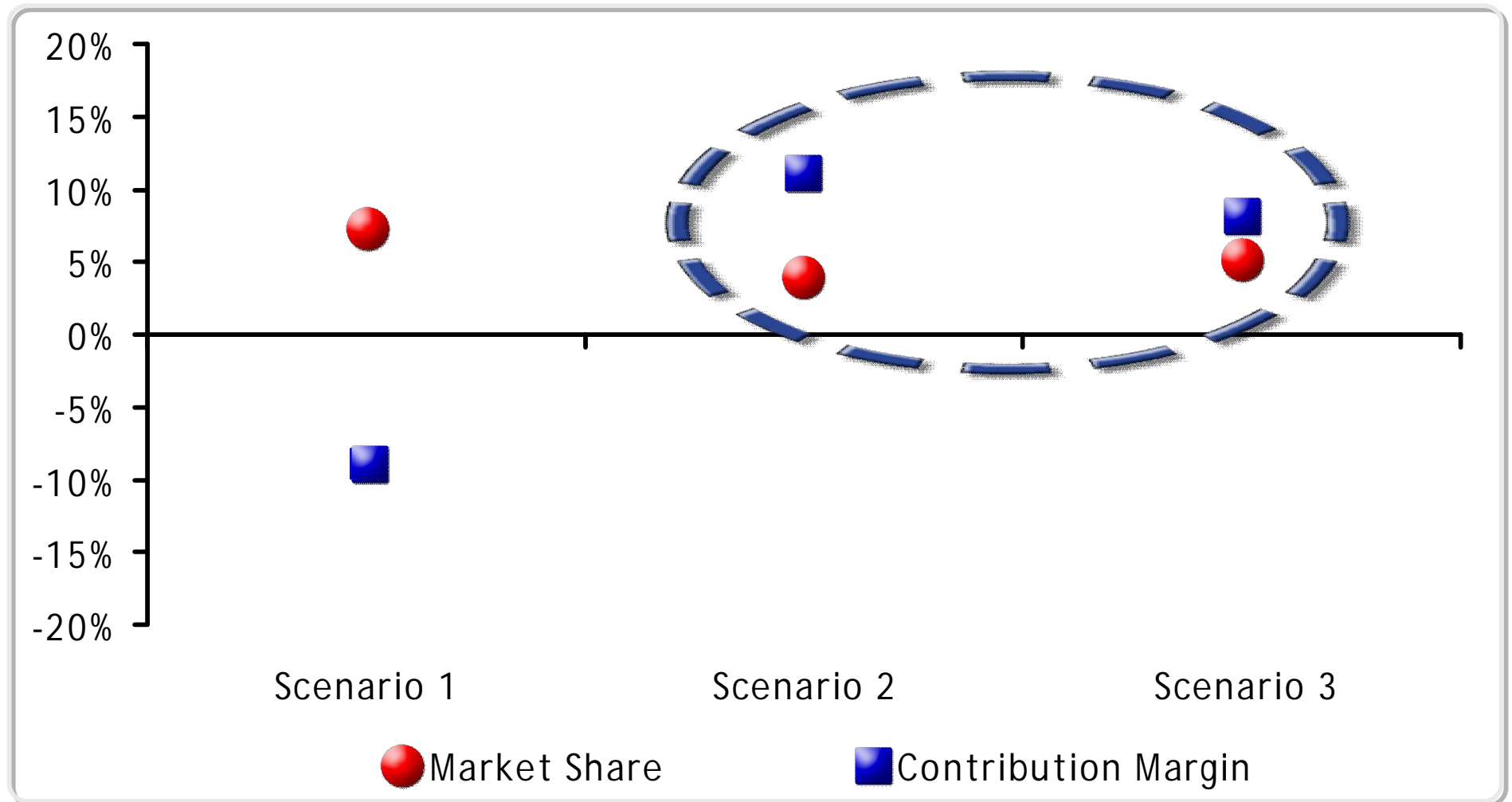


Availability Gap in Portfolio

Benefits		Consumer Occasion	Out of Home	In Home	
		Purchase Occasion	Immediate	Routine	Stock Up
AmBev CSD Portfolio	Out of Pocket				
	Value				
	Convenience				
AmBev # of packs			4	4	1
Coca Cola # of packs			5	9	2/3

