



# **Deutsche Bank Global Consumer Conference 2013**

Graham Staley  
Vice President, Global Investor Relations  
11 June 2013

# Forward looking statements

*Certain statements contained in this report that are not statements of historical fact constitute forward-looking statements, notwithstanding that such statements are not specifically identified. In addition, certain statements may be contained in the future filings of the Company with the competent securities regulators or other authorities, in press releases, and in oral and written statements made by or with the approval of the Company that are not statements of historical fact and constitute forward-looking statements.*

*Forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the Company's control and are difficult to predict, that may cause actual results or developments to differ materially from any future results or developments expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among others: (i) local, regional, national and international economic conditions, including the risks of a global recession or a recession in one or more of the Company's key markets, and the impact they may have on the Company and its customers and its assessment of that impact; (ii) limitations on the Company's ability to contain costs and expenses; (iii) the Company's expectations with respect to expansion, premium growth, accretion to reported earnings, working capital improvements and investment income or cash flow projections; (iv) the Company's ability to continue to introduce competitive new products and services on a timely, cost-effective basis; (v) the effects of competition and consolidation in the markets in which the Company operates, which may be influenced by regulation, deregulation or enforcement policies; (vi) changes in consumer spending; (vii) changes in applicable laws, regulations and taxes in jurisdictions in which the Company operates, including the laws and regulations governing the Company's operations, changes to tax benefit programs as well as actions or decisions of courts and regulators; (viii) changes in pricing environments; (ix) volatility in the prices of raw materials, commodities and energy; (x) difficulties in maintaining relationships with employees; (xi) the monetary and interest rate policies of central banks, in particular the European Central Bank, the Board of Governors of the U.S. Federal Reserve System, the Bank of England, Banco Central do Brasil and other central banks; (xii) continued availability of financing and the Company's ability to achieve its targeted coverage and debt levels and terms, including the risk of constraints on financing in the event of a credit rating downgrade; (xiii) financial risks, such as interest rate risk, foreign exchange rate risk, commodity risk, asset price risk, equity market risk, counterparty risk, sovereign risk, liquidity risk, inflation or deflation; (xiv) regional or general changes in asset valuations; (xv) greater than expected costs (including taxes) and expenses; (xvi) the risk of unexpected consequences resulting from acquisitions; (xvii) tax consequences of restructuring and the Company's ability to optimize its tax rate; (xviii) the outcome of pending and future litigation and governmental proceedings; (xix) changes in government policies; (xx) natural and other disasters; (xxi) any inability to economically hedge certain risks; (xxii) inadequate impairment provisions and loss reserves; (xxiii) technological changes; and (xxiv) the Company's success in managing the risks involved in the foregoing. All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters and attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements referenced above. Forward-looking statements speak only as of the date on which such statements are made.*

*Certain of the synergies information related to the announced combination with (or acquisition of shares of) Grupo Modelo discussed herein constitute forward-looking statements and may not be representative of the actual synergies that will result from the announced combination with (or acquisition of shares of) Grupo Modelo because they are based on estimates and assumptions that are inherently subject to significant uncertainties which are difficult to predict, and accordingly, there can be no assurance that these synergies will be realized.*

*The Company's statements regarding financial risks, including interest rate risk, foreign exchange rate risk, commodity risk, asset price risk, equity market risk, counterparty risk, sovereign risk, inflation and deflation, are subject to uncertainty. For example, certain market and financial risk disclosures are dependent on choices about key model characteristics and assumptions and are subject to various limitations. By their nature, certain of the market or financial risk disclosures are only estimates and, as a result, actual future gains and losses could differ materially from those that have been estimated. Subject to the Company's obligations under Belgian and U.S. law in relation to disclosure and ongoing information, the Company undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

*This document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any offer, solicitation or sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction. By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the above limitations.*



# Agenda

## Grupo Modelo

- Closing
- Introduction to the business
- Synergies and integration

## Brazil

- 1Q recap
- Action plan
- Market fundamentals

## United States

- 1Q recap
- Bud Light
- Budweiser
- Ultra and High End

## China

- 1Q recap
- Focus brands
- Footprint

## Capital Allocation



# The combination with Grupo Modelo was completed on June 4<sup>th</sup>, 2013

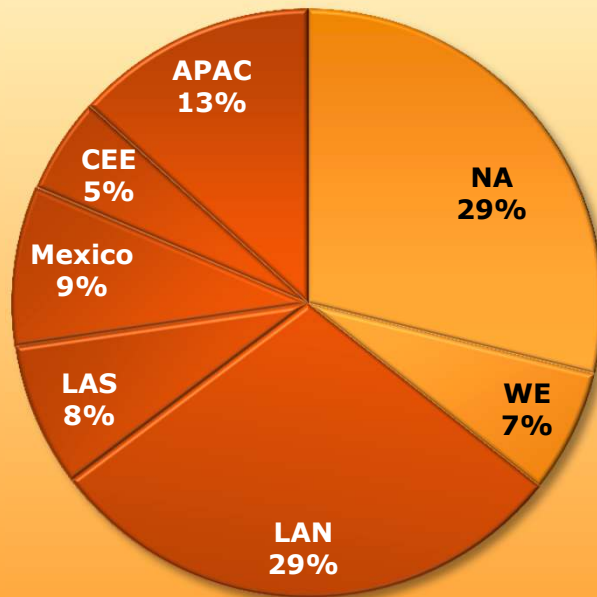
- Mandatory Tender Offer successfully completed with 89% of Grupo Modelo's outstanding common shares validly tendered
- AB InBev now owns 95% of Grupo Modelo's outstanding common shares
- The sale to Constellation of the perpetual rights in the US, the Piedras Negras brewery and the 50% stake in Crown Imports, completed on June 7<sup>th</sup>, 2013
- Grupo Modelo established as our seventh zone
- New management team in place
- Integration underway with a focus on
  - Dream / People / Culture
  - Organization roll-out
  - Cost synergies
  - Operations



