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Winning with a Changing Consumer

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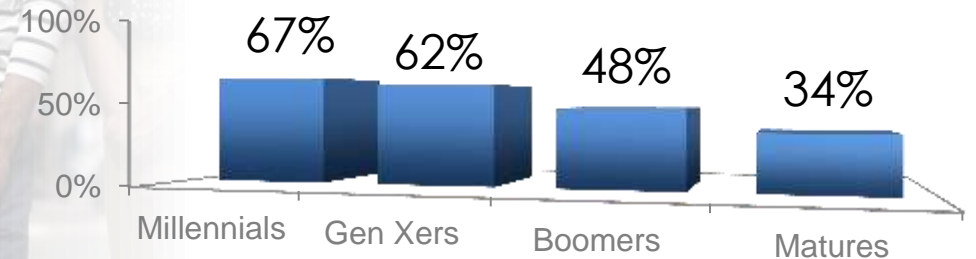
KEY MEGA TRENDS SHAPING OUR CONSUMER

Consumers seek self-expression and customized experiences

Megatrend: Individualism

Consumers seek self-expression, freedom and wisdom; break convention and create new rules

I wish I had more opportunities to customize products to really fit my lifestyle*



| Individuality* | Millennials | Boomers |
|---|-------------|---------|
| I have a very unique sense of style | 59% | 44% |
| Like to be seen as someone willing to defy convention | 49% | 33% |
| I like the idea of buying things not many other people have | 74% | 55% |

* Source: Yankelovich MONITOR, The Futures Company 2011

* Source: Yankelovich Monitor US 2010

Shock Top leverages the individualism insight

LIVE LIFE UNFILTERED.



Source: Internal ABI STRs + industry estimates based on other public sources

Consumers want health of mind, body, and soul through balance



Megatrend: **Sense of Well-Being**

Consumers seek health of mind, body and soul through balance, enjoyment and control

Anti-Aging U.S. Market will continue to grow from \$80 billion to more than \$114 billion by 2015

Huffington Post (08/20/11)

13.1 million cosmetic plastic surgery procedures performed in the U.S. in 2010, a 77% increase over a decade

American Society of Plastic Surgeons (02/07/2011)

Michelob ULTRA taps into the well-being megatrend



 *Michelob*
ULTRA.

**HEALTH &
WELLNESS**

Consumers are trading up and looking for more premium experiences

Megatrend: Premiumization

Consumers are trading up in quality
and price in mass market

"Connoisseurship has never been more popular...
it is now applied to an endless cascade of pursuits...
coffee, cupcakes, craft beers, cars, watches,
fountain pens, stereo system, TVs, computers, tacos,
pizza, pickles, chocolate, mayonnaise, and cutlery..."

*Dr. Laurence B. Kanter, Chief Curator at
Yale University Art Gallery , New York Times, (02/12/2013)*

"...you feeling good about yourself...
standing apart from the crowd,
demonstrating knowledge and hipness..."

*Thomas Frank, author "Commodify Your Dissent"
and "The Conquest of Cool"*

Stella Artois leverages premiumization through its imagery and marketing





Consumers are buying locally for more authentic personal experiences

Megatrend: Localization

Consumers buying locally for more authentic and personal experience

LOCAL, QUALITY and **ACCESS** were the three words heard the most from Rusty Woodland (beer buyer for HEB), David Jabour (President of Twin Liquors) and John Lane (VP of Operations for Winking Lizard Tavern)

10th Annual Beer Industry Summit (01/2013)

“Consumers are looking for **local** in all categories because they love the story whether it's beer, it's spirits or it's wine...”

David Jabour, President of Twin Liquors (BBD 2/7/2013)

Budweiser emphasizes localization through its 12 breweries in the US



Consumers want more flavor across all food and beverage categories

Megatrend: Flavor

Consumers seek stronger, more intense flavors
in all food & beverages

“Instead, operators are subbing them out for an adoption of sophisticated and unique ingredients, fun experimentation with bold, less-familiar flavors within ethnic cuisines, and a focus on health and whole foods.”

Restaurant News (10/2013)



The Rita Family addresses the consumer megatrend towards more flavor

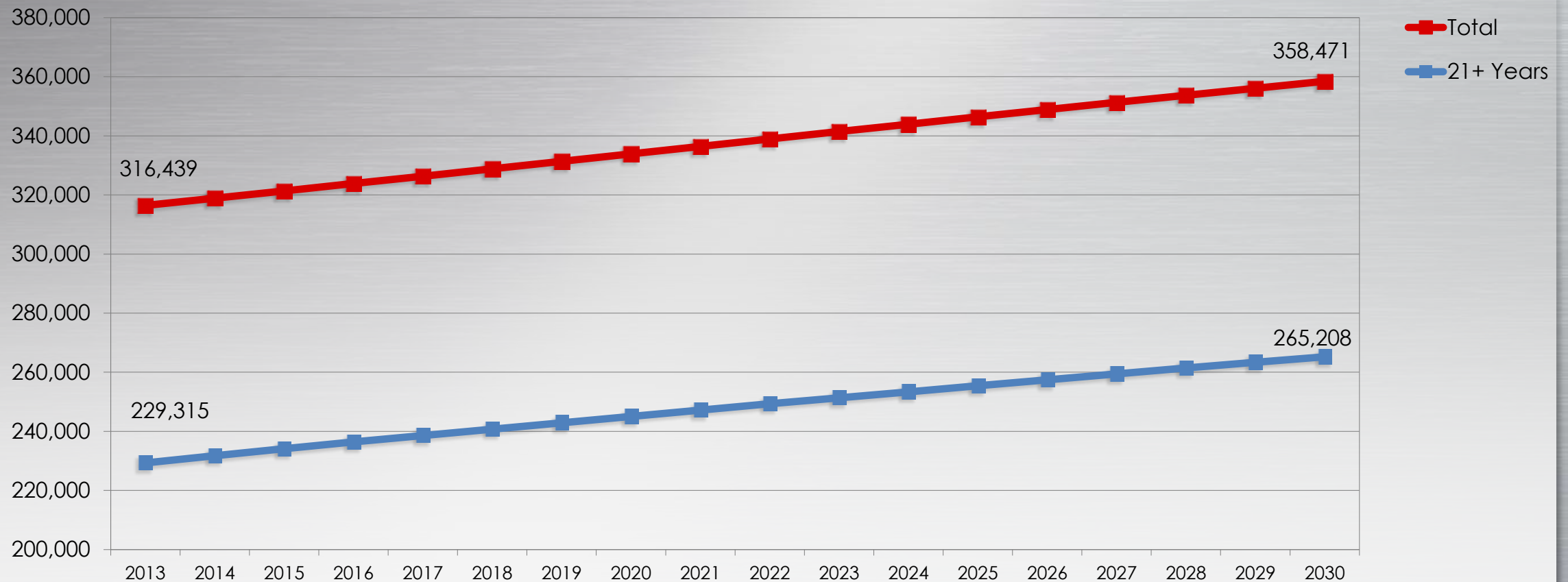




THE CHANGING LANDSCAPE OF THE AMERICAN CONSUMER

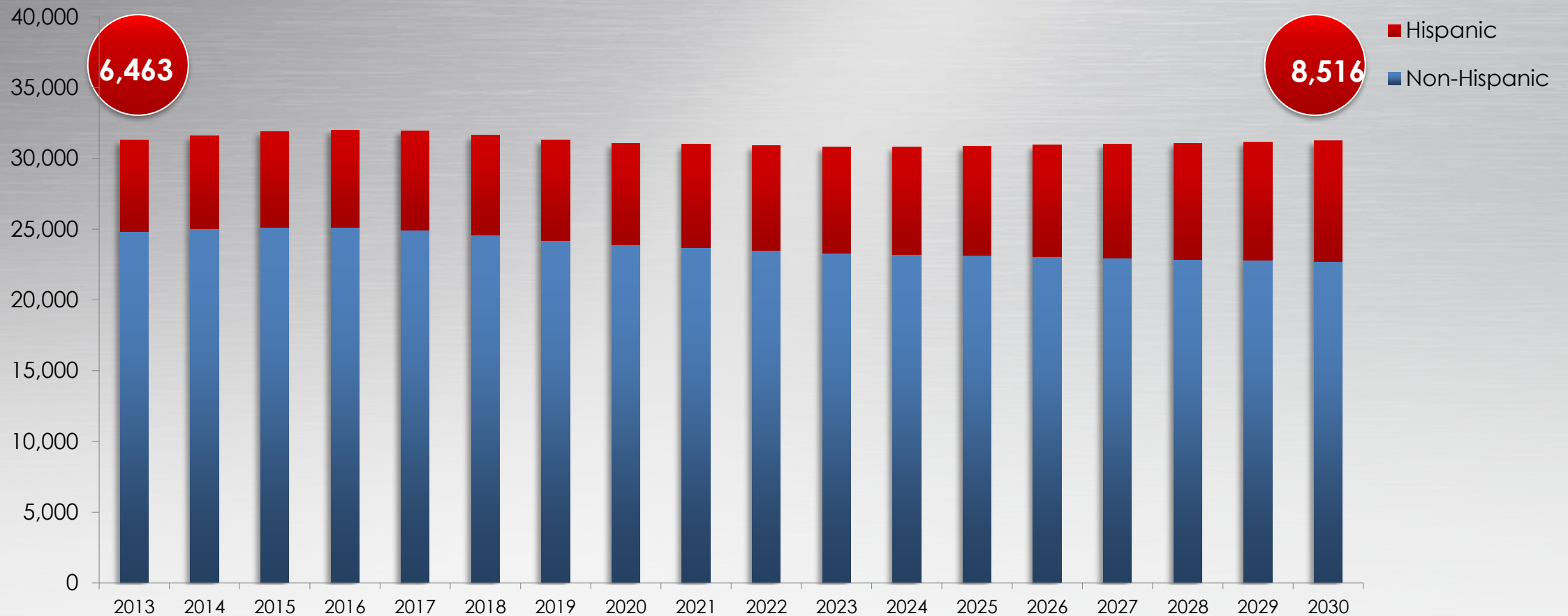
US population age 21+ will grow over 15% over the next two decades

