Interbrew

ANNUAL REPORT 2003

Contents

Company Description

Interbrew is a publicly traded company (INTB – Euronext) based in Belgium. The company's origins date back to 1366, and today it is one of the leading global brewers. Interbrew's strategy is to strengthen its local platforms by building significant positions in the world's major beer markets through organic growth, world-class efficiency, targeted acquisitions, and by putting its consumers first.

Interbrew has a portfolio of more than 200 brands, including Beck's, Stella Artois, Leffe, Hoegaarden, Staropramen and Bass. It employs nearly 50,000 people, and runs operations in 21 countries across the Americas, Europe and Asia Pacific. In 2003, the company realized a net turnover of more than 7 billion euro.

Recently, Interbrew and Companhia de Bebidas das Américas (AmBev), the world's fifth-largest brewer, agreed to establish InterbrewAmBev, the world's premier brewer, with a global market share of 14%. This combination will have an unparalleled global platform, capturing the number one or number two position in twenty key beer markets – more than any other brewer. InterbrewAmBev will focus its activities on Beck's, Brahma® and Stella Artois, its three global flagship brands.

Registered Trademarks

Key Figures[1]: Five-Year Review

Million euro, unless stated otherwise	2003	2002	2001	2000	Non IAS 1999
Net turnover	7,044	6,992	7,303	5,657	3,244
EBITDA	1,498	1,394	1,533	1,156	756
Profit from operations, pre restructuring charges	839	836	884	533	419
Profit from operations	839	728	884	533	419
Net profit from ordinary activities	505	467	537	271	230
Net profit	505	467	698	(964)	230
Earnings per share, before goodwill and restructuring[2] (euro)	1.45	1.51	1.44	1.04	0.82
Dividend per share (euro)	0.36	0.33	0.29	0.21	0.18
Pay out ratio (%)	30.8	26.2	25.8	33.1	25.6
Weighted average number of ordinary shares (million shares)	432	431	429	335	323
Fully diluted weighted average number of ordinary shares (million shares)	434	435	434	343	332
Share price high (euro)	23.2	34.5	37.5	38.1	N/A
Share price low (euro)	15.0	19.1	25.5	34.0	N/A
Year-end share price (euro)	21.2	22.5	30.75	37.12	N/A
Market capitalization	9,141	9,712	13,257	15,865	N/A
Return on invested capital (%), pre restructuring[3]	10.6	11.2	10.6	8.9	9.9
Return on invested capital (%)	10.6	10.2	10.6	8.9	9.9
Net CAPEX	595	510	488	425	231
Cash flow from operations	1,151	1,045	1,053	871	523
Cash interest coverage	7.6	6.8	5.4	2.8	4.1
Net financial debt	2,434	2,583	2,662	2,906	2,061
Debt equity ratio	0.52	0.55	0.55	0.71	1.34

1 Refer to the Glossary for terminology.
2 Adjusted for stock splits.
3 The definition of ROIC has been changed (see Glossary) and consequently all previous years' figures have been restated.

Letter to Shareholders

Volume grew organically at 6.3%, more than triple the industry average

Our commitment in 2003 was to bring focus to and drive operational performance, resulting in strong volume growth. We are happy to report that we fulfilled that commitment. In 2003, Interbrew's organic volume growth exceeded that of the beer industry, and of most major Fast Moving Consumer Goods (FMCG) companies as well. Volume grew organically at 6.3%, more than triple the industry average, and share was up in most markets in which we compete, primarily due to the growth of our brands versus the competition. In addition, a good summer supported category growth in Western Europe.

Organic EBITDA (Earnings Before Interest Taxes Depreciation & Amortization) growth was also strong, up 7.2%, fueled by volume growth, mix improvement from accelerated growth of our global premium brands, and from the impact of innovation – new packages and products, particularly in Central and Eastern Europe. Interbrew has had a track record of consistent organic growth over the last few years, but what was different in 2003 was that EBITDA performance was primarily being driven by volume, which we view as more sustainable than in the past, when it was primarily being driven by pricing. Our EBITDA performance was also supported by improved operations and cost management – both areas of significant, increased focus in 2003.

There are numerous success stories underpinning the 2003 results. Stella Artois and Beck's, two of our global brands, grew, worldwide, by 7.3%. In the U.K., Stella Artois continued its double-digit growth rate, while Beck's outpaced all other major brands in volume and pricing growth in its home market of Germany, despite the impact of the deposit law enacted last year. Our overall results in Russia and Ukraine were outstanding, with volumes up over 25% versus 2002, on the back of numerous innovations, new packages, and new products. In addition to the turnaround in Russia, similar volume, share, and profit rebounds occurred in Bulgaria, where we took a leading market position, and in Romania, where we became the number two brewer in the country. Long-term market-share losses of the OB brand in South Korea, and the Labatt Blue brand in Canada, were stabilized in 2003.

Stella Artois and Beck's grew, worldwide, by

7.3%

Share was up in most markets in which we compete

Several new initiatives were also commercialized in our innovation platforms. In the U.S., we launched Rock Green Light, a low-carbohydrate beer which had a very positive initial response, selling over one million cases in less than three months; and in France, we launched Boomerang, a flavored malt beverage focused on young adults. Throughout most of Central and Eastern Europe we sold 6.8 million hectoliters in PET in 2003 – 3.9 million additional hectoliters versus 2002 – of which almost a million hectoliters was in our Q Pack® barrier-enhanced, monolayer, PET packaging. Each of the innovation initiatives are good examples of "seeding for the future;" initiatives which will bear fruit in the coming years.

In 2003, Interbrew built on the success of its other recent acquisitions – the KK Group in China and Gilde Group in Germany, which, through their integration into Interbrew, contributed solid growth capability – with a continued, targeted focus. Our transaction with Gabriel Sedlmayr Spaten-Franziskaner Bräu KGaA ("Spaten") in Germany, expected to conclude in 2004, will give us a leading position in the world's third-largest beer market, and builds on an already strong German organization. In China, we formed a partnership with the Lion Group, which together with our Zhujiang partnership makes us number three in that beer market[1], the world's largest, with a number one or top-three position in five key provinces. In Central Europe, where we have a longstanding, successful business operation, we have further consolidated our position by acquiring the Serbian brewery, Apatin, the largest in the country.

On March 3, 2004, in a groundbreaking transaction, Interbrew and Companhia de Bebidas das Américas (AmBev), the world's fifth-largest brewer, agreed to establish InterbrewAmBev, the world's premier brewer, with a global market share of 14%. This combination will have an unparalleled global platform, capturing the number one or number two position in twenty key beer markets – more than any other brewer. InterbrewAmBev will focus its activities on Beck's, Brahma® and Stella Artois, its three global flagship brands.

Challenges are an unavoidable part of any global business, and last year brought a strike at our Montreal brewery in Canada, which cost us 16 million euro, post tax. In the U.S., where beer consumption last year reached its lowest levels in over a decade, we experienced softness, along with the rest of the import market. Bass was further impacted by heavy stocking at the wholesaler level, which occurred just before Interbrew obtained its distribution rights in July. In addition, indecision and uncertainty concerning our platform for Beck's thwarted its growth. With the legal blocking issues now resolved, we are confident that Beck's North America will serve as a solid, sound platform for the brand. Both Beck's and Bass should realize greater potential in 2004, building on some encouraging consumer takeaway and momentum in the second half of 2003.

[1] As reported in the Guide to Our Business.

Year	Volume[1] (in million hectoliters)	Net turnover (in million euro)	EBITDA (in million euro)
1999	56	3,244	756
2000	76	5,657	1,156
2001	97	7,303	1,533
2002	102	6,992	1,394
2003	120	7,044	1,498

Letter to Shareholders

We are pleased with the 11.1% organic growth of our profit from operations in 2003. That performance, however, was offset by the significant currency impact which affected our bottom line, particularly with regards to the pound sterling, the U.S. dollar, the Canadian dollar, the South Korean won, the Russian ruble and the Mexican peso. The strength of the euro against these currencies lowered their euro-profit contributions, and thus our earnings per share. Due to currency translations, our 2003 EPS was 1.45 euro, compared to our 2002 "as reported" EPS of 1.33 euro (1.51 euro, pre-restructuring). For the full year, however, our free cash flow – which is cash flow from operating activities minus net capital expenditures – rose to 556 million euro versus 535 million euro for 2002, up 3.9%.