# The combination with Grupo Modelo increases our exposure to developing markets

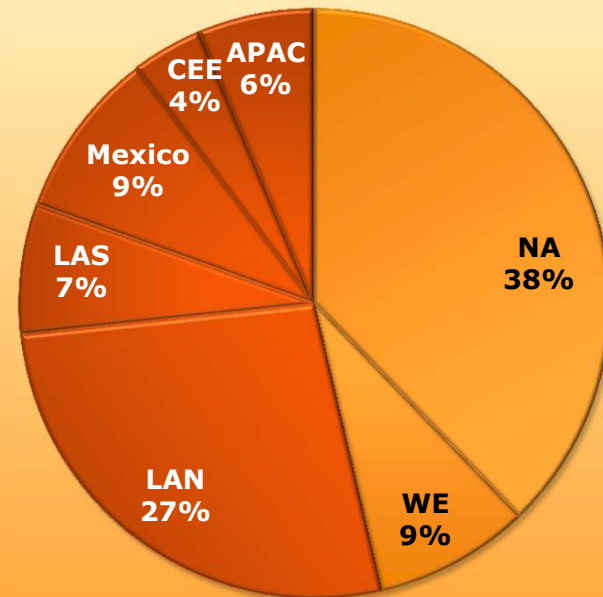
**64%** of volumes from developing markets

2012 volume split including Mexico<sup>1</sup>



**54%** of revenues from developing markets

2012 revenue split including Mexico<sup>1</sup>



 Developing markets

 Developed markets



**AB InBev**

<sup>1</sup> For simplicity, excludes AB InBev and Grupo Modelo export volumes and revenues  
Source: AB InBev Annual Report 2012, Grupo Modelo Annual Report 2012

# Four focus markets: US, Brazil, China and Mexico

**49%** of global beer industry volume

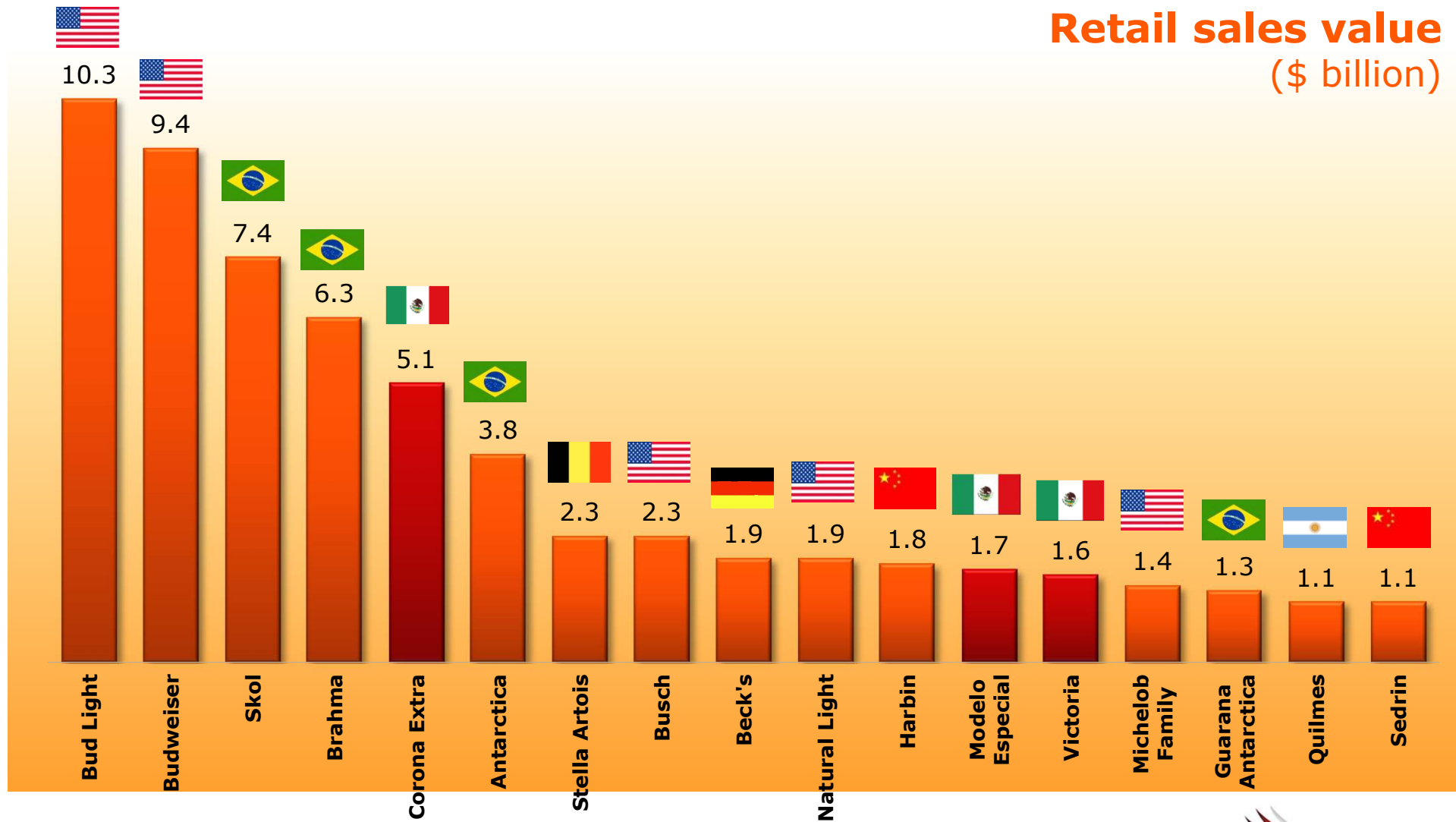
**43%** of global beer industry EBIT



Source:  
Global beer volume share: Plato Logic (2011)  
EBIT contribution by country: Sanford C. Bernstein, 11 April 2013  
Market position and share: AB InBev Annual Report 2012, Plato Logic estimate