Estimated U.S. Population (000) - Total and 21+



Hispanic Population age 21-27 projected to increase 31% by 2030

Estimated U.S. Population (000) - 21-27 By Hispanic Ethnicity



The Hispanic Consumer is of increasing influence in the US

5x

Beer Category sales growth rate vs. total US

\$1.4

Trillion Dollar Economy driven by
Hispanic consumers

70%

Hispanics are under 40 years of age
while Non-Hispanics are 50 years of age

1 in 3

US residents will be Hispanic
by 2060 versus 1 in 6 today

39%

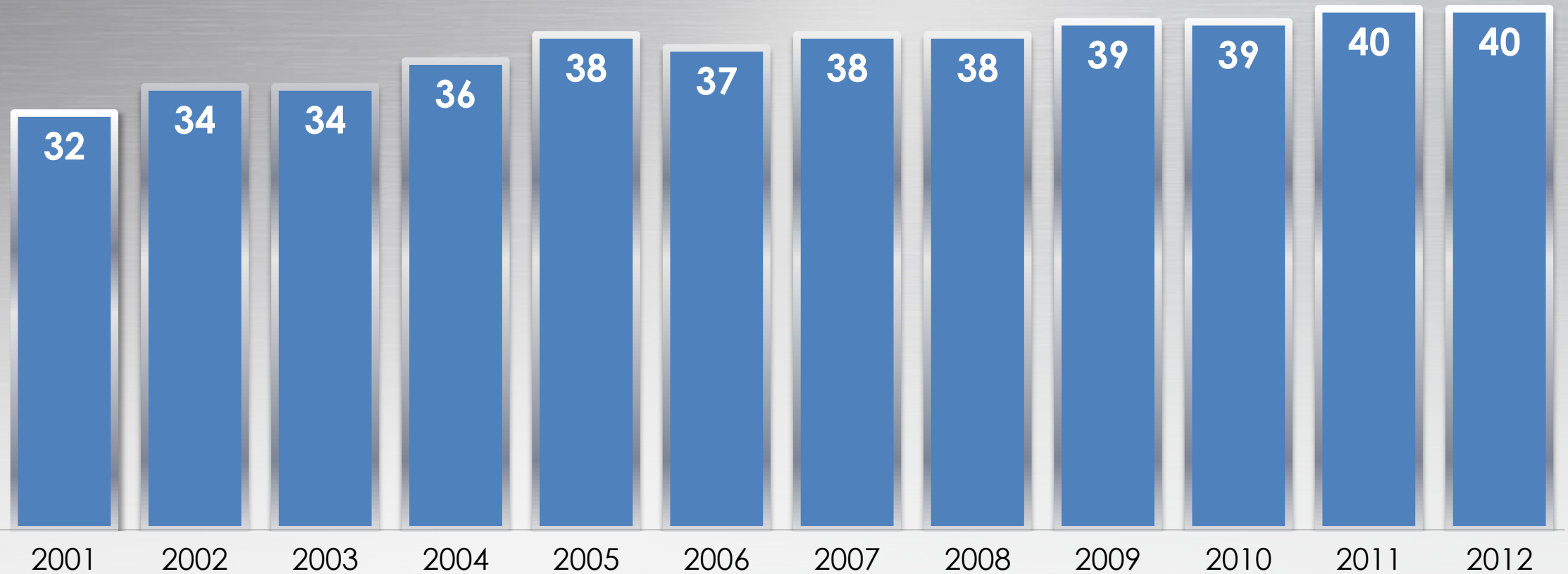
Real expenditure growth in 2011
came from Hispanic consumers



Boomers are growing and yielding enormous consumer influence

Boomers 50+

(% of total US population)



Millennials are now the largest generation in America's history



Boomers
120 Million
Born 1945 - 1965



Gen X
61 Million
Born 1965 - 1980



Millennials
126 Million
Born 1980 - 2000



A DEEPER LOOK INTO THE DIGITALLY SAVVY MILLENNIAL

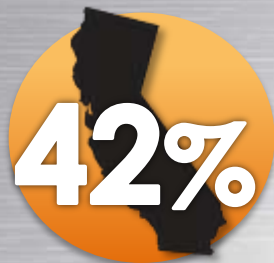
Millennials are the most ethnically and racially diverse demographic

20% of Millennials are Hispanic

- Higher percentages in key states
- Status and image driven
- Enjoy partying, want to fit in
- Seek brand with high value perception



Arizona



California



Texas



aspire



trendy



success

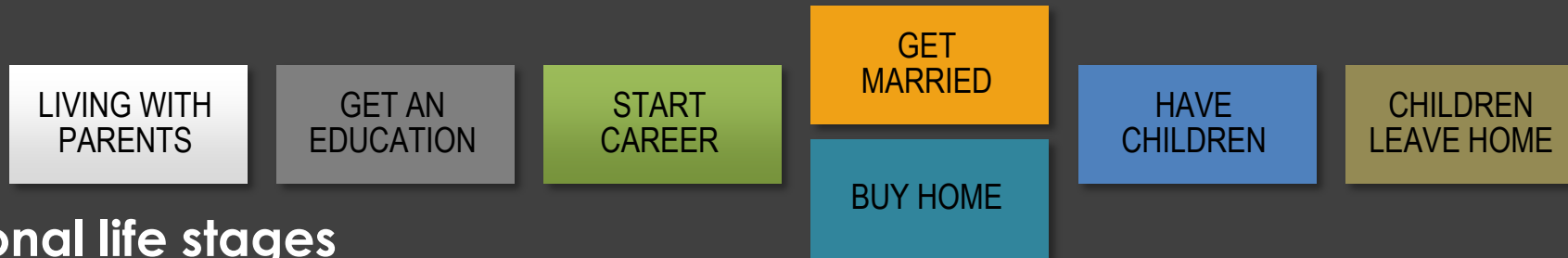


pride

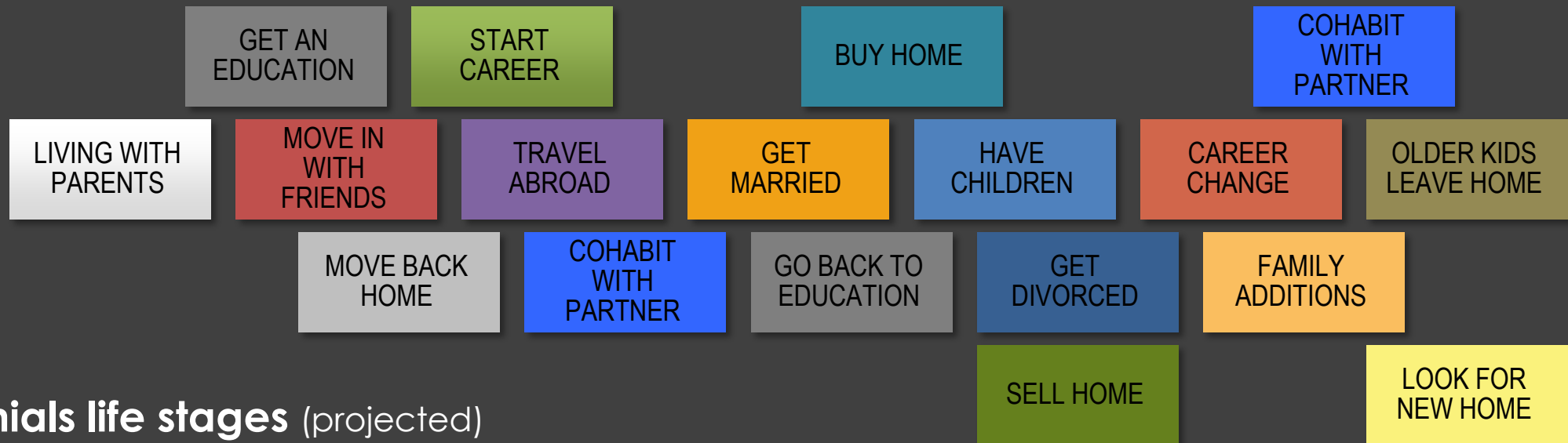


Millennials often follow a much different life trajectory

Traditional life stages

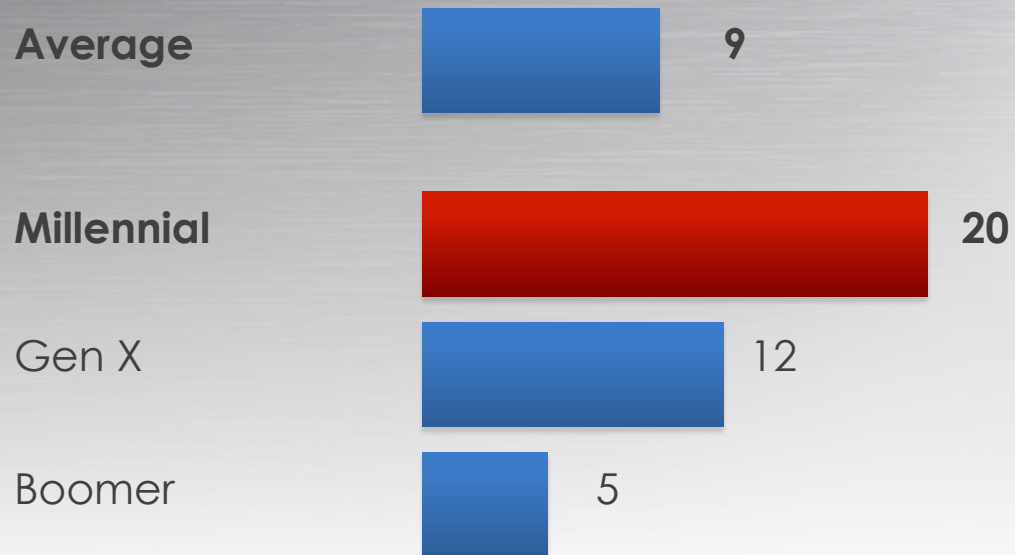


Millennials life stages (projected)