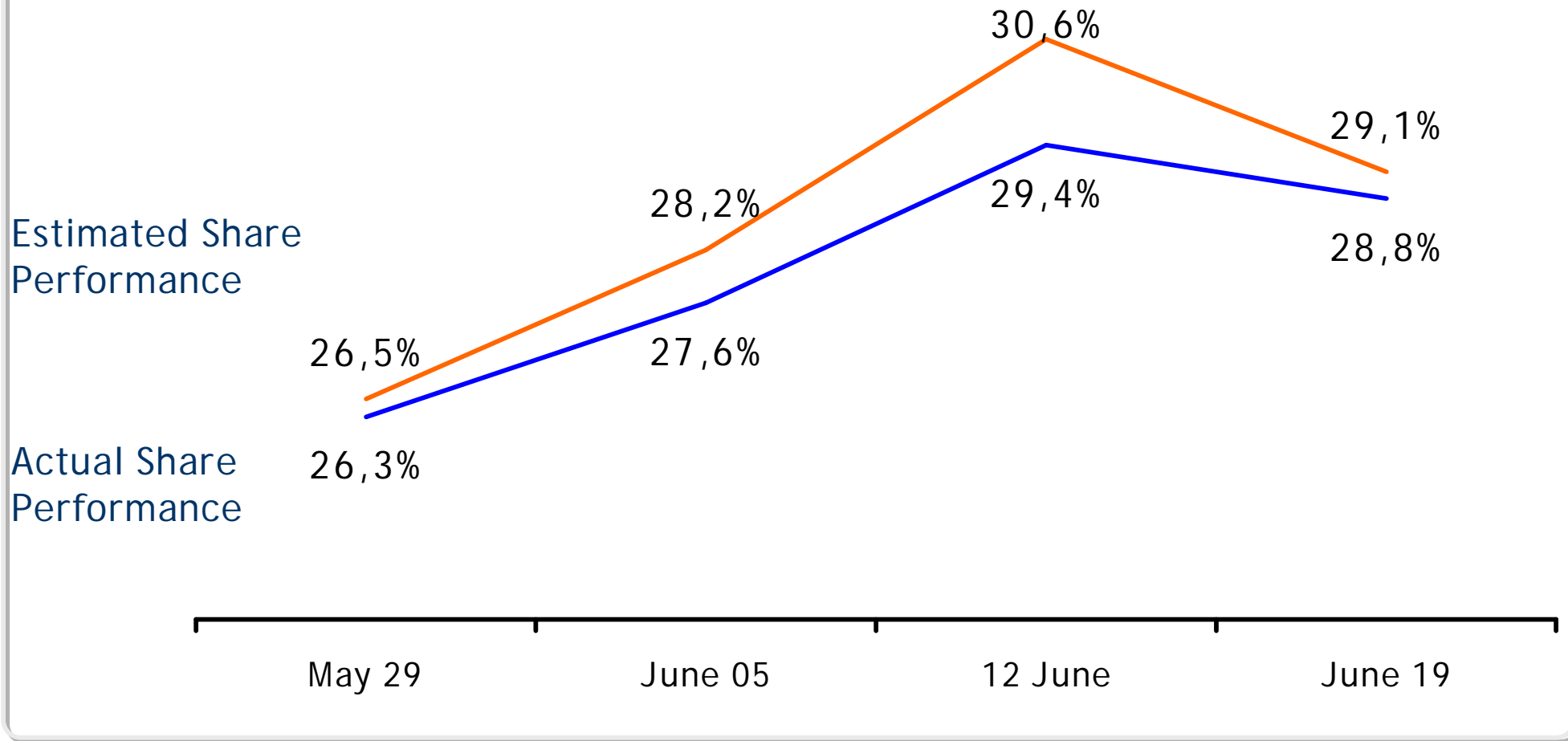
Availability

Package Decision based on sales algorithm



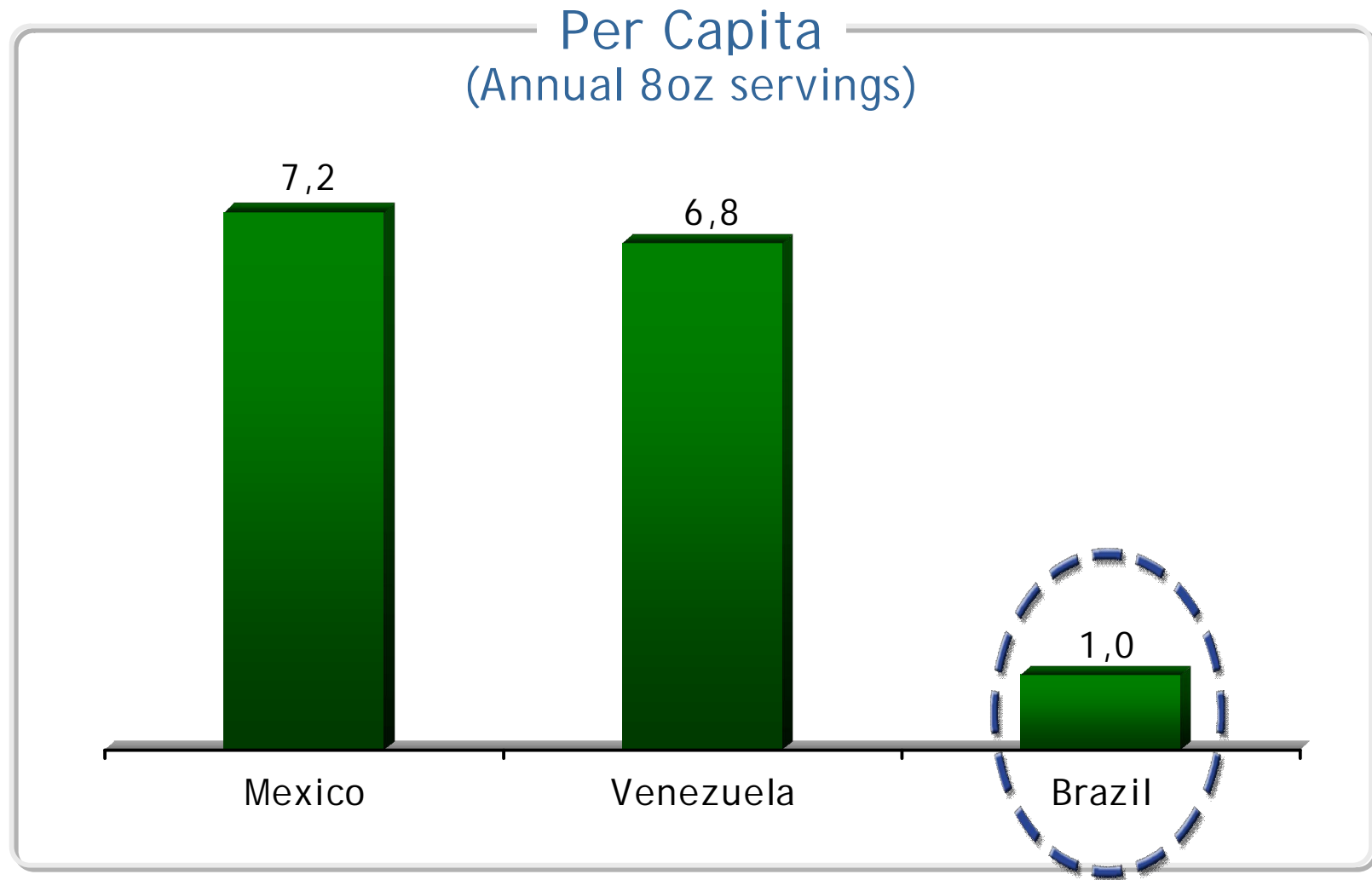
Availability Simulation Tool

Introduction of a 2.5L PET presentation for Pepsi Cola in the South of Brazil



Availability

Gatorade Per Capita



Execution Relationship Programs



- Programs focused in execution in the point of sale
- Points scored in accordance to the quality of category management
- Outsourced monitoring
- Increase refrigeration capacity

Strong Relationship with Pepsico

Track record of value creation

Best Practice
Alluminum cans



New 2L PET
bottle



Product Innovation
Pepsi Twist



Non Carbonated
Soft Drinks



Strong Relationship with Pepsico

Track record of value creation

- Brand innovations adapted to local consumers to boost share with profitability
- Improved brand equity indicators with the correct mix of local/global initiatives
- Stronger local team structure to support the business

Soft Drinks

EBITDA Pool & Share