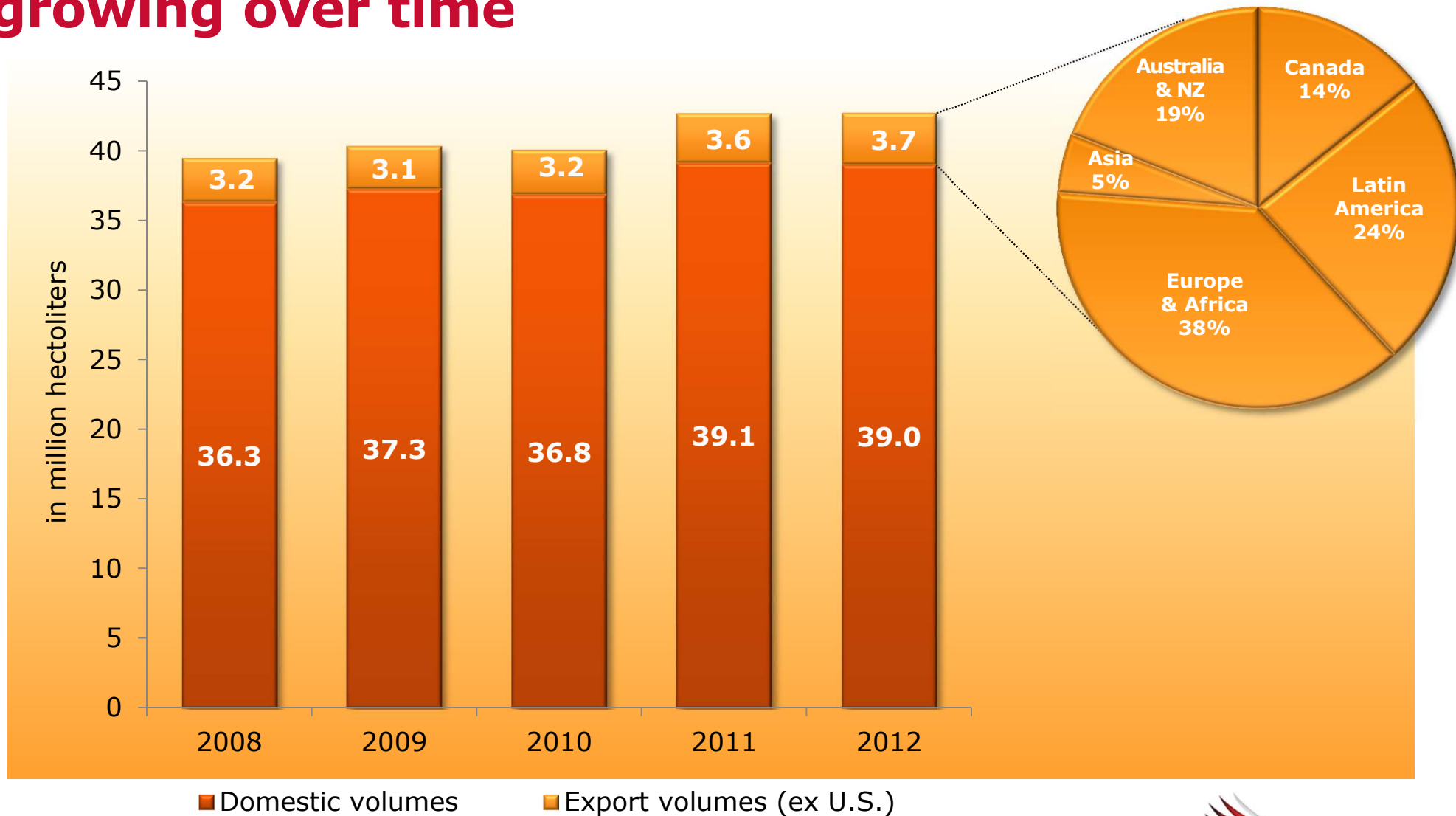
# 17 billion-dollar brands across the world



Source: Internal estimates of 2012 global retail sales in billion USD

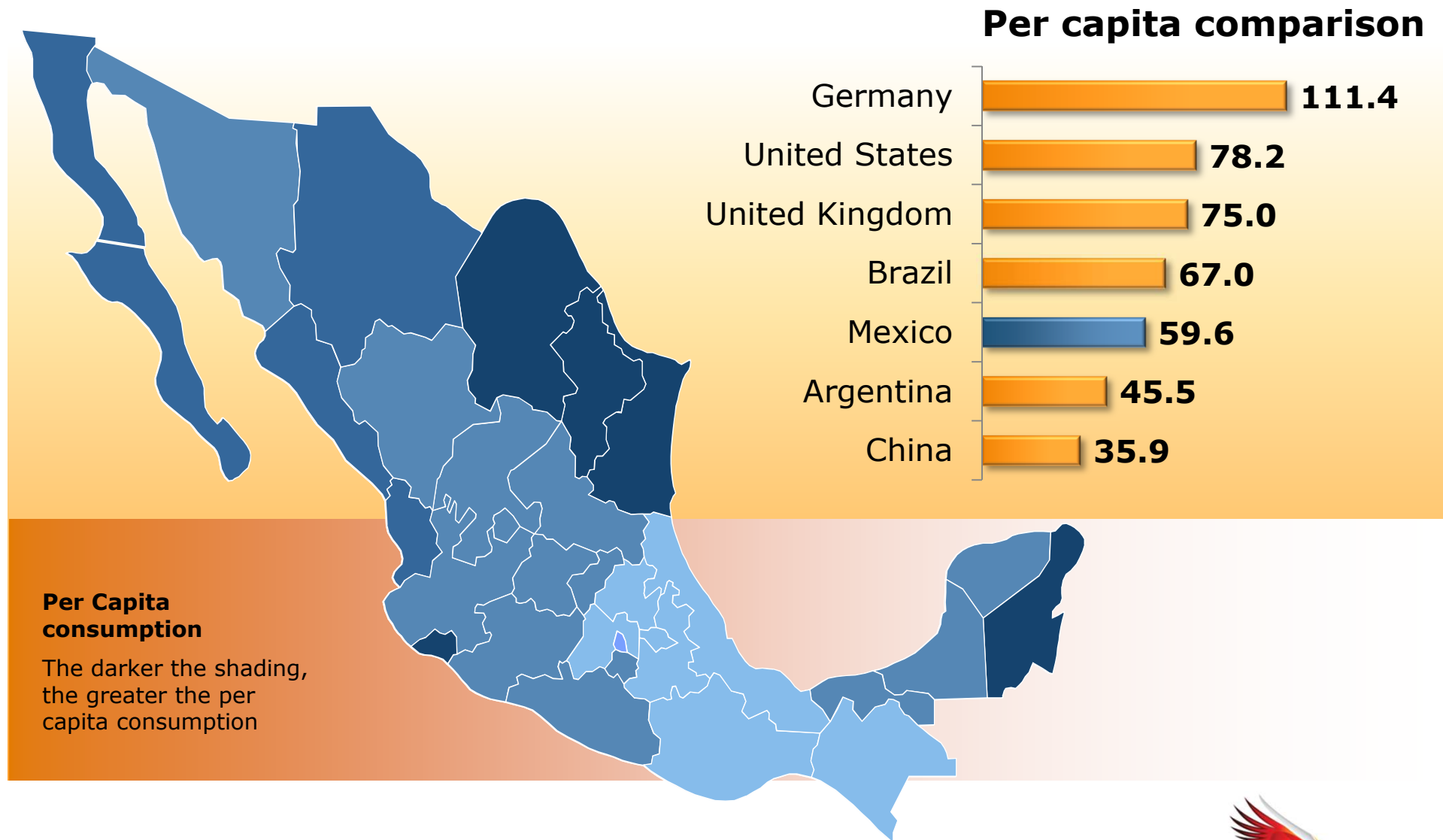
Note: Mexican brand sales figures exclude US sales