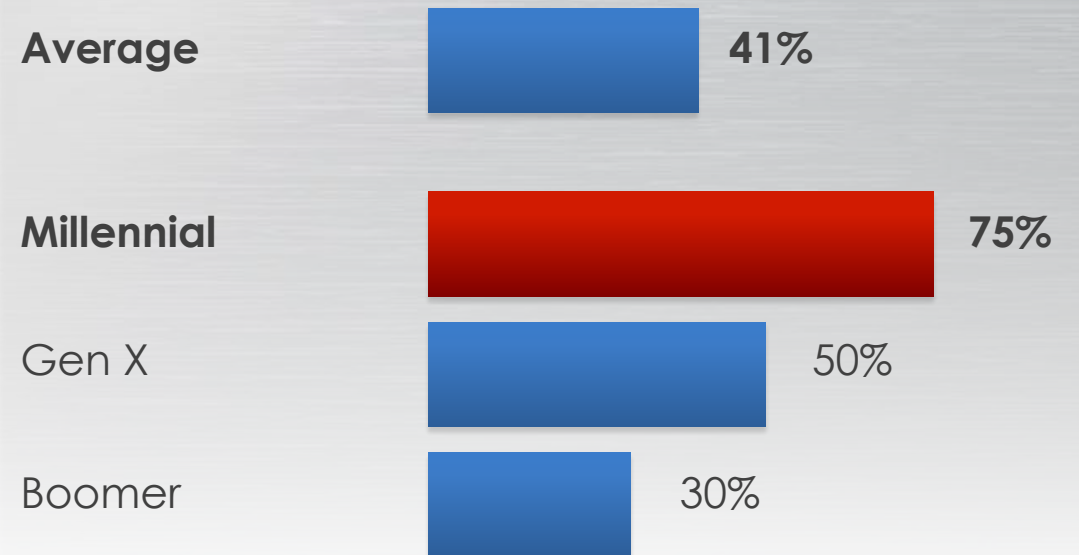


Millennials are the most digitally savvy consumers

Millennials sent an average of 20 text messages in the last 24 hours



75% of Millennials have a profile on a social networking site



Millennials care more about global responsibility and cause marketing than previous generations

Value can mean convenience, location, ease of trip and global responsibility

Millennials care about the source and make-up of their food products

For some Millennial consumers:

“...they might want to know what the company or manufacturer does to help their community and protect the environment, or whether they provide scholarships.”

– Amy Valenzuela, Shopper Insights Manager
Coca-Cola Refreshments

**BUY
LOCAL.**


**Community
Outreach**

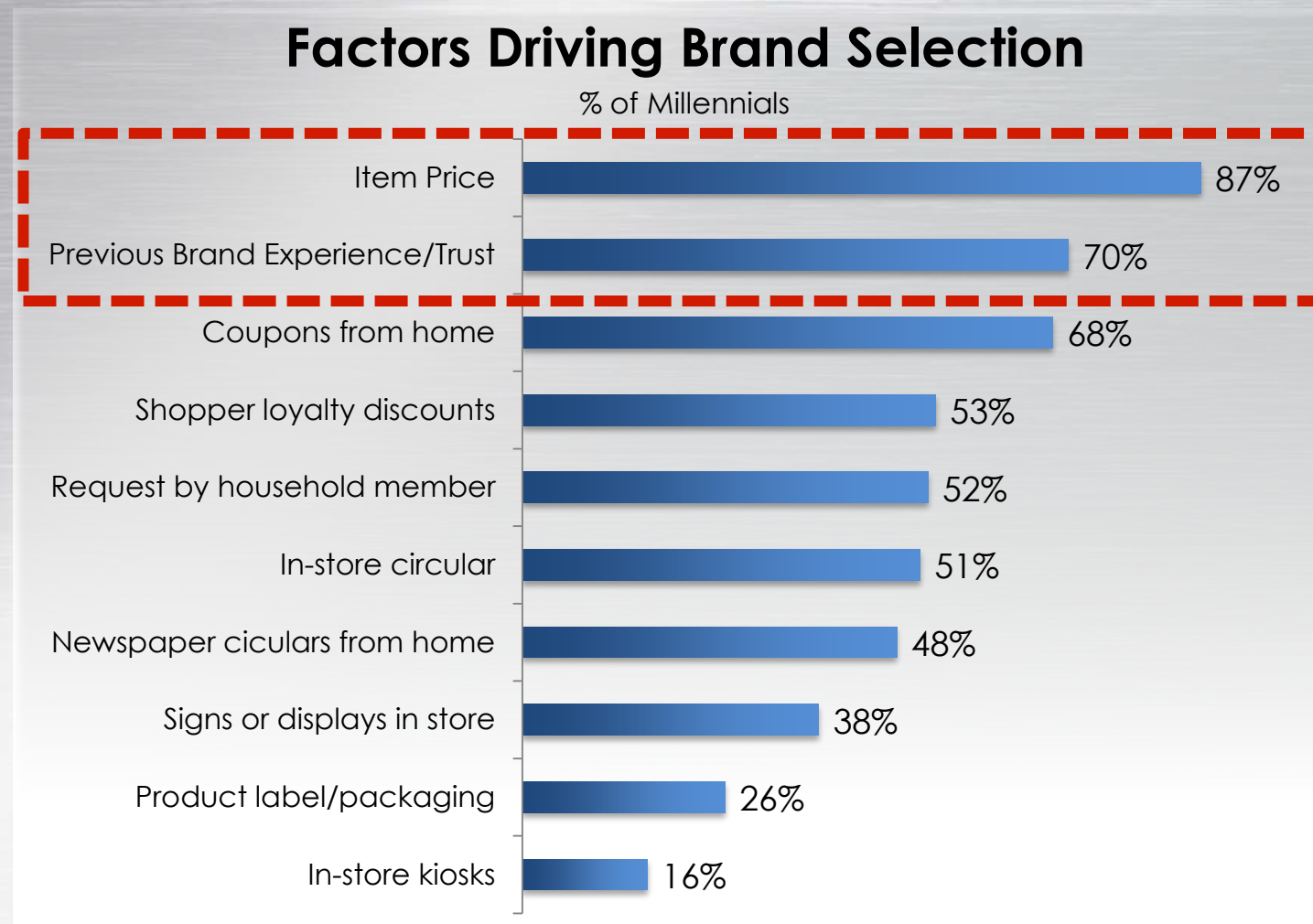


Brand trust is an important factor driving brand selection for Millennials

Price is one basis for brand selection.

Trust and **loyalty** to a brand also are major factors for Millennials.

Spent \$333 billion in 2012.