Looking forward, we see upside potential in the global beverage business and the segments in which we compete. We want more than our fair share of that growth, and are convinced that capturing it will require different solutions than those which have captured value in the past. As a consequence, we have established a new, compelling and single-minded vision for the company – creating enduring bonds with consumers by providing brands and experiences that bring people together – and have put in place the strategies and action plans to achieve that vision.

Consumers come first at Interbrew, and we want our brands to become integral parts of consumers' lives. We will realize our vision through a superior portfolio of global and domestic brands, by leveraging the power of our global reach and local relationships, and by focusing and aligning the entire company on the future drivers of value in the industry.

The key strategic pillars which support our way forward are first, winning with consumers via our winning brand portfolio; second, winning at the "point of connection" with superior sales, merchandising and distribution capabilities; third, developing world-class efficiency and operating productivity; fourth, strengthening positions in existing markets, and ensuring exposure to high-growth markets with targeted external growth.

Free cash flow rose to

556

million euro

Innovation is going to play a significant role in our future, just as it has in our past

Underpinning the strategic pillars are our leadership behaviors, our people, and our core values. As we continue to come together to share knowledge across borders, functions and brands, we plan to achieve success through these core values: consumers come first; teamwork; quality in all we do and how we do it, from the very beginning of the brewing process right through to the consumer; commitment to our people: respecting, trusting and developing them so we have the "world's best," and putting the most talented in the most critical areas to leverage their expertise; and differentiation through innovation across all elements of our business, by seeking opportunities and acting on them decisively.

Innovation is going to play a significant role in our future, just as it has in our past. It is not just about product or packaging innovation, it is about innovation in all we do, across all areas of Interbrew. It is about thinking outside the box in terms of our brands, breweries and business. We will demonstrate discipline in innovation, through rigorous monitoring and follow-through, as we make clear choices and focus on those opportunities with the greatest possibility for success.

We are also committed to building our business in a socially responsible and sustainable manner: in terms of our customers, by keeping their interests first; in terms of our people, by recognizing diversity and equal opportunity; and in terms of quality, by remaining environmentally sensitive, while providing consistently high-quality, safe products and services.

Interbrew's new senior management team, the Executive Board of Management, is dedicated to providing leadership to achieve Interbrew's vision. Everyone at Interbrew is aligning with one clear focus, the consumer, who is at the center of everything we want to do and be. On average, over the next five years, that focus should lead to continued superior performance versus the industry, as measured by volume growth double the industry average; category-leading revenue enhancement which will contribute at least an additional 1% above volume growth; and top-tier operating efficiency which will also contribute a further 1% in profitability, year on year.

Pierre Jean Everaert
Chairman of the Board

John F. Brock
Chief Executive Officer

Guide to Our Business

	Volumes all products (million Hl)	Market position	Market share	Number of breweries	Trading names	Participating interest
The Americas	**23.6**					
Canada	9.7	No.2	43.0%	8	Labatt Brewing Company	100.0%
Cuba	0.8	No.2	34.7%	1	Bucanero	50.0%
U.S.A.	6.3	No.3 [1]	14.2% [2]	1	Labatt USA	70.0%
					Beck's North America	100.0%
Mexico [10]	6.8				Femsa Cerveza [10]	30.0%
Western Europe	**40.8**					
Belgium	6.5	No.1	56.2%	4	Interbrew Belgium	100.0%
France	2.5	No.3	9.1%	0	Interbrew France	100.0%
Luxembourg	0.2	No.1	41.4%	1	Brasseries de Luxembourg	
					Mousel-Diekirch S.A.	93.7%
Netherlands	2.7	No.2	15.4%	3	Interbrew Nederland	100.0%
U.K. [3]	13.9	No.3	19.3%	5	Interbrew U.K.	100.0%
					Tennent Caledonian Breweries	100.0%
Germany [5][14]	10.2 [4]	No.3	7.3%	5	Interbrew Deutschland	100.0%
					Gilde Brauerei	100.0%
Italy	1.0	No.4	6.1%	0	Beck's Italia	100.0%
Spain [12]	0.6				Damm [10]	12.3%
Export/Licenses as handled by Western European affiliates	3.2	-	-	-		
Central & Eastern Europe	**30.4**					
Bosnia-Herzegovina	0.1	No.4	8.9%	1	Uniline	59.2%
Bulgaria	1.1	No.2	26.9%	3	Kamenitza	85.0%
Croatia	1.7	No.1	44.9%	1	Zagrebacka Pivovara	71.9%
Czech Republic	2.6	No.2	14.2%	3	Pivovary Staropramen	99.6%
Hungary	2.3	No.3	30.8%	1	Borsodi Sorgyar	98.6%
Serbia-Montenegro [11]	2.7	No.1	48.0%	2	Trebjesa	72.7%
					Apatin	87.4%
Romania	2.0	No.2	15.4%	3	Interbrew Romania	96.6%
					Interbrew Efes Brewery	50.0%
Slovenia [10]	0.4				Union [10]	41.2%
Russia	10.8	No.2	14.5%	9	SUN Interbrew	73.6%
Ukraine	6.5	No.1	34.3%	3	SUN Interbrew	73.6%
Asia Pacific	**22.9**					
China	15.2	No.3 [7]	9.0% [7]	14	Interbrew China	100.0%
					Zhujiang [10]	24.0%
South Korea	7.7	No.2	42.3%	3	Oriental Brewery	95.0% [13]
Global Exports/Licenses [8]	**2.2**	-	-	-	-	-

(1) Within segment "Imports."
(2) Within segment "Imported and Domestic Specialties."
(3) Excludes Beck's U.K. volumes.
(4) Volume number includes Soft-Drinks Germany.
(5) Including Spaten/Franziskaner, market share is 10.1% and 2nd ranking position.
(6) Registered brands owned by our partners.
(7) Zhujiang counted for 100%.
(8) Sales under responsibility of the central International department; including European volumes; including Beck's U.K.
(9) Brewed under license.
(10) Minority stake.

Global brands	Main local brands
Stella Artois, Beck's, Leffe, Hoegaarden, Staropramen, Bass	Labatt Blue, Labatt Blue Light, Kokanee, Alexander Keith's, Labatt Wildcat, Boomerang, Budweiser (9)
Beck's	Cristal (6), Bucanero (6)
Stella Artois, Beck's, Leffe, Hoegaarden, Staropramen, Bass	Rolling Rock, Labatt Blue, Labatt Blue Light, Sol (6), Dos Equis (6), Tecate (6)
	Carta Blanca (6), Dos Equis (6), Noche Buena (6), Sol (6), Superior (6), Tecate (6)
Stella Artois, Beck's, Leffe, Hoegaarden, Bass	Jupiler, Belle-Vue
Stella Artois, Beck's, Leffe, Hoegaarden, Bass	Loburg
Stella Artois, Beck's, Leffe, Hoegaarden	Diekirch, Mousel
Stella Artois, Beck's, Leffe, Hoegaarden	Dommelsch, Oranjeboom, Hertog Jan
Stella Artois, Beck's, Leffe, Hoegaarden, Staropramen, Bass	Tennent's, Boddingtons, Whitbread
Beck's, Hoegaarden, Staropramen	Hasseröder, Diebels, Dimix, Haake-Beck, Gilde, Wolters
Stella Artois, Beck's, Leffe, Hoegaarden, Staropramen, Bass	Tennent's
	Estrella Damm (6), Xibeca Damm Classic (6)
Stella Artois, Beck's	Ozujsko
Stella Artois, Beck's, Leffe, Hoegaarden	Kamenitza, Astika, Burgasko, Pleven
Stella Artois, Beck's, Leffe, Hoegaarden	Ozujsko, Izzy
Stella Artois, Beck's, Leffe, Hoegaarden, Staropramen	Branik, Ostravar, Velvet, Kelt (9), Mestan
Stella Artois, Beck's, Leffe, Hoegaarden, Staropramen	Borsodi, Holsten (9)
Stella Artois, Beck's, Staropramen	Niksicko, Jelen
Stella Artois, Beck's, Leffe, Hoegaarden	Bergenbier, Noroc, Hopfen König
	Union (6), Fructal (6)
Stella Artois, Beck's, Staropramen	Klinskoe, Tolstiak, Sibirskaya Korona, Bagbier, Volzhanin
Stella Artois, Beck's	Chernigivske, Taller, Yantar, Rogan
Beck's	Jinling, KK, Double Deer, Jinlongquan, Baisha, Santai, Zhujiang (6), Supra (6), Zhujiang Fresh (6)
Beck's, Leffe	OB, Cass, Cass Free, Budweiser (9)
Stella Artois, Beck's, Leffe, Hoegaarden, Staropramen, Bass	

(11) Includes full year volumes Apatin.
(12) Direct handled sales by own Interbrew team included in "Global Exports."
(13) Participating interest increased from 50% to 95% pursuant to exercise of option on Jan 7, 2004.
(14) Closing of the partnership Spaten/Franziskaner is still subject to shareholders approval and is expected to occur in the second half of 2004.