# Grupo Modelo domestic and export volumes growing over time



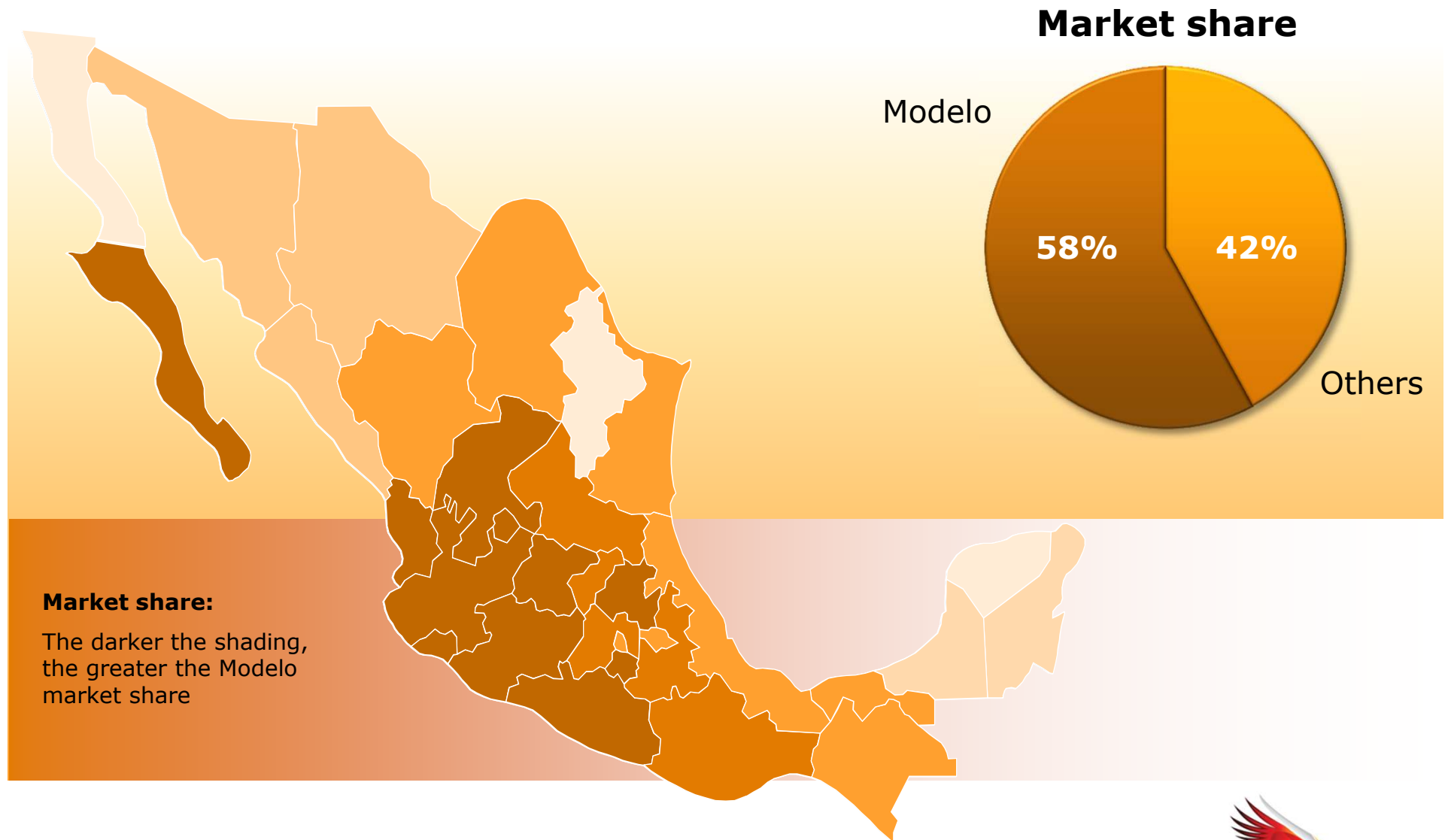
Source: Internal data

# Potential to increase per capita consumption



Source: Internal estimates,  
Country per capita comparison: Plato Logic (2011)