THE ABI SEGMENTATION: WINNING IN THE TOTAL ALCOHOL LANDSCAPE

**ABI used to have a beer-centric segmentation,
where beer palate preference was one dimension**



***Sweet
and Easy***



***Sweet and
Savorable***



***Pleasantly Bitter
Craft Style***



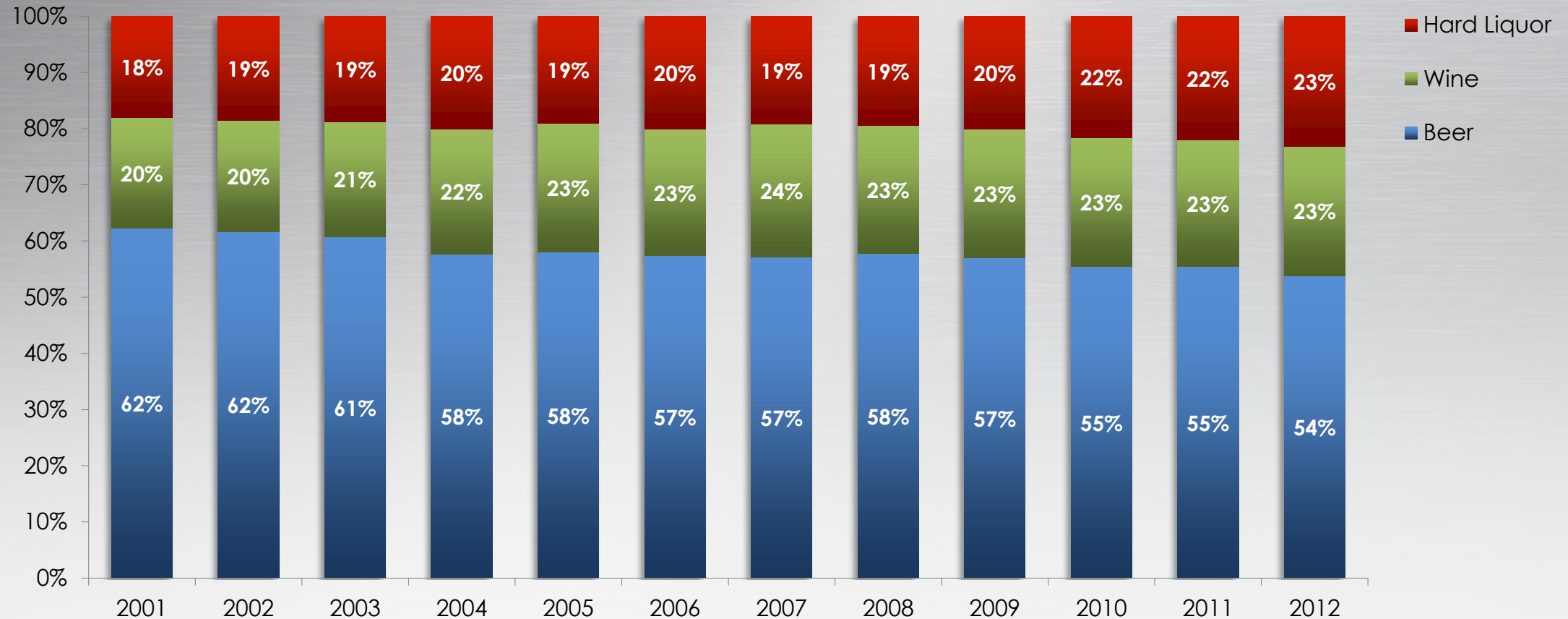
***Full-Bodied
American***



***Light
American***

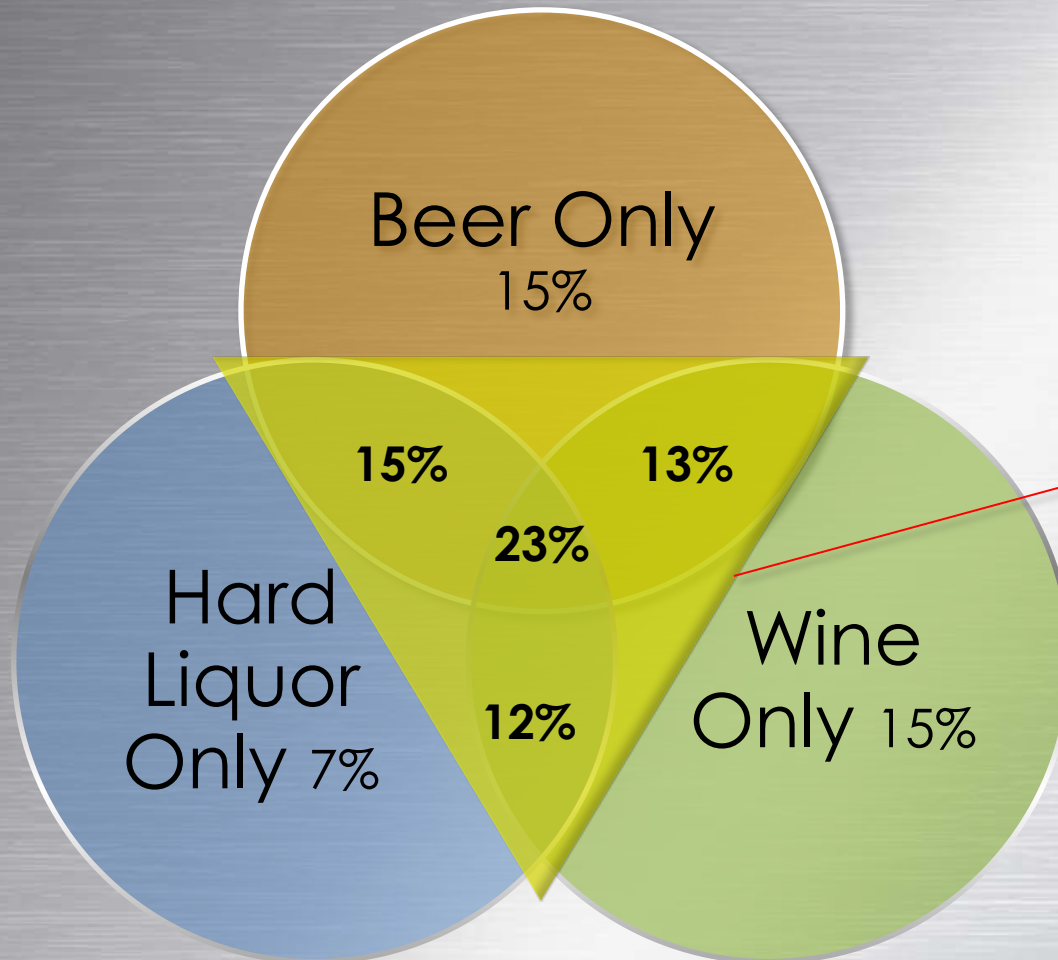
Share of Throat trends clarified the need for a total view of the adult beverage landscape

Estimated Alcohol Segment Share – Total Adults



Beer maintains leadership in share of throat, but most alcohol drinkers drink more than one type of alcohol

Past 4 Week Usage vs. Alcohol Category

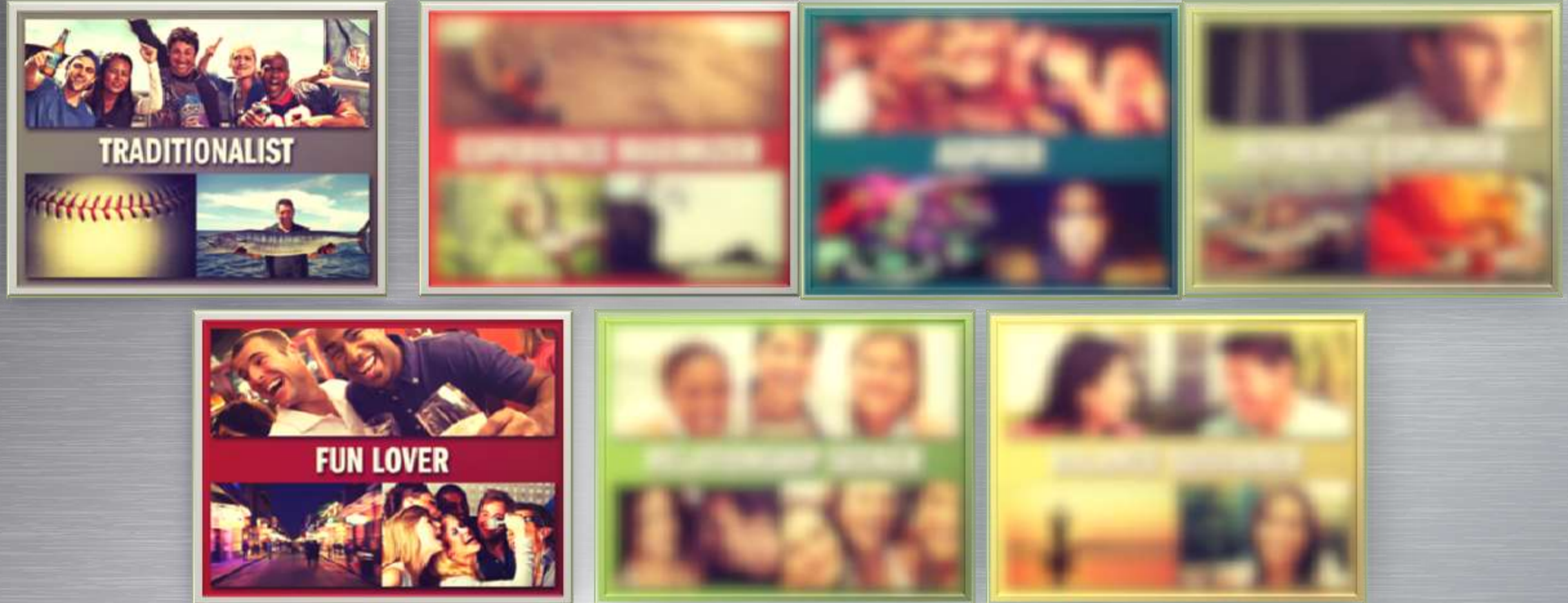


**63% of people
drink more than
one type of
alcohol**

A group of people at a social gathering, holding various beverages like wine, beer, and cocktails, with a semi-transparent text box overlaid.