2003 Drivers of Success

2003 Drivers of Success

2003 represented the start of Interbrew coming together, as the company aligned to drive superior growth and performance. At a time when most FMCG companies are struggling to achieve growth, Interbrew in 2003 accelerated its growth through several different drivers: reinvesting in its superior portfolio of brands; winning at the point of connection; increasing its efficiency and operating productivity; pursuing targeted Mergers & Acquisitions and partnerships; and differentiating through innovation. In all areas, we strive to put our consumers first, which allowed us to deliver organic growth superior to the rest of the market.

Brands

Interbrew's strong organic volume growth in 2003 can be attributed not only to operational excellence, but also to the strengthening of its domestic core lager brands, which were responsible for Interbrew growing market share in most markets where we compete. Specifically, a big turnaround for Interbrew occurred in Russia, which we also achieved in Bulgaria and Romania as well. The premium Russian brand, Sibirskaya Korona, and the core brand, Klinskoe, are now in Pivopak®, our exclusive, barrier-enhanced, monolayer, PET packaging. In Russia, more than 30% of sales have been achieved on the back of product and packaging innovations, and in Europe, overall, Interbrew sold nearly four million additional hectoliters of beer in PET in 2003.

In Ukraine, Interbrew strengthened its market leadership position, led by the growth of Chernigivske. Three years ago, the brand had only a 7.5% market share. In 2003, the brand reached a market share of 16.8%, and during this three-year period it has added an average of nearly 500,000 hectoliters per year to its base. Chernigivske won numerous product-quality and advertising awards, and was supported with successful sponsorships by the Klitschko brothers, top heavyweight boxing contenders, as well as by the Ukrainian Independence celebrations. Chernigivske Bile, its white beer extension brand, not only was voted the best-tasting white beer in that category in Ukraine, but also contributed more than half a million hectoliters to 2003 sales figures.

Sibirskaya Korona, up

50.3%

In all areas, we strive to put our consumers first, which allowed us to deliver organic growth far superior to the rest of the market

In South Korea, OB showed resilience, and together with Cass, halted a long-term share decline of our South Korean business. OB was relaunched in April with a completely new go-to-market approach. Even the brand name was changed, from OB lager back to OB. A new, more refreshing liquid was also developed, with rice in the recipe, which, in blind tests, proved to be a significant winner versus the competition. In addition to Q Pack®, the first instance in Asia of this barrier-enhanced, monolayer, PET packaging, other new packaging with refreshment graphics was launched, along with a repositioning of the brand, which builds on the Korean insight of true fellowship. A whole host of innovative initiatives were taken, including a new OB song, SMS mobile-phone promotion, cooler packs for extra displays, as well as a revamped sales force and new merchandising strategy. Since the relaunch, all of this has resulted in market-share stabilization in South Korea for the entire Interbrew portfolio for the first time in many years.

In Central Europe, Interbrew had several success stories in 2003, including Kamenitza in Bulgaria, which became the leading brand, up 59.5%, and Bergenbier in Romania, up 31.0%, also becoming the leading brand in that market.

Tennent's, in Scotland, consolidated its leadership position in the lager segment, growing its market share to 42.3%. Despite the entry of a major U.K. competitor into the market, the brand was able to increase its affinity with highly loyal Scottish consumers, thanks to the continuation of its successful advertising and promotional campaign.

In Canada, Alexander Keith's, a premium specialty beer, continued its rapid growth, as it expanded its successful advertising platform, promotional initiatives, and effective sales-force focus across Canada. Its growth complemented that of other specialty beers and imports, including Stella Artois, which grew over 48% in 2003.

2003 Drivers of Success

Interbrew's focus in 2003 was to "seed for the future"

Interbrew's core domestic brands are also complemented by a few select, but powerful, long-term license brands: notably Budweiser® and the range of other Anheuser Busch brands in Canada and South Korea, as well as Castlemaine XXXX® in the U.K. In 2003, these brands performed very well, selling nearly four million hectoliters. They provide a good fit with the rest of Interbrew's global and domestic portfolio, carving out important domains with local consumers, and represent important, healthy and successful partnerships.

Other examples of strong performances include Hasseröder, up 2.4% in Germany's declining market; Jupiler, which is the most popular mainstream beer in Belgium, up 2.0%; and in Russia, Klinskoe, up 13.5%, Sibirskaya Korona, up 50.3%, and Tolstiak, up 35.9%.

In addition to significantly strengthening its domestic core lager brands, Interbrew made major progress in accelerating the growth and availability of its global brands. Beck's and Stella Artois outpaced competitive global brands, growing much faster than the beer-industry average. Stella Artois is now the 5th-largest international beer brand, as well as the fastest-growing, and Beck's, which débuted in a total of thirteen new countries, moved up to the position of 10th-largest international brand.

Beck's performed particularly well in Germany, its home market, on the back of strong volume growth, and continued revenue and pricing acceleration. Beck's Gold, a lighter, clear-bottled version of the original, also did well, and was voted Germany's number one new brand of the year. In Australia and New Zealand, Beck's grew by double-digit percentages, as it did in Italy, its number two market. Beck's is now being brewed locally in Ukraine, and that brewery is supplying both the Ukrainian and Russian markets. In Romania, Beck's was launched in May, and by year's end had sold almost 100,000 hectoliters.

In the U.S., the growth of Beck's was held back by not having a proper platform from which to operate. Interbrew was legally blocked from integrating the brand into Labatt USA, and the ripple effects from this negatively impacted the brand's performance. Beck's North America is now a standalone company, however, and the brand was relaunched in April, part of a totally new contemporary positioning, marked by a range of integrated sales and marketing initiatives. During the second half of the year, with a refocused management team, Beck's began to show clear signs of improved performance, resulting from increased demand at the consumer's point of connection.

Stella Artois posted double-digit volume growth in the U.K., which is remarkable, considering it is nearly a six-million hectoliter brand in a market which recently has had either limited or no growth. As the country's preeminent premier lager, Stella Artois is in 39% of the U.K.'s on-trade outlets; and, in the off-trade, it is the number one beer brand in terms of net turnover, with almost 100% distribution. Stella Artois also received numerous awards in the U.K. for its advertising campaigns. In Russia, it grew by 114%, while in the U.S. it grew by 52.7%, and is now the fastest-growing beer brand of the top 50 imported brands in that country.

Interbrew's focus in 2003, in addition to achieving organic volume growth, was on implementing a number of initiatives, in order to "seed for the future." Only by developing new products, by actively marketing existing brands, and by appealing to current consumer desires and demands in today's market, can Interbrew hope to realize profits down the road. One example of this was the expansion of Leffe and Hoegaarden as truly global specialty brands. Interbrew rolled out in 2003 a number of worldwide advertising, marketing, and packaging campaigns designed specifically to support Leffe and Hoegaarden. As a consequence, the two brands now have a solid, global infrastructure to drive their future growth, and are being sold in over sixty geographies worldwide. In France, The Netherlands, and the U.K., where they were instrumental in the creation of the specialty segment, Leffe and Hoegaarden continued to show healthy growth.