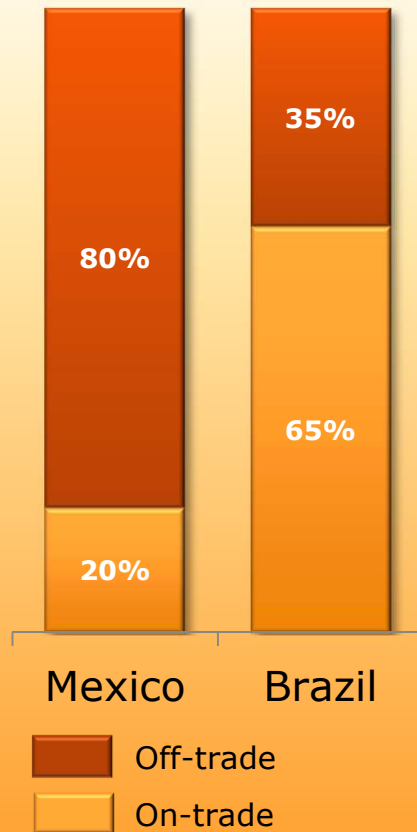
# Market share



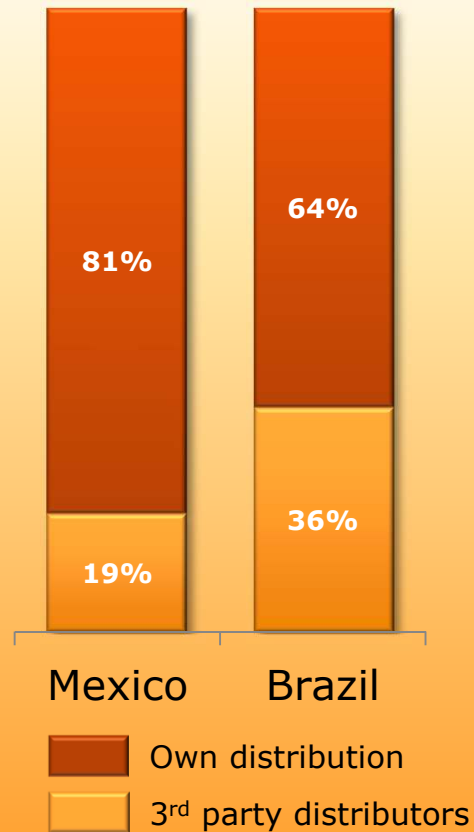
Source: Internal estimates

# Market comparison with Brazil

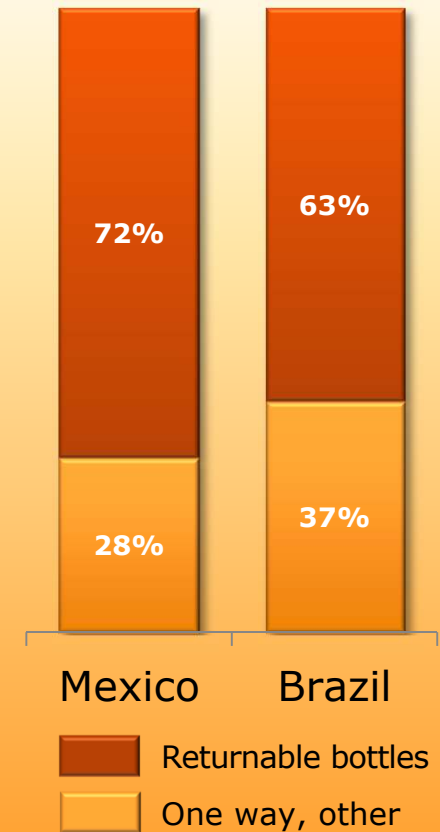
**On-trade/  
off-trade split  
(Industry)**



**% direct  
distribution  
(ABI)**



**% returnable  
bottles vs. one way  
(ABI)**



# The Mexican beer market is largely mainstream. Premium is less than 3% of the market

## Our Brand Portfolio

### Premium



### Mainstream



### Value



## Opportunities:

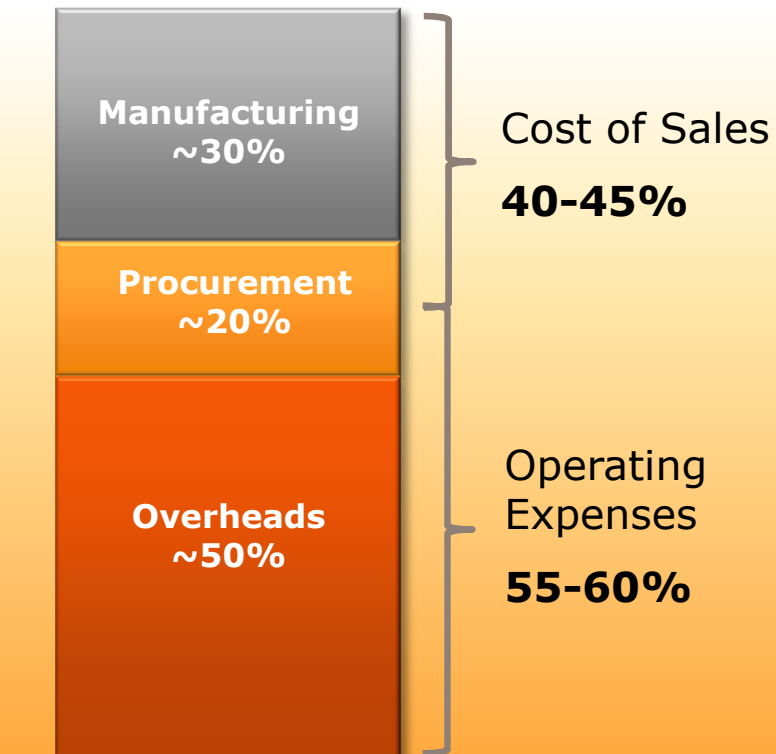
- Clarify brand positioning
- Brand segmentation
- Grow premium segment, especially Bud Light



# Synergies and Integration update

## Integration underway

### Synergy breakdown



### Cost Synergies of 1 billion USD to come from:

- Implementation of AB InBev ways of working/best practices
- Manufacturing best practices, brewery efficiency programs
- Procurement
- Zero Based Budgeting (ZBB)