**We developed a comprehensive, consumer-focused
view of all adult beverage drinkers**

We started with a psychographic segmentation of alcohol drinkers



We added 9 need states based on the functional and emotional benefits to create our framework

Relax & Unwind



Treat Myself



Balance Fun & Control



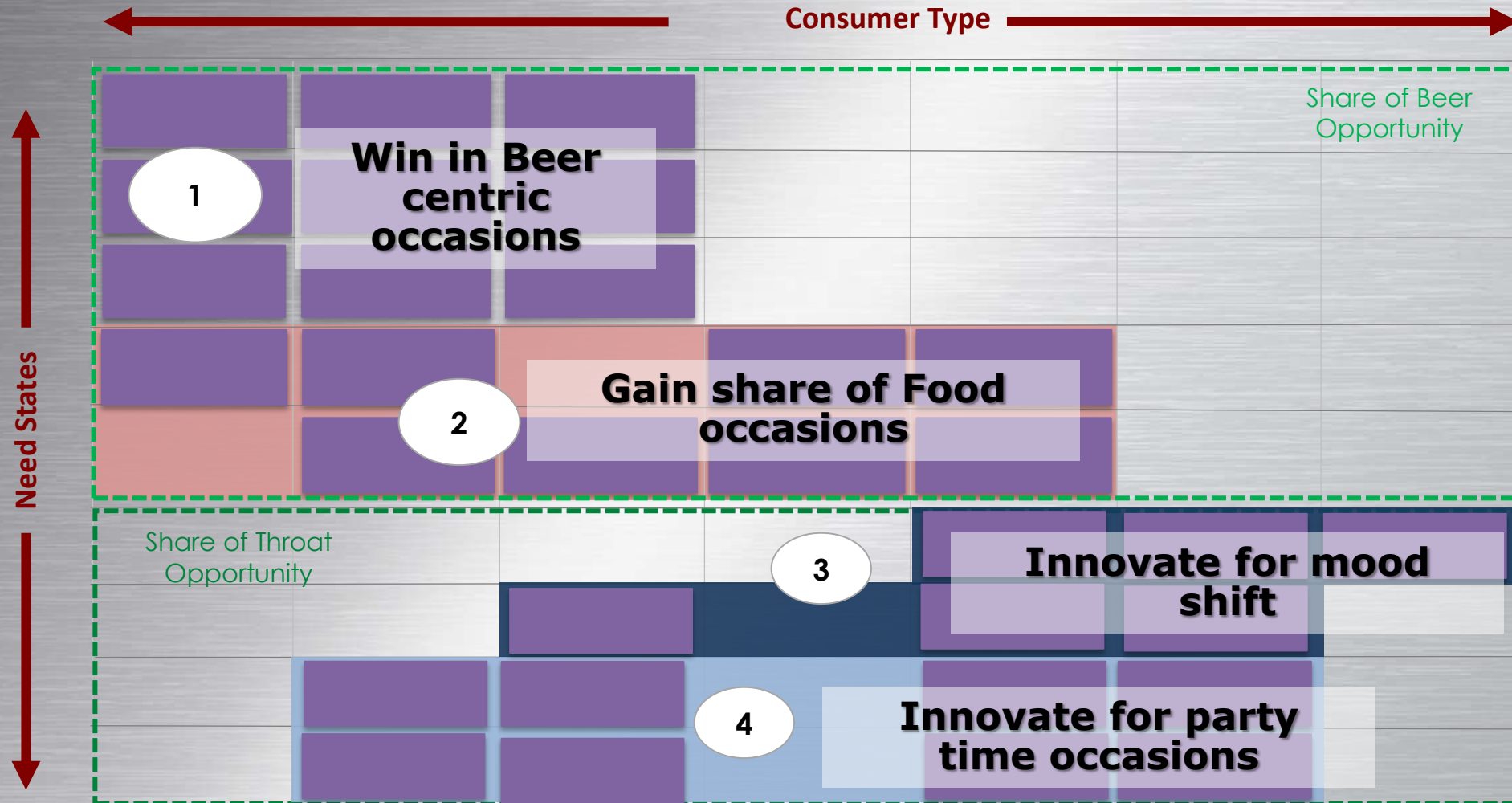
Share Fun with Friends



Let Go



This framework identified four strategic growth opportunities



We must win in beer centric occasions

I WANT TO...

Relax and wind down

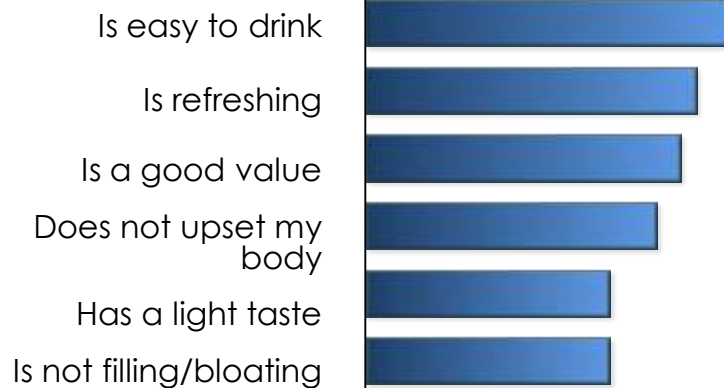
WITH A DRINK THAT...

Is refreshing and easy to drink



FUNCTIONAL NEEDS

Correlation



We must gain share in food occasions



I WANT TO...

Optimize my food enjoyment

WITH A DRINK THAT...

Complements my meal

FUNCTIONAL NEEDS

Correlation

Is good for savoring



Enhances the meal



Is good with food



Is superior quality



Is worth paying more
for



Has a strong, intense
flavor



We must innovate to help mood shift

I WANT TO...

Reward myself with a treat

WITH A DRINK THAT...

Delivers sweet, fruity refreshment



FUNCTIONAL NEEDS

Correlation

Has a sweet taste



Has a fruity flavor



Is refreshing



Is fun to drink



Is easy to drink



We must innovate for party time occasions



I WANT TO...

Let loose, have fun

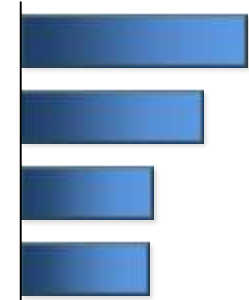
WITH A DRINK THAT...

Mixes well, can be consumed easily

FUNCTIONAL NEEDS

Correlation

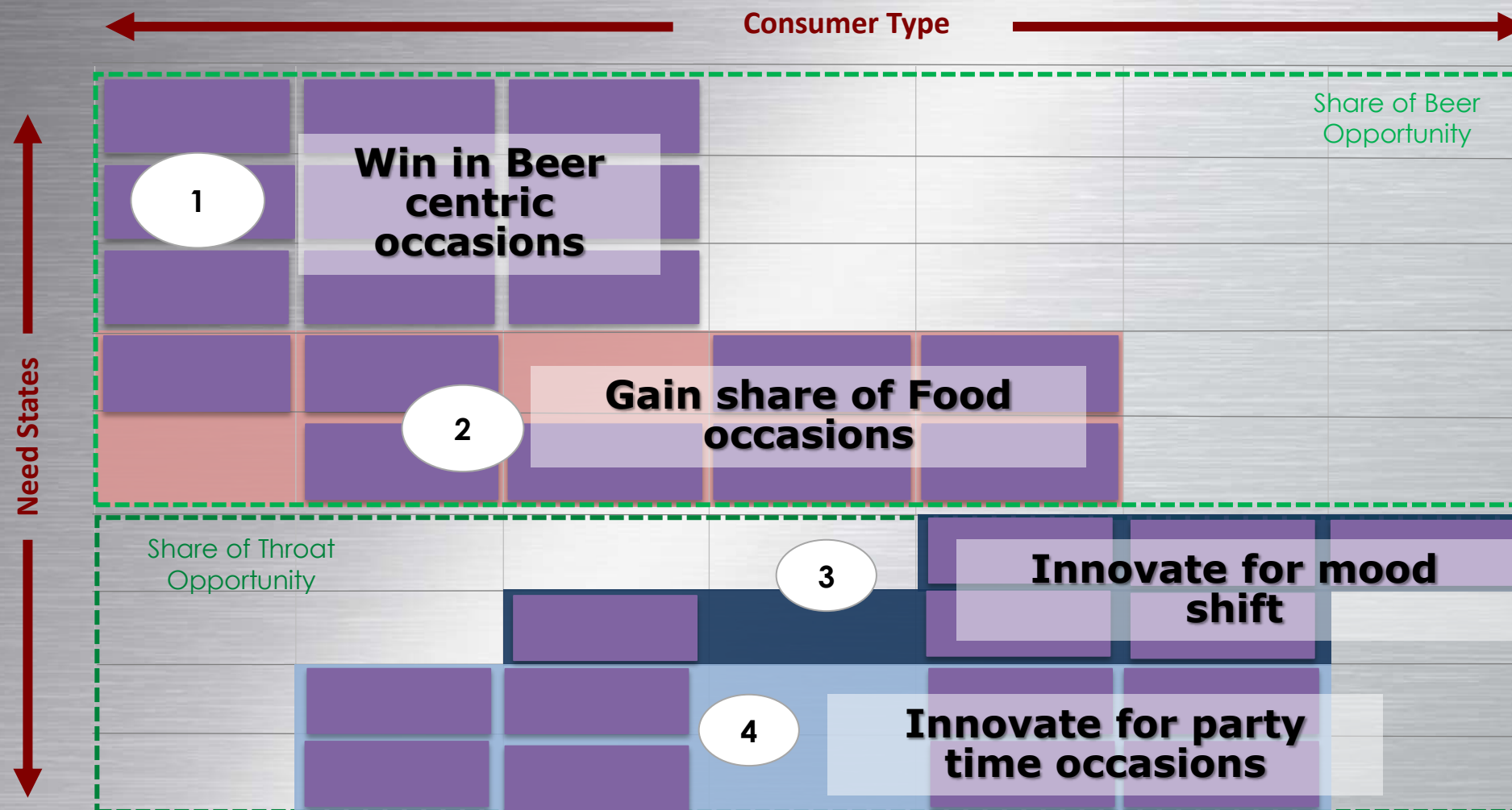
Mixes well
Is fun to drink
Has a sweet taste
Is easy to drink