During the past few years, Hoegaarden has been winning over consumers with its classic, white-beer formula. As part of its recent focus on innovation, Interbrew has added to Hoegaarden's taste portfolio the Hoegaarden cocktail. To make the three versions of the cocktail – Tropical, Agrume and Citrus – we start with the traditional white beer, and then mix it with a specially developed blend of fruity tastes which appeal to younger, adult consumers.

2003 Drivers of Success

Everywhere you look today, globally, you can find examples of innovation at Interbrew

Bass, one of our two multi-country brands, has been in a transition year, as Interbrew only acquired its distribution rights in the U.S. at the end of June. In addition to this, the company from whom we acquired the rights to Bass heavily loaded the brand into the wholesalers' distribution network just before they passed the rights over to us. With its integration into our U.S. organization, however, Bass gives Interbrew one of the top international premium import brands in that market, and occupies a unique role in our portfolio.

2003 was a year of continued expansion for Staropramen, Interbrew's other multi-country brand, as it demonstrated solid growth in Sweden, up 40.4%; in the U.K., up 28.4%; and in Russia, up 46.1%. Staropramen was also launched in Canada last year, where it has been met by an enthusiastic response. In its home market, the Czech Republic, the brand was up 6.8%.

Point of Connection

In 2003, we intensified our focus on winning at the point of connection: the moment when consumers ultimately choose to purchase or consume our brands. It is at this critical moment that we intend to maximize visibility, activate demand, and create an experience with our brands. The point-of-connection focus for Interbrew entails building sales and merchandising capabilities, achieving preferred supplier partnerships with customers, implementing occasion-based marketing by channel, and customizing our route to market. The goal is to optimize efficiency and meet the needs of our consumers and customers.

Worldwide, Interbrew is upgrading its sales and merchandising capabilities through its Sales Academy. Eventually, everyone in Sales in the company will pass through the programs. We now have over 35 best-practice training modules developed for selling, for category management, and for key-account management. In Italy, Interbrew established and trained its own off-trade sales force, giving it the ability to activate its brands better than ever in that country. In Germany, the integration of the Gilde Group sales force and the Beck's sales force is almost complete, which means the route to market for Interbrew's entire portfolio will become more efficient.

Worldwide, Interbrew is upgrading its sales and merchandising capabilities through its Sales Academy

In Europe, we focused on developing new channels and moments of consumption. Specifically, in Belgium, a campaign was initiated to market Jupiler, Stella Artois and Hoegaarden in several new outlets, including video-CD rental stores and do-it-yourself handyman stores. These stores are typically frequented by beer drinkers, and provide links to occasions for increased consumption of our brands. We focused on getting as many refrigerators and communication materials as possible into the stores, and the result has been an increase of hundreds of new outlets for Interbrew's brands, offering the consumer a wider range of choice, while developing strong volume growth through these new channels. Similar cold-drink equipment programs, channel expansions, and occasion activations were rolled out in Central and Eastern Europe, contributing to good volume and share performance.

In the U.K., Interbrew targeted new customers, and, in the end, created new channels, as chain stores agreed to put Stella Artois in all of their outlets. One of the real keys to our success in this endeavor was our speed to market. Interbrew also completed the successful outsourcing of its U.K. secondary distribution, transferring 1500 people to TradeTeam, which is run by Excel, making our route to market that much more efficient. This outsourcing allows Interbrew greater access to the U.K.'s pub network at a cheaper price and a faster pace.

Our wholesaler network has always played a critical role for Interbrew. In 2003, we focused on the best way to form partnerships with our wholesalers in Central Europe, and on how to make those partnerships work more efficiently. For example, in Croatia and Hungary, the Distribution Excellence project has helped improve our overall route to market. By taking our partnerships to the next level of efficiency, Interbrew can further strengthen its position with customers and consumers.

2003 Drivers of Success

Efficiency

Currently, Interbrew has 75 breweries worldwide which produce almost 100 million hectoliters of beer. As part of its long-term efficiency initiative – seeding for the future – the company is in the process of optimizing its network of breweries. For example, as trade barriers are reduced around the world, Interbrew will have the opportunity to revisit its supply-chain strategy to take advantage of potential production and distribution efficiencies.

Interbrew fully recognizes the importance of efficiency, and in 2003 specific steps were taken in this area. In the Czech Republic, pilots for building business intelligence were organized, and functional specialists drove several technical workshops organized around sharing best practices and knowledge, as well as around improving productivity levels and leveraging procurement. This kind of teamwork has allowed the improvement process to move quickly.

Interbrew has also made other major strides in procurement in terms of innovation and cost efficiency. Working together, our Procurement and Marketing departments have transformed the way Interbrew buys all its glassware, implementing long-term contracts with suppliers to ensure access to an online menu of glass shapes, and to improve overall logistics. Interbrew is currently in the process of reducing the number of styles of glassware in the on-trade channel from 400 to 100, which will result in significant savings. We are also using e-auctions for purchasing, which take advantage of the internet's broad reach to help find the best suppliers for the right products.

In the U.S., Latrobe Brewery became the first brewery in North America to be certified in the food safety program, Hazardous Analysis of Critical Control Points (HACCP), achieving a Silver rating. The HACCP program requires recertification on an annual basis, and in September 2003 the brewery was recertified, improving its rating to "Gold."

Working together, our Procurement and Marketing departments have transformed the way Interbrew buys all its glassware

In Canada, we settled a strike at our Labatt Brewery in Montreal at a cost of 16 million euro, post tax. Although the strike was costly, we achieved our objectives and now have the right kind of contract for future flexibility. The closure of the Breda plant in The Netherlands is on schedule, and has had the full cooperation of the unions. The downsizing of the Boddingtons Brewery in the U.K. has also been implemented. These examples point to Interbrew's continued focus on optimizing its brewery networks and its productivity around the world, as it gains critical mass in the global marketplace.

In other areas, cost efficiency in marketing was achieved by moving to two global media partners, reducing the number of creative agencies and using more focused advertising. Marketing, together with Procurement, was able to build the basis for improved media results and lower total media agency fees. This was accomplished through the implementation of a global media-centralization project, which led to the appointment of two global media partners. On the creative side, Interbrew has gone from twenty-seven creative agencies for global brands to six. This will ensure top-class and worldwide creative support for each of the global brands and more focused advertising.

Targeted external growth, M&A and partnerships

One of the real success stories for Interbrew in 2003 was its transaction with the German brewer, Gabriel Sedlmayr Spaten-Franziskaner Bräu KGaA ("Spaten"), whose brands include Franziskaner®, the fastest-growing Weissbier in Germany, Löwenbräu®, and several other important Bavarian brands. This transaction, which is subject to shareholders' approval and is expected to be finalized in 2004, will result in Interbrew taking a leading position in Germany, Europe's largest beer market, and the third-largest beer market in the world.

Headquartered in Munich and tracing its origins back to 1363, Spaten is the leading brewer in Bavaria. Spaten gives Interbrew strong representation in the six key segments of the German beer market: national premium lagers, national specialties, national core lagers, regional core lagers, regional specialties, and beer-mix. There are many potential synergies to be developed between Beck's, Gilde, Diebels, and Spaten: in the south of the country, Spaten offers an extensive distribution network for all Beck's and Gilde's brands; and, in the north, Franziskaner® will have new routes to market through Interbrew's existing network.

2003 Drivers of Success

As the world's largest beer market, China represents enormous opportunities for Interbrew

As the world's largest beer market, China represents enormous opportunities for Interbrew, and the company continues to grow through strong local brands, Double Deer, Zhujiang, Jinlongquan, KK and Jinling, and through local management, supported by highly experienced specialists. The acquisition of a 70% stake in the KK Group closed in April 2003. The KK Group, located in the city of Ningbo, is a leading brewer in the province of Zhejiang, and the acquisition reinforces Interbrew's commitment to play a major role in the consolidation of the beer market in China's Yangtze Delta region.