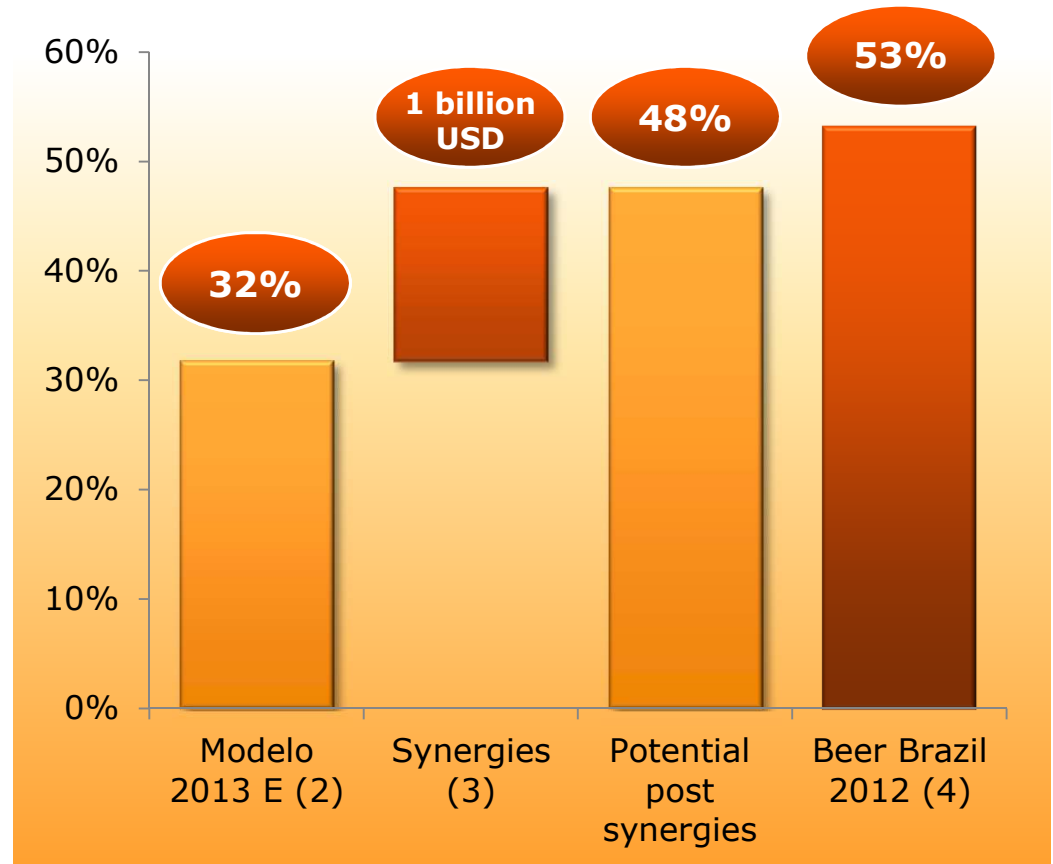


# Track record of generating cost synergies

## U.S. EBITDA margin expansion



## EBITDA margin expansion opportunity for Mexico



- (1) Before synergies generated in 2008, US Beer only (excluding entertainment, packaging activities, international activities)  
 (2) Based on FY13E revenue of USD 6.3bn and EBITDA of USD 2.0bn, as per "Revised Agreement" presentation (14 February 2013)  
 (3) Synergies of USD 1bn, in relation to USD 2.0bn EBITDA, as per "Revised Agreement" presentation (14 February 2013)  
 (4) Source: AmBev FY13 results



# Corona international growth opportunity

## Current situation:

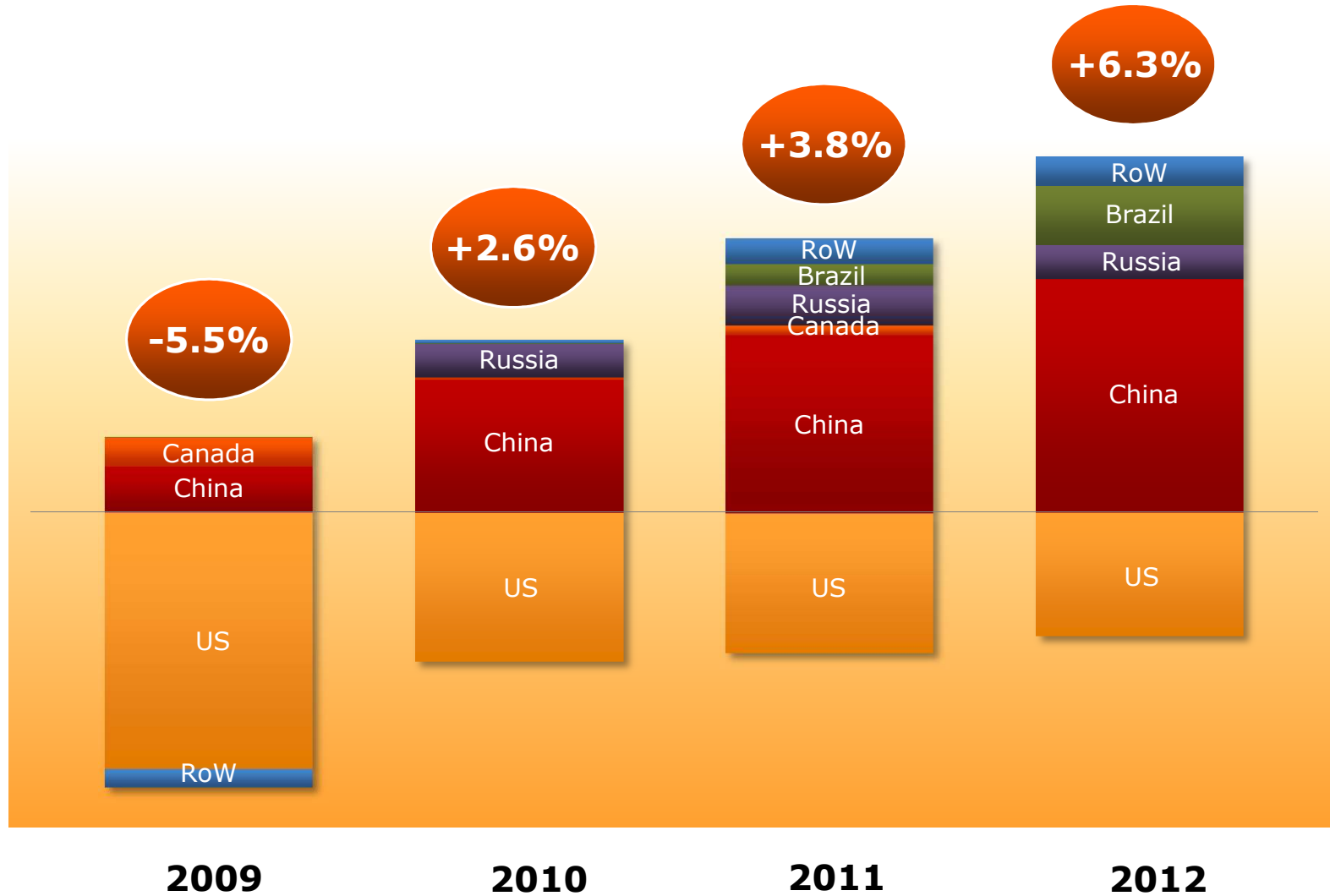
- Exported to more than 180 countries
- Leading super premium import brand in 38 countries
- Ranked in Interbrand's Top 100 Best Global Brands
- The biggest region is Western Europe, and Australia is the largest single market
- Business model: no license volume, everything is brewed in Mexico and shipped

## Opportunities:

- Corona to become Flagship Brand alongside Budweiser
- Explore opportunities in existing AB InBev markets as well as new markets
- Scale markets in Asia Pacific and Latin America still untapped
- Less than 4 million hls in non-US international sales, compared to 19 million hls for Budweiser