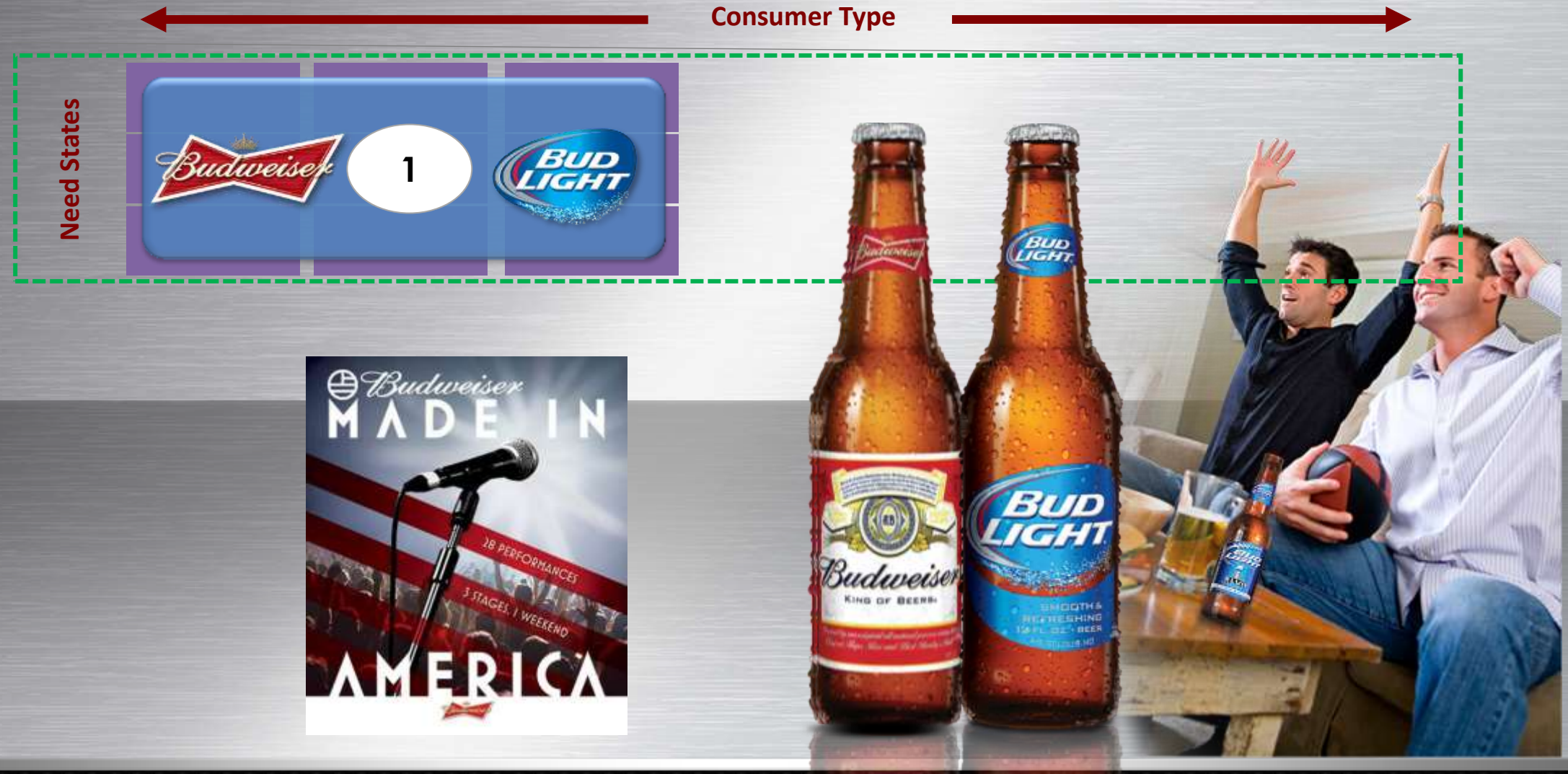


US BRAND PORTFOLIO: STRUCTURED TO WIN

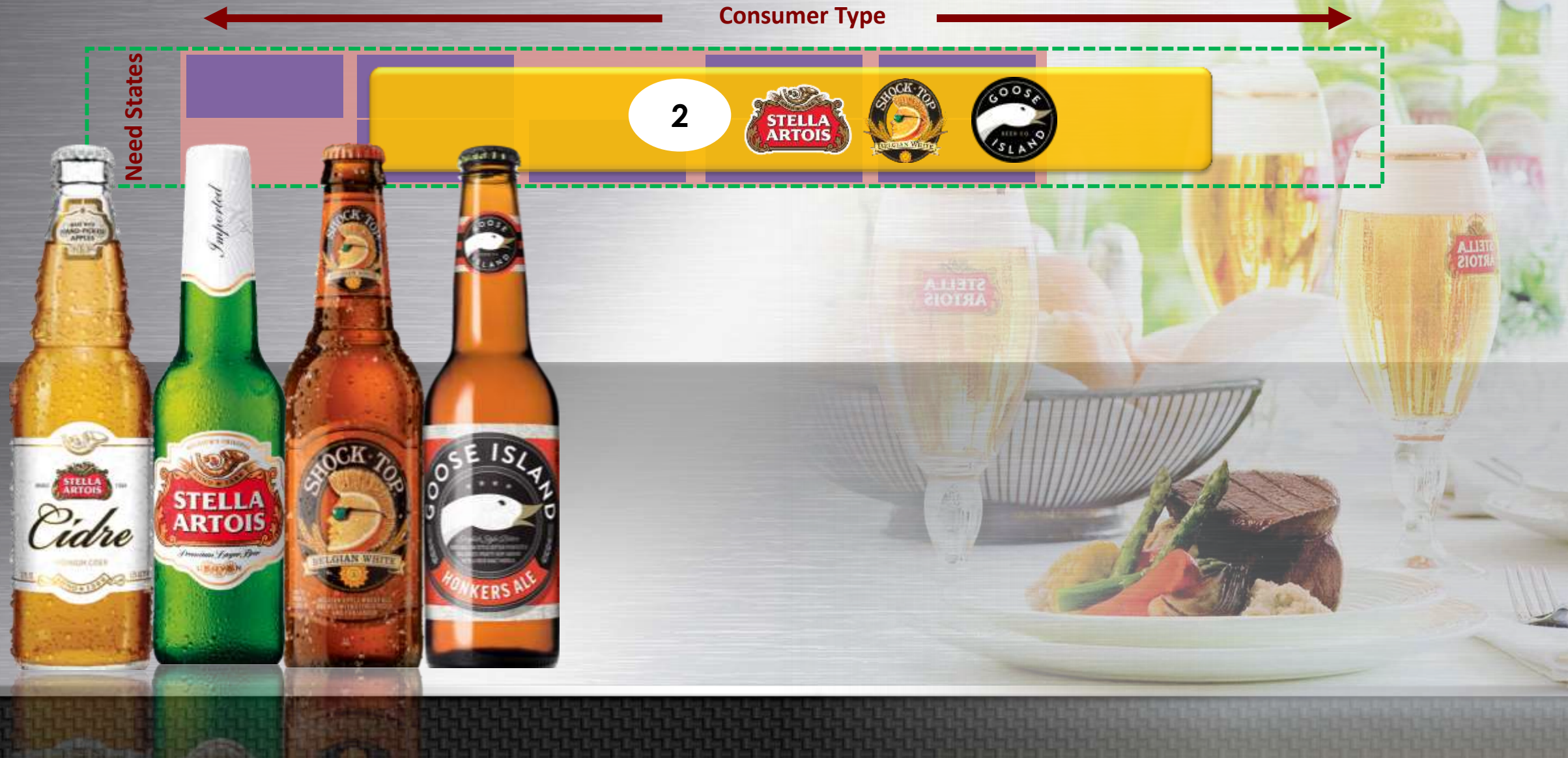
The four strategic growth opportunities are tightly linked to our brand portfolio choices