Together with its stake in the KK Group, and our existing Zhujiang partnership, Interbrew's partnership with the Malaysian Lion Group, which closed in the first quarter of 2004, has brought us to the number three position in China[2], and the number one position in three key provinces, Guangdong, Zhejiang, and Hubei, which together have a population of more than 185 million inhabitants. Interbrew also now holds a top-three position in Hunan province and Jiangsu province, and a lesser presence in Shandong province. Guangdong, Zhejiang, and Jiangsu are all situated in the prosperous southeastern coastal region of China and have demonstrated strong Gross Domestic Product (GDP) growth.

The acquisition by Sun Interbrew in August of the Russian brewery, Kombinat Napitkov, in the Republic of Chuvashia – the ninth Russian production site to come under management of our partnership – signifies the continued successful cooperation and strong working relationship we have with Sun Interbrew. The brewery, one of the most modern in Russia, provides additional capacity for future growth requirements, and will produce the premium brands, Stella Artois and Staropramen, as well as the Klinskoe premium varieties, Redkoe and Klinskoe Samurai.

In Serbia-Montenegro, Interbrew strengthened its position in southeastern Europe when it acquired Apatin brewery, which is the largest brewer in the region and the undisputed leader in the Serbian beer market. Established in 1756, Apatin has a long tradition of brewing the highest quality beer, and it has two leading brands, Jelen Pivo and Pils Light. It is situated in the most prosperous region of Serbia, and provides Interbrew not only with a very modern brewery, but also with an excellent distribution network. As stability is returning to this region, Interbrew looks to realize the excellent potential for organic volume growth.

[2] As reported in the Guide to Our Business.

Innovation

Interbrew strives for breakthrough results from innovation throughout all aspects of its business to widen the gap versus competition. A good example of brand innovation and seeding for the future came in France, where Boomerang, a malt-based, lemon-flavored drink was launched, adding strength to Interbrew's overall portfolio and a new segment to the beer market – malternatives. Boomerang received the Saveur de l'année 2004 in the category of malternative drinks; Innovation of the Year, awarded by L.S.A., the French off-trade magazine, for its refreshing taste, modern design, and reasonable price; and the best marketing idea in 2003, by Stratégie, a French marketing and media magazine.

In the U.S., Rock Green Light was introduced, as only the second low-carbohydrate beer to market. In line with Interbrew's consumer-centric focus, the new brand tapped into rapidly growing consumer interest in low-carbohydrate products, having less than 2.4 grams of carbohydrates and less than 83 calories. Rock Green Light, which replaced Rock Light, is positioned as delivering true beer taste in a low-carbohydrate liquid. To take timely advantage of the growth opportunity, Rock Green Light was also very quick to market. It was initiated in May and launched at the end of September, with both liquid- and packaging-development processes running in parallel.

Convenience for the consumer came in the form of new bonus cans, crates and cooler bags, in addition to our barrier-enhanced, monolayer, PET: Pivopak® and Q Pack®. These new PET bottles are lightweight, unbreakable, and provide a longer shelf life than normal PET. And because they are lighter, retailers can stock PET bottles just about anywhere they want, increasing the number of points of connection with our consumers.

Pivopak® in Eastern Europe, and Q Pack® in both Central Europe and South Korea, have had a significant impact on Interbrew's global organic volume growth, while seamless teamwork between the Technical and Marketing departments has been instrumental in the success of its rollout. In Russia, many sizes and varieties of Pivopak® were shipped to market, where beer in Pivopak® now represents 7.2% of our total volume sold. Furthermore, 42.5% of the mix of our overall business there is sold in all types of PET, up from only 22.5% in 2002. Total volumes sold in PET in 2003 were approximately 6.8 million hectoliters, of which 4.6 million were in Russia, and 1.7 million in Ukraine.

In Bulgaria, Kamenitza sales in Q Pack® represented more than 215,000 hectoliters, and overall innovation in Central Europe has led to approximately 900,000 hecto-liters of additional volumes sold in 2003. With its introduction into South Korea at the end of the year, Q Pack® becomes the first instance of barrier-enhanced, monolayer, PET beer packaging in the Asia-Pacific region. Q Pack®'s impact on volume growth of the OB core lager is already being felt, as it is allowing Interbrew to build a distribution network in smaller outlets such as convenience stores.

Klinskoe up

13.5%

2003 Drivers of Success

Developing our people

At Interbrew we firmly believe in creating Learning & Development opportunities for our employees – for their benefit and the company's benefit as well. Our focus is to provide these opportunities through a variety of job-based initiatives; for example, through project work, a new job, line-manager coaching, or broadening the scope of someone's job.

Our company's progression over the years has created these opportunities for many employees through international assignments, integration projects, M&A projects, and change-management initiatives. In addition, Interbrew also recognizes the need to provide some structured learning programs for developing technical and leadership skills. These are generally provided locally for employees, in line with the local business needs. However, there are two specific programs which are delivered globally to meet our increasing global interests.

The Global Leadership Program, aimed at existing leaders in our business, brings together country General Managers and functional Vice Presidents from all over the world to share their experiences, learn from each other and build our Interbrew Global Culture. Now in its fourth year, the Program is designed to run over a period of two years per course, with groups of twenty-five leaders coming together for one week, every six months, in a different part of the Interbrew world.

The Insead Wharton Global Program is focused on developing our talented future leaders and brings together forty employees, worldwide, for two weeks at Insead in France. This is followed six months later by two weeks at the Wharton Business School in the U.S. Now in its third year, this customized program provides development in both strategic management and leadership practices.

Both these Global Programs are sponsored by the Executive Board of Management, which plays an active role in the participant-selection process and in the delivery of the content, thus ensuring that the learning gets transferred into the Interbrew business. As we move into 2004, we will be assessing the need for further global programs to support the business.

At Interbrew we firmly believe in creating Learning & Development opportunities for our employees

Finance

Corporate Finance's ongoing objective is to contribute to the best combination of growth, profitability, risk management, and cash generation. With that perspective, Corporate Finance monitors and challenges the company's performance through planning and controlling; provides information both internally and externally; supports local operations and other corporate functions; and optimizes the cost, source and use of funds, as well as the various risks the company is facing.

At the end of 2001, Interbrew initiated a more integrated management approach which focuses on the value drivers of our business. This approach also focuses on well-defined and efficient processes which follow up on our current performance and, more importantly, on our future growth potential. During 2002, the approach was in its experimental phase; in 2003 we have fully implemented the operational phase, which allows us to monitor our operations and challenge the way we run our business.

Interbrew's financial risk-management procedures prescribe a regular review by senior finance management and the Audit Committee of the Group's debt composition and maturity profile. For 2003, Interbrew set itself the goal to diversify the sources of funding and to extend its debt-maturity profile. In light of these objectives, the U.S. private placement market turned out to offer the best relative value. On October 22nd, Interbrew issued USD 850 million of 6-, 7- and 10-year Senior Unsecured Notes with a group of 20 international insurance companies. Investor demand for the issue exceeded USD 1.3 billion, and the original issue size of USD 250 million was increased to USD 850 million, in response to the overwhelming demand.

Corporate Social Responsibility

Interbrew is firmly committed to conducting all of its business activities in a socially responsible manner, while ensuring the occupational health and safety of our employees, as well as the protection of its external stakeholders and the environment. These aspects of Corporate Social Responsibility (CSR) are among the highest priorities for Interbrew, and are integrated into all workplace activities and business decisions.

Interbrew's production sites, in line with its global strategy, are responsible for implementing Interbrew's Environment, Health & Safety (EH&S) policy, in order to improve overall performance. According to the policy, its organizations must adhere to operational standards and EH&S management systems based on international norms (equivalent to ISO 14001/OHSAS 18001). These systems secure an autonomous process of continuous improvement at the sites. For sites that require assistance in the implementation of the management-system requirements, Interbrew offers a customized program.

In November 2003, the Latrobe Brewery in the U.S. became the first brewery at Interbrew to achieve certification from outside auditors, Lloyd's Register, by successfully meeting Interbrew's EH&S requirements. The implementation of the strategy at other production sites will be audited by Lloyd's at the beginning of 2004. Some production sites will have their EH&S management systems certified externally. By the end of 2003, twelve brewery sites had achieved certification, based on the ISO 14001 norm, and eight sites had achieved external certification of their health & safety management systems (OHSAS 18001 or ISRS norm).