# Track record of global Budweiser growth



**AB InBev**

# Beer Brazil 1Q13 – Drivers of volume and share

## Volume drivers

- Earlier timing of Carnival
- Poor weather
- Slowdown in disposable income growth
- High levels of food inflation – particularly in March 2012
- Real price increase following October 2012 excise tax increase
- Difficult market share comparable

## Industry volume outlook for 2013

- Flat to down low single digits
- April 2013: Lower food inflation and better volume trends



# Beer Brazil 1Q13 – Action plan

## Actions taken

- Pack-price execution
  - Focus on 1L and 300ml returnable bottles
- Initiatives to stimulate demand and consumption occasions at Points of Sale (e.g. micro events)
- Implementation of cost efficiency programs to support profitability

## Returnable Glass Bottles



## Micro events



# Brazil – Fundamentals remain strong



## Macro:

- **Demographics:** young and growing population
- **Government stimulus:** measures underway and expected to continue
- **Unemployment rate** stable, below 6%
- **Sports events:** FIFA World Cup 2014 & Olympics 2016



## Beer industry:

- **Per capita:** room for growth in north and northeast
- **Disposable income:** growing middle class means growing consumption
- **Premium segment:** represents only 5% of industry volumes



## AB InBev:

- **Innovation:** healthy pipeline
- **Returnables:** market share opportunity



# United States 1Q13 – Drivers of volume and share

## Industry

- Sales-to-retailers (selling day adjusted) **-3.0%** in **1Q13**
- Tough weather comparison
- Short-term pressure on consumer disposable income from payroll tax increase, delayed tax refunds and high gas prices

## AB InBev

- Sales-to-retailers (selling day adjusted) **-4.1%** in **1Q13**
- Shipments-to-wholesalers **-5.2%** in **1Q13** (one less selling day)
- Market share decline of **50 bps** in **1Q13**
  - Focus brand families are growing share
  - Decline primarily attributable to sub-premium
  - Cycling of Bud Light Platinum launch
- Revenue / hl **+4.0%**, including 150 bps of brand mix <sup>(1)</sup>

Note: Share based on internal estimates.

(1) Revenue / hl figure refers to Beer only for the US



# Grow Bud Light family

## Bud Light *Music First* initiative

The largest summer music program that Bud Light has ever created, activating Bud Light outside of sports



## Continued focus on innovation

Bud Light Platinum

Bud Light Lime Lime-A-Rita

Bud Light Lime Straw-Ber-Rita

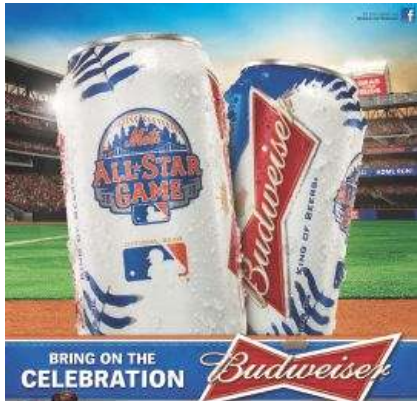
## Packaging innovations

New vented can (pilot) – creating the world's smoothest drinking experience in a can

### SMOOTHER FLOW



# Stabilize Budweiser



## Summer activations centered on:

- Major League Baseball sponsorship events
- Red, White and Blue campaigns and *Folds of Honor* programs
- *Made in America* concerts
- Ongoing Budweiser Black Crown rollout



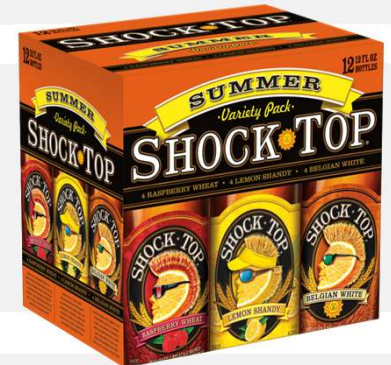
# Ultra and High End

**Ultra** – extensive Golf, Father's Day and other active lifestyle summer activations planned



**Stella Artois** – successful Kentucky Derby activations, Cidre on shelves as of late May, ongoing Best of Belgium displays

**Shock Top** – Summer sampler  
Focus on building craft credentials



**Goose Island** – national rollout



# China – 1Q13 results

- Beer volume **+15.5%** in 1Q13
- Focus brands **+21.8%**, Harbin and Budweiser delivered very strong growth
- Estimated market share **gain** in 1Q13 <sup>(1)</sup>
- Revenue/hl **+11.6%** mainly due to premiumization strategy



(1) Internal estimate

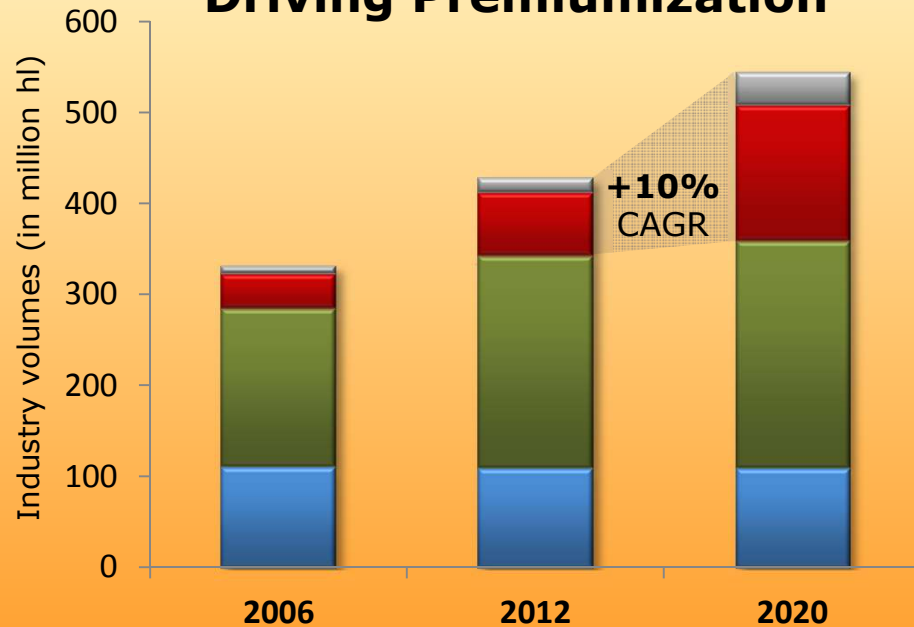
# Strategic priorities include growing consumer preference for our Focus Brands...