We will win in beer centric occasions with Bud Light and Budweiser



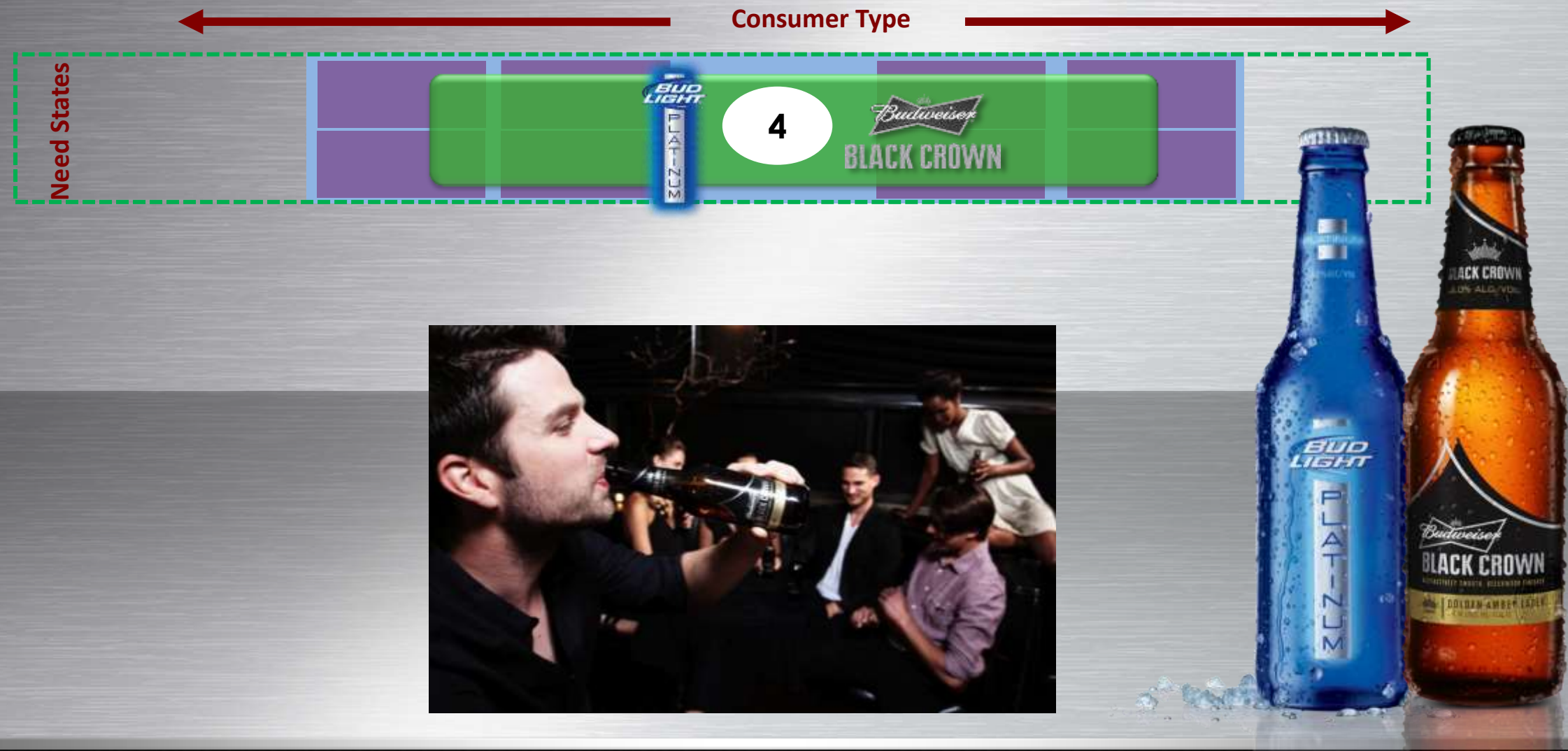
We aim to gain share in food occasions with Stella Artois, Shock Top and Goose Island



We will innovate for Mood Shift with Bud Light Lime and the Rita Family



We will innovate for party time occasions with Bud Light Platinum and Budweiser Black Crown

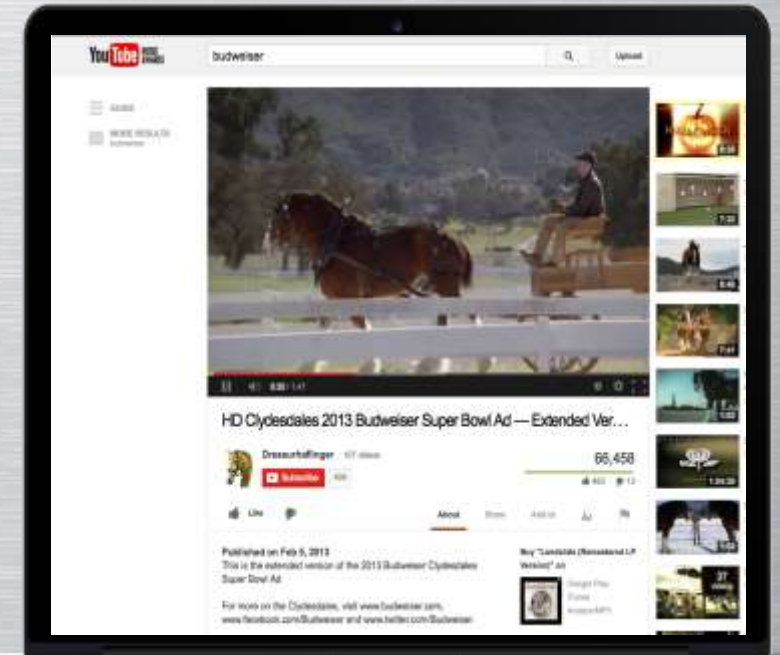




OUR STRATEGIC PRIORITIES

We will become best in class in Digital

- 1 We will become the #1 CPG in Digital
- 2 We will invest in content & technology to reach and engage the Millennial consumer
- 3 We will measure success by sales & brand health



We aim to grow both share of beer and share of throat with Bud Light

- 1 Our Bud Light Mega strategy is working
- 2 Bud Light base has a big opportunity with Millennials
- 3 We have an unmatched portfolio of properties & assets



We will continue to reinvigorate the American icon Budweiser

1

We are committed to continue stabilizing the brand

2

We have strong programs to retain Traditionalist drinkers

3

We have strong platforms to target Millennial consumers



We will continue to fuel the growth of Michelob ULTRA

- 1 ULTRA is well positioned for Premiumization & Well Being megatrends
- 2 Brand is realizing consistent growth (>6% CAGR last 3 years)
- 3 Brand is leveraging active lifestyle positioning to add new consumers



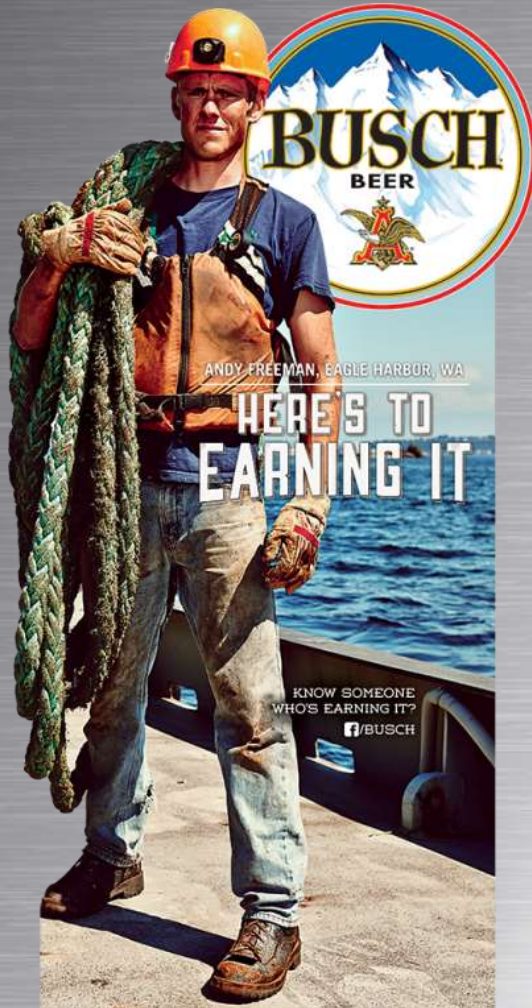
We will win in the High End segment

- 1 High End continues to grow, driven by big brands and brewers
- 2 We have a strong, scalable High End portfolio
- 3 We are increasing investment in the High End



Our strategy is to maintain share of the Value segment

- 1 Our Value business has scale & delivers resources to win
- 2 We are closing our price gap to Premium
- 3 Our Value share is at an all-time high



We are focused on the importance of the Value segment



VOLUME (MILLION HL)