Interbrew recognizes that there are other aspects of CSR which it needs to address, and the company is determined to develop a comprehensive approach. Last year we tackled one critical aspect, our social responsibility concerning the consumption of alcohol. As responsible brewers, Interbrew wants to ensure that its beer marketing is directed only at those above the legal drinking age, and is carried out with sufficient regard, so as not to encourage excessive or irresponsible consumption. As a result, the company developed The Interbrew Code of

Interbrew is firmly committed to conducting all of its business activities in a socially responsible manner

Communication and Marketing Standards to provide general principles and guidance in this area. The Interbrew Code is mandatory for our operations and will ensure that throughout our global organization we conform to the same high standards of responsible marketing practices.

The code applies to all forms of brand marketing or commercial communications, including advertising, sponsorship, outdoor events, promotions (on-premise and off-premise), web-site content, relationship marketing, consumer-related public relations, packaging, and labeling claims for all Interbrew beer brands above 0.5% Alcohol By Volume (ABV).

Looking forward, Interbrew is considering a number of possible initiatives, including the preparation of a performance report, based on key EH&S performance indicators. This report would be based on the guidelines of the Global Report Initiative, an independent institution, and would be available to the public via the internet. It would cover Interbrew's EH&S strategy, provide an overview of our structure and operations, and would track ongoing Key Performance Indicators.

In addition, in order to make further progress and to move beyond the field of EH&S, Interbrew is looking at membership in international organizations dedicated to implementing best practices in all areas of CSR. We are fully aware of the consequences this will have on the way we operate, and we commit ourselves to a high degree of transparency, and to maintaining an open dialogue with Society.

Interbrew understands the importance and relevance of CSR in today's global environment, and accepts every facet of our social responsibility. In the Annual Report 2004 we will report on our progress in all areas.

Corporate Governance

Corporate Governance

The Corporate Governance rules established by the Interbrew Board of Directors support our business ambitions. They ensure that the company is effectively run and properly controlled. Without limiting vision or hampering swift action, the rules establish a framework of best practices, a way of thinking, and the modus operandi within and around the company to ensure clarity and proper conduct.

The Board of Directors

POWERS AND RESPONSIBILITIES

The Company has historically opted for a "one-tier" governance structure. As a result, the Board is the ultimate decision-making body, except for the powers reserved to the shareholders' meeting by law, or by the charter. The Board decides the company's strategy, the long-range planning, and all major investments and divestments. It also controls the implementation of the decisions which result. The Board appoints the Chief Executive Officer and members of the three Board committees. Taking into consideration the CEO's recommendations, it also decides on the structure of the group, major or long-term transactions, the budget, the investment plans, and the appointment or dismissal of members of the executive management.

STRUCTURE

Board members are selected by the Board itself, and appointed by the shareholders at the shareholders' meeting. The Chairman is appointed by the Board from among its members. Directors are appointed for three years, and must retire after the shareholders' meeting following their 70th birthday.

A minimum of six Directors shall be independent of shareholders exercising a decisive or significant influence on Interbrew's policy. They shall be specifically chosen for their particular professional expertise.

FUNCTIONING

The Board meets regularly and as frequently as is required by the company's interests. If an urgent issue arises between meetings, it can be dealt with immediately by a conference call. In 2003, the Board held nine ordinary and eight special meetings. These were held several times in countries where Interbrew has subsidiaries, to allow the Directors to learn more about the local situation, issues, and activities.

Major issues on the agenda of the Board in 2003 were the long-range planning; reporting and budget; follow-up of the subsidiaries; consolidated results; strategic decisions; new and ongoing investment; and discussion and analysis of acquisitions.

The Board is a collegial body. It can only deliberate if a majority of its members are present or represented. Each Director can appoint another member of the Board to represent her or him and vote in her or his name. A Director can represent only one other Director. The average attendance rate at Board meetings in 2003 was 99% for the ordinary meetings and 79% for the special meetings. Decisions are made by a simple majority of the votes cast. In the event of a tie, the vote of the Chairman is decisive.

Any Director with a conflicting financial interest must bring this to the notice of both the statutory auditors and fellow Directors, and take no part in related deliberations.

Directors have access to all the corporate information they need in order to fulfill their fiduciary duties. Administrative assistance is provided by the corporate secretary, who organizes and attends the meetings of the Board. In addition, Directors are allowed to obtain advice from independent experts.

Directors			Term expires
Pierre Jean Everaert	1939, American	Independent director, Chairman of the Board, Chairman of the Audit & Finance Committee, HR & Nominating Committee, Strategy & Business Development Committee	2006
Charles Adriaenssen	1956, Belgian	Director, member of the HR & Nominating Committee	2006
Allan Chapin	1941, American	Independent director, member of the Audit & Finance Committee and of the HR & Nominating Committee	2005
Jean-Luc Dehaene	1940, Belgian	Independent director	2004 [1]
Bernard Hanon	1932, French	Independent director, member of the Strategy & Business Development Committee	2004 [2]
Peter Harf	1946, German	Independent director, member of the Strategy & Business Development Committee	2005
Remmert Laan	1942, French	Director	2004 [1]
Baron Frederic de Mevius	1958, Belgian	Director, member of the Audit & Finance Committee	2006
Count Arnoud de Pret Roose de Calesberg	1944, Belgian	Director, member of the Audit & Finance Committee	2005
Philippe de Spoelberch	1941, Belgian	Director, member of the HR & Nominating Committee and of the Strategy & Business Development Committee	2004 [1]
Kees J. Storm	1942, Dutch	Independent director, member of the Audit & Finance Committee	2005
Alexandre Van Damme	1962, Belgian	Director, member of the Strategy & Business Development Committee	2004 [1]

[1] Mandate renewable on 27 April 2004
[2] Mandate expires on 27 April 2004

On occasion, a Director may be granted a special mandate, after the Board has determined the mandate's duration and objectives. Mandated Directors report regularly to the Board. Certain Directors also serve on the three Board committees – the Strategy & Business Development Committee, the Audit & Finance Committee, and the Human Resources & Nominating Committee.

Chief Executive Officer and Executive Board of Management

The Chief Executive Officer (CEO) is entrusted by the Board with Interbrew's day-to-day management, and has direct operational responsibility for the entire company. He oversees the organization and efficient day-to-day management of subsidiaries, affiliates and joint ventures controlled by the company. The CEO reports directly to the Board of Directors and keeps the Chairman informed of significant operational activities.

The Executive Board of Management is the management structure which enables the CEO to properly perform his duties. The Chairman is the CEO, members are the Chief Financial Officer, the Chief Commercial Officer, the Chief Technical Officer, the Chief Human Resources Officer, and the Zone Presidents of the four geographic zones into which the company is organized.

The CEO makes recommendations to the Board on the appointment of the executive management. Normally, executives retire at the end of the year following their 65th birthday. A Who's Who of Interbrew's Executive Board of Management is provided on page 32.

Corporate Governance

Board committees

The Board of Directors is assisted by three formal committees. The Strategy & Business Development Committee advises the Board on strategy, partnerships, acquisitions and divestments. It met eight times in 2003.

The Human Resources & Nominating Committee advises the Board on the management of human resources, particularly in relation to performance monitoring, management-succession planning, and remuneration. Details of the role which this committee plays with respect to the compensation of the Board and the executive management are given in the section below on remuneration.

The Audit & Finance Committee assists the Board in its responsibility for control of the company, particularly in relation to the roles of statutory auditors and internal auditors, and the way they work together. The CEO, some members of the executive management, and Interbrew's statutory auditors attend the Audit & Finance Committee meetings when necessary.

The committee operates on lines laid down in a charter, which was most recently amended by the Board of Directors in December 2002. Responsibilities are clearly defined. Interbrew's management prepares, presents and ensures the integrity of the company's financial statements. It is also responsible for the principles which govern the company's accounting and financial reporting, as well as for internal controls and procedures designed to assure compliance with accounting standards, the law, and regulations. The statutory auditors are responsible for auditing the company's financial statements, and expressing an opinion as to their conformity with the International Financial Reporting Standards (formerly named IAS).