Harbin Ice



## Driving Premiumization



Premium	Price index	>350
Core +	Price index	200
Core	Price index	100
Value	Price index	<100

...while expanding our footprint

The map illustrates the company's market expansion strategy across China. The regions are color-coded as follows:

- Greenfield:** Represented by green speech bubble icons.
- M&A (1Q13):** Represented by black speech bubble icons.
- Core Market:** Shaded in dark orange.
- Expansion Market:** Shaded in light orange.

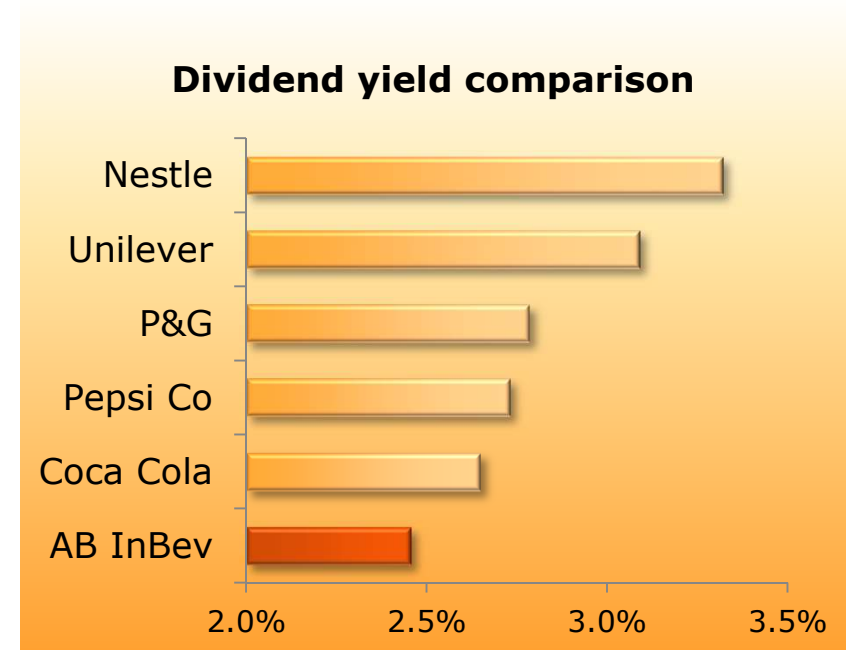
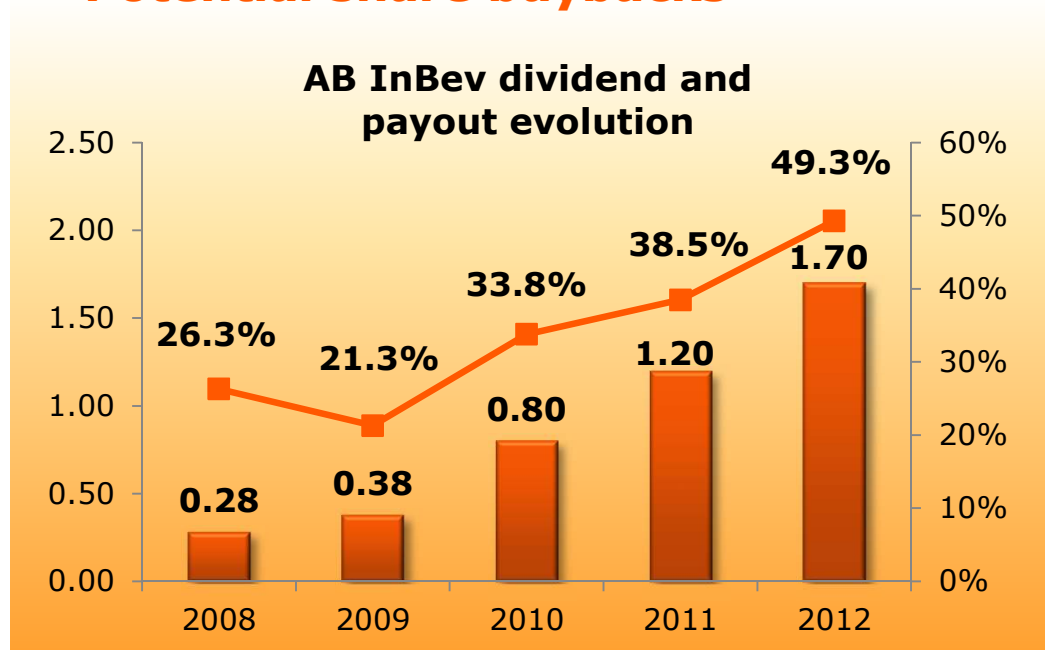
Key regions and cities highlighted include:

- Core Market:** Heilongjiang, Jilin, Liaoning, Shandong, Hubei, Zhejiang, Fujian, Jiangxi, Guangdong.
- Expansion Market:** Jinzhou, Xinxiang, Shaoyang, Nanning, Sichuan, Hunan, Guangxi, Jiangsu, Henan, Hebei.



# Capital allocation

- **Optimal capital structure** of 2x net debt/EBITDA
- Investment in **organic growth** of the business
- **Selective M&A**, strict financial discipline
- Post Grupo Modelo, we expect to be **below 2x** during 2014
- **Dividend yield** comparable with other consumer goods companies
- **Potential share buybacks**



Source: Bloomberg Estimate (estimated annual dividend amount based on current calendar year, divided by the current stock price, 31 May 2013)

# Focus areas

## 1. Difficult 1Q13

Focus on recovering during the balance of the year

## 2. Grupo Modelo combination closed

Integration underway





...s Budweiser beer. We know of no brand produced  
...ever which costs so much to brew and age. Our  
...chwood Aging produces a taste, a smoothness  
...ability you will find in no other beer at any price.



**Budweiser**  
KING OF BEERS.

...ed by our original all natural process using  
...hoicest Hops, Rice and Best Pilsener Malt.

This is the Famous Budweiser Beer. We know of no other  
...any other better which can be so much to brew and age. Our  
...exclusive, Beechwood Aging produces a taste, a smoothness  
...and a drinkability you will find in no other beer at any price.



**Budweiser**  
KING OF BEERS.

...ed by our original all natural process using  
...hoicest Hops, Rice and Best Pilsener Malt.

**GRAB  
SOME  
BUDS**



**Q&A**