32



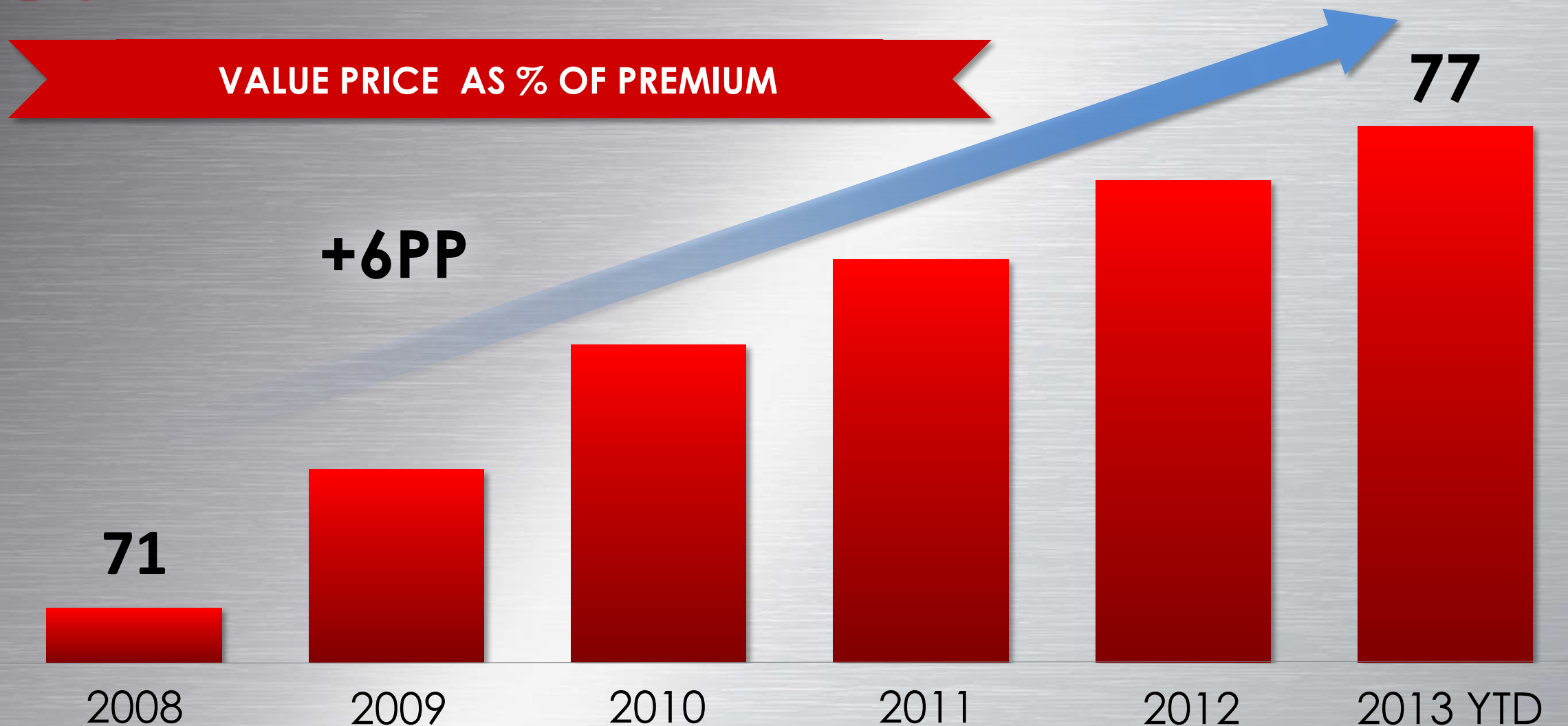
AB Value

18



Craft Industry

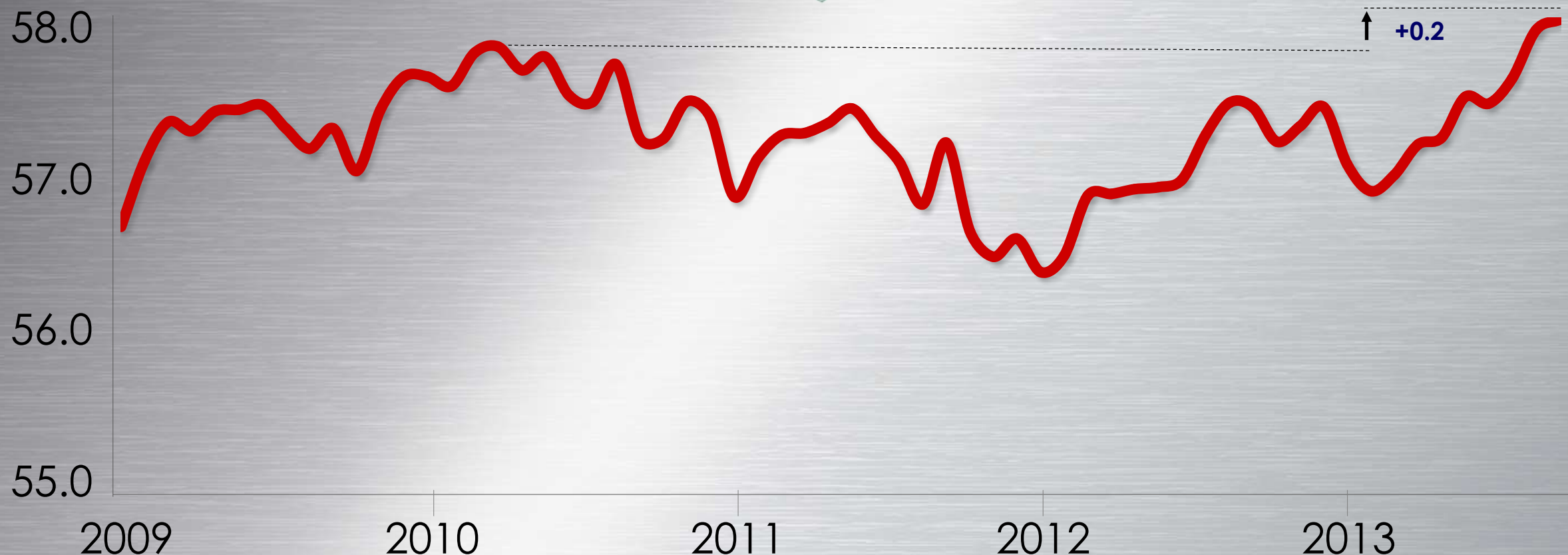
Our Value Strategy is working, as we are closing the price gap between our Value and Premium brands



Our share of the Value segment is at an all-time high



58.2

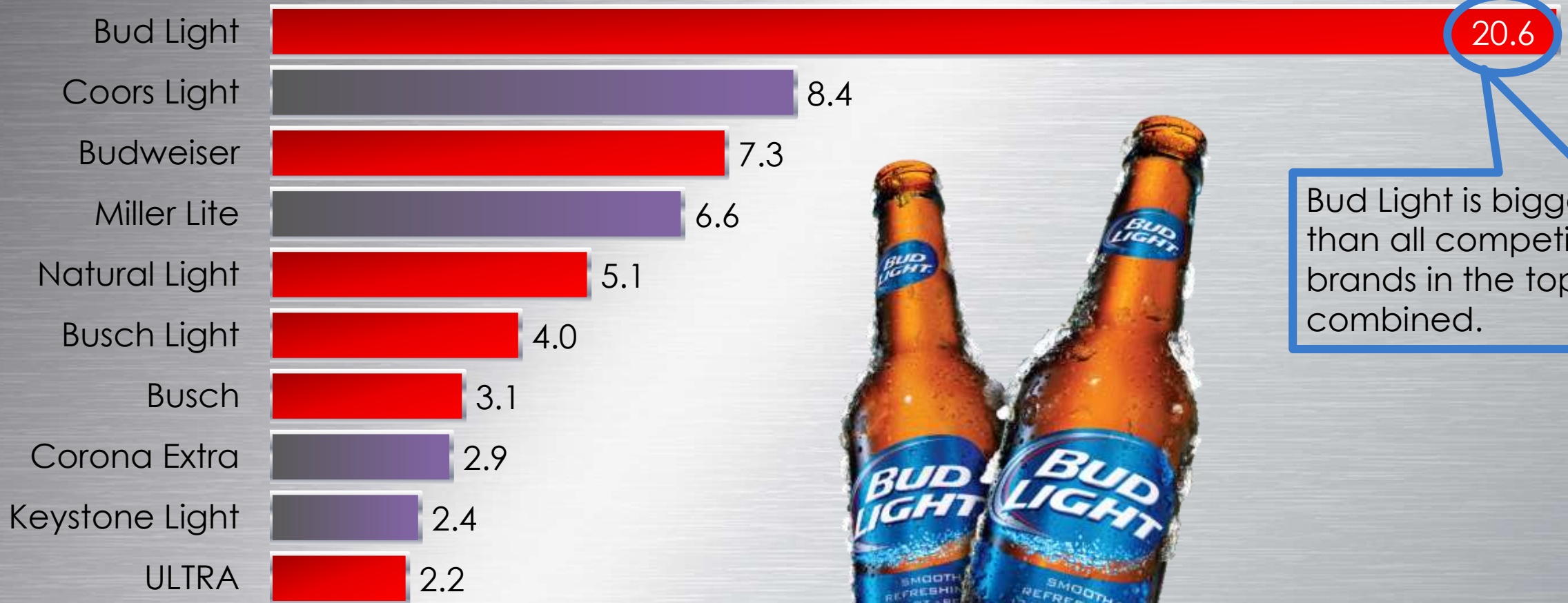




THE MARKETING SCALE TO WIN

Our brand portfolio is unmatched, with 6 of the top 10 brands in the US

Top 10 Brands Total U.S. 2013



Bud Light is bigger than all competitive brands in the top 10 combined.





Bud Light's portfolio of assets is unmatched, led by the NFL – the most valuable property in the US





Budweiser has leading assets that appeal to a broad spectrum of drinkers



FIFA WORLD CUP
Brasil



MAJOR LEAGUE BASEBALL



OLYMPICS



BUD
LIGHT

Budweiser

Both Bud Light & Budweiser also have local sports sponsorships which are unmatched by competition



Michelob
ULTRA

ULTRA properties support the brand's unique active lifestyle positioning





Stella Artois sponsors the most sophisticated and elegant properties in the world



FOOD & WINE
classic in aspen

THIRD ANNUAL
PEBBLE BEACH®
FOOD & WINE
APRIL 6-11, 2013
PRESENTED BY AMERICAN EXPRESS PUBLISHING



film society
of lincoln
center



FESTIVAL DE CANNES
Official Partner



Marketing Summary

- 1 We understand our changing consumer
- 2 Our segmentation enables us to address their needs
- 3 We have the brand portfolio to win
- 4 We have the marketing scale to win



INTRODUCING THE US MARKETING TEAM

Introducing our US Marketing Leadership Team

Marketing Topic

Presenter

Digital



Azania Andrews



Rob McCarthy



Brian Perkins



Lori Shambro



Adam Oakley



Innovation



Pat McGauley