The Audit & Finance Committee oversees management as it carries out these responsibilities. Accordingly, it considers the audited financial statements, and discusses them with management and the statutory auditors before it submits them to the Board for final determination. The Committee also evaluates the statutory auditors' independence by discussing with them their written statement delineating all relationships with the company. The committee met four times in 2003.

REMUNERATION

Our philosophy on remuneration is to fix rewards competitively and equitably to motivate and develop our people, and support the growth of our worldwide business. We ask for performance in terms of superior profit, continued personal growth, and respect for those we serve. Rewards are differentiated over time, based on results and competencies achieved. Our compensation and reward programs are overseen by the Human Resources & Nominating Committee (HR&NC).

The level of rewards is attuned to the markets in which Interbrew operates. Total compensation (including base pay and variable pay) links performance to the current practice of comparable companies for similar positions – with median performance matched to the market average, and superior results matched to the top quartile. Benefits, including pension programs, as well as health and welfare schemes, are benchmarked against comparable positions and markets.

BOARD REMUNERATION

The HR&NC benchmarks Directors' compensation against peer companies to ensure that it is competitive. Compensation is linked to the time committed to the Board and its various committees. A fixed annual fee is based on ten Board meetings and the normal number of committee meetings a year. The fee is supplemented for each additional meeting, or reduced each time a meeting is not attended. The Chairman's fee is double that of other Directors. In addition Board members are granted a limited number of stock options under the long-term incentive plan.

The limited nature of these grants ensures that independent decision-making is preserved.

	Number of subscription rights offered	Issuance date	Offer date	Exercise price
Directors*	48,600	13 June 02	2002	32.70
	77,112	10 December 02	2002	21.83
	66,096	29 April 03	2003	19.51
Executive management*	35,000	13 June 02	2002	32.70
	600,000	10 December 02	2002	21.83
	473,025	10 December 02	2003	21.83
Managers & others	52,760	14 March 02	2002	28.87
	149,025	13 June 02	2002	32.70
	2,010,815	10 December 02	2002	21.83
	140,354	10 December 02	2003	21.83

* Based on membership on the offer date

	Number of subscription rights outstanding	Voting power attached to the subscription rights
Directors*	331,008	0.08 %
Executive management*	1,743,746	0.40 %
Managers & others	7,857,967	1.82 %
Total	9,932,721	

* Based on membership on 31 December 2003

EXECUTIVE REMUNERATION

The HR&NC oversees executive remuneration. It submits to the Board for approval recommendations on the compensation of the Chief Executive Officer, and on the company's long-term incentive plan. It approves the recommendations of the Chief Executive Officer on compensation for members of the executive management, and on the individual level of participation in the long-term incentive plan.

Once a year the HR&NC receives independent information from industry experts on current remuneration levels in relevant industries and geographies, in order to ensure that executive compensation is in line with Interbrew's philosophy on competitive rewards.
The base-pay component of compensation to executive management is reviewed annually. It is primarily an individual incentive, targeted to the median for comparable positions and companies.
The variable-pay component includes short-term and long-term incentives – an annual bonus and stock options.
It is primarily a team incentive based on growth, designed to pay an average reward for average results, and superior rewards for superior results.

An annual bonus plan is approved each year by the HR&NC. Payment levels are linked to the audited, consolidated organic growth of operating results, and to year-over-year changes, both positive and negative. This incentive is adopted to equalize the challenge to all members of Interbrew's executive management across the world.

The long-term incentive plan was adopted in June 1999. The General Shareholders' Meeting authorized the Board to issue registered subscription rights principally to executive officers and managers and secondarily to certain Directors. Such issue must satisfy conditions relating to limitation or cancellation of shareholders' preferential rights. Each subscription right entitles the holder to subscribe for one share, paying the average price over the 30 trading days before it was offered. Subscription rights have a term of maximum ten years, and become exercisable over a three-year period.

REMUNERATION IN 2003

In 2003, the total fees earned by Board members amounted to 1.07 million euro. The fixed salary earned by members of the Executive Board of Management was 16.6 million euro, while they also earned a bonus of 3.9 million euro. In 2003, under the long-term incentive plan, 539,121 subscription rights were offered.

Other items

DIVIDENDS

Our policy is to retain the majority of our earnings to finance future growth. We intend to use between 25% and 33% of our net profit from ordinary activities, on average, to pay dividends.

Who's Who

John Brock
CHIEF EXECUTIVE OFFICER

Born 1948. John joined Interbrew as Chief Executive Officer in February 2003, bringing to the company almost 25 years of experience in the global beverages industry. An American citizen, he built up a broad base of business expertise over 11 years in Procter & Gamble, before joining Cadbury Schweppes North America in 1983. He held a number of senior positions in various geographies which culminated in his joining the Cadbury Schweppes Board in 1996 and becoming COO in 2000.

François Jaclot
CHIEF FINANCIAL OFFICER

Born 1949. French citizen. François has a Master Degree in Mathematics, and graduated from the ENSAE and the ENA (French National School for Public Administration in Paris). He held different senior positions in finance with Crédit National, Lafarge and Suez. François joined Interbrew in September 2003 as the CFO.

Peter Vrijsen
CHIEF HUMAN RESOURCES OFFICER

Born 1954. Master Degree of Organization Development (University of Tilburg). A Dutch citizen, Peter held several international HR positions with General Electric, Royal Packaging Van Leer and Metro/MAKRO. He joined Interbrew as Chief Human Resources Officer in 2003.

André Weckx
CHIEF TECHNICAL OFFICER

Born 1953. Belgian citizen. André graduated from the University of Leuven in 1978 (Chemical Engineering and Agricultural Industries) and held several senior positions in the brewery industry in Belgium and abroad. He joined Interbrew as plant manager, Diamond Breweries, Nigeria in 1982.

Brent Willis
CHIEF COMMERCIAL OFFICER

Born 1960. Brent received his Bachelor of Science Degree in Engineering from the U.S. Military Academy at West Point and an MBA Degree from the University of Chicago. An American citizen, he joined the company in 2002 as Chief Marketing and Sales Officer. He held numerous senior leadership roles in other FMCG companies. Most recently he was President for a major division of the Coca-Cola Company.

Stéfan Descheemaeker
ZONE PRESIDENT, US-LATIN AMERICA

Born 1960. Belgian citizen. Commercial Engineer Solvay, University of Brussels (ULB), 1983. Stéfan started his career as consultant, departmental staff of the Ministry of Finance, Brussels, 1984. He joined Interbrew as Director, corporate strategy, in 1996.

Jerry Fowden
ZONE PRESIDENT, EUROPE

Born 1956. UK citizen. BSC Honors in Food Science and Management Studies from the University of London. Before joining Interbrew as CEO Bass Brewers in 2001, Jerry held several positions with Mars, PepsiCo, Hero and The Rank Group, and was COO of Bass Brewers from 1992 to 1996.

Stewart Gilliland
ZONE PRESIDENT, CANADA

Born 1957. U.K. citizen. Business Studies graduate. Stewart has been with the company for 19 years, originally joining as a Regional Account Manager for Whitbread Take Home in 1984. He held a number of senior Marketing and Sales roles prior to taking over the U.K. and Ireland business in 2001, and then relocated to Toronto in September 2003 to become Zone President Canada.

Patrice J. Thys
ZONE PRESIDENT, ASIA-PACIFIC

Born 1955. Belgian citizen. Law degree, University of Louvain (UCL) (Belgium). Certificates in International and European law, University of Leiden (Netherlands). LLM University of Chicago (U.S.A.). Patrice started his career with F.N. Manufacturing Inc. (South Carolina, U.S.A.) in 1980, has been involved in business in China since 1986, and joined Interbrew as General Counsel in 1989. As Corporate Secretary, he was the internal global coordinator of Interbrew's IPO in December 2000.

Glossary

Aggregated weighted tax rate
Calculated by applying the statutory tax rate of each country on the profit before tax and any extraordinary items of each entity and by dividing the resulting tax charge by the total profit before tax and extraordinary items of the company.

Cash interest coverage
EBITDA minus gross capex, divided by net interest expenses.

Debt equity ratio
Net debt divided by capital and reserves.

Diluted EPS before goodwill and restructuring
Net profit from ordinary activities excluding restructuring charges (if applicable), plus amortization of goodwill, divided by the fully diluted weighted average number of ordinary shares.

EBIT
Profit from operations.

EBITDA
Profit from operations plus depreciation and amortization.

EPS before goodwill and restructuring
Net profit from ordinary activities excluding restructuring charges (if applicable), plus amortization of goodwill, divided by the weighted average number of ordinary shares.

Fully diluted weighted average number of ordinary shares
Weighted average number of ordinary shares, adjusted by the effect of share options on issue.

Net Capex
Acquisitions of property, plant and equipment and of intangible assets, minus proceeds from sale.

Net debt
Non-current and current interest-bearing loans and borrowings and bank overdrafts, minus debt securities and cash.

Net turnover
Turnover less excise taxes and discounts.

Pay out ratio
Gross dividend per share multiplied by the number of outstanding ordinary shares at year-end, divided by net profit from ordinary activities (excluding the net after tax impact of restructuring charges).

Return on invested capital (ROIC)
Net operating profit after tax, plus income from associates and dividend income from non consolidated companies, divided by the invested capital, prorated for acquisitions done during the year.

Weighted average number of ordinary shares
Number of shares outstanding at the beginning of the period, adjusted by the number of shares cancelled, repurchased or issued during the period multiplied by a time-weighting factor.

Contact details

HEADQUARTERS

Grand'Place 1
1000 Brussels
Belgium
Tel: + 32-2 504 96 60
www.interbrew.com

ASIA PACIFIC ZONE

President: Patrice J. Thys
Tel : + 852-2878 3804

AUSTRALIA

Interbrew Export & Licenses - Oceania Representative Office
Ben Cheng
Suite D, Level 4
140 William Street
East Sydney NSW, 2011
Tel : + 61-2 9361 5266
Fax : + 61-2 9361 5633

CHINA

Interbrew Management (Shanghai) Co., Ltd.
Dirk Moens
1115-1120 One Corporate Avenue
222 Hu Bin Road
Shanghai 200021
P.R. China
Tel : + 86-21 5382 7878
Fax : + 86-21 5382 9677

SINGAPORE

Interbrew Export & Licenses - Asia Pacific Representative Office
Ben Cheng
International Building # 11-01
360 Orchard Road
Singapore 238869
Tel : + 65-6738 17 42
Fax : + 65-6737 59 75

SOUTH-KOREA

Oriental Brewery Co., Ltd.
Michael Glover
Hanwon Bldg 8F
#1449-12, Seocho-Dong
Seocho-ku, Seoul, 137-070
Tel : + 82-2 2149 5006
Fax : + 82-2 2149 5380

CANADA ZONE

President: Stewart Gilliland
Tel : + 1-416 361 5050

CANADA

Labatt Breweries of Canada
Stewart Gilliland
Labatt House,
Queen's Quay Terminal
207 Queen's Quay West,
Suite 299
P.O. Box 133
Toronto, Ontario M5J 1A7
Tel : + 1-416 361 5050
Fax : + 1-416 361 5200

US-LATIN AMERICA ZONE

President: Stéfan Descheemaeker
Tel : + 1-203 351 1100

CUBA

Cervecería Bucanero S.A.
Gerry Burke
49 No. 2817, esq. a 49A
Reparto Kohly, Playa
La Habana
Tel : + 53-7 204 8557
Fax : + 53-7 204 8586

MEXICO

Femsa Cerveza S.A. de C.V.
José Martinez Robles
Avenida Alfonso Reyes
2202 Nte, Monterrey,
Nuevo León
6442 México
Tel : + 52-8 328 5430
Fax : + 52-8 328 5454

UNITED STATES OF AMERICA

Labatt USA
Simon Thorpe
101 Merritt 7, P.O. Box 5075
Norwalk, Connecticut,
06856-5075
Tel : + 1-203 750 6600
Fax : + 1-203 750 6699

Beck's North America
Tom Cardella
1 Station Place/Metro Center
(4th Floor)
Stamford, CT 06902
Tel : + 1-203 388 2325
Fax : + 1-203 388 2400

Contact details

EUROPE ZONE

President: Jerry Fowden
Tel : + 32-16 24 71 11

■ REGIONAL PRESIDENT BENEFRALUX

Alain Beyens
Tel : + 32-16 24 71 11

BELGIUM

S.A. Interbrew Belgium N.V.
Alain Beyens
Vaartkom 31
3000 Leuven
Tel : + 32-16 24 71 11
Fax : + 32-16 24 74 07

FRANCE

Interbrew France S.A.S.
Phillip Vandervoort
Av. Pierre-Brossolette 14, B.P. 9
59426 Armentières Cedex
Tel : + 33-3 2048.30.30
Fax : + 33-3 2048.31.97

LUXEMBURG

Brasserie de Luxembourg
Mousel Diekirch S.A.
Yves Busschot
Rue de la Brasserie 1
9214 Diekirch
Tel : + 352-80 21 31-1
Fax : + 352-80 39 23

THE NETHERLANDS

Interbrew Nederland N.V.
Steve Kitching
Ceresstraat 1
4811 Breda CA
Tel : + 31-76 525 2424
Fax : + 31-76 525 2505

■ REGIONAL PRESIDENT UK-IRELAND

Steve Cahillane
Tel : + 44-1582 39 11 66

UNITED KINGDOM

Interbrew UK Ltd.
Steve Cahillane
Porter Tun House
500 Capability Green Luton
Bedfordshire LU1 3LS
Tel : + 44-1582 39 11 66
Fax : + 44-1582 39 73 97

■ REGIONAL PRESIDENT GERMANY

Michael Beck
Tel : + 49-421 5094 0

GERMANY

Interbrew Deutschland
Michael Beck
Am Deich 18/19
28199 Bremen
Tel : + 49-421 5094 0
Fax : + 49-421 5094 667

■ SENIOR VP GLOBAL EXPORTS - ITALY

Tony Desmet
Tel : + 49-421 5094 4226

ITALY

Interbrew Italia S.r.l.
Stanislas Gokelaere
Piazza Buffoni 3
21013 Gallarate (Varese)
Tel : + 39-0331 268411
Fax : + 39-0331 268505

SPAIN

Interbrew Spain
Tony Desmet
Fructuos Gelabert, 2-4, 8° 2a
Edificio Conata I
08970 Sant Joan Despi,
Barcelona
Tel : + 34-93 480 8320
Fax : + 34-93 477 1540

■ REGIONAL PRESIDENT CENTRAL EUROPE

Jaak De Witte
Tel : + 32-16 24 71 11

BOSNIA-HERZEGOVINA

Uniline d.o.o.
Jean Stevenart
Obala Kulina Bana 1
71000 Sarajevo
Tel : + 387-39 661 670
Fax : + 387-39 662 700

BULGARIA

Kamenitza AD
Andreas Seemuller
1 Business Park Sofia
Building 3, 1st Floor, office 103
Mladost 4
1715 Sofia
Tel : + 359-2 974 03 84
Fax : + 359-2 974 03 85

CROATIA

Zagrebacka Pivovara d.d.
Renato Juric
Ilica 224
10000 Zagreb
Tel : + 385-1 39 00 199
Fax : + 385-1 37 74 639

CZECH REPUBLIC

Pivovary Staropramen a.s.
Vincent Lefère
Nádrazní 84
150 54 Praha 5
Tel : + 420-2571 91 111
Fax : + 420-2571 91 288

HUNGARY

Borsodi Sörgyar Rt.
Gyula Bognár
Rákóczi u. 81
3574 Böcs
Tel : + 36-46 318 133
Fax : + 36-46 318 129

ROMANIA

Interbrew Romania S.A.
Mihai Albu
20, Siriului St., 014354
Sector 1, Bucharest
Tel : + 40-21 208 0200
Fax : + 40-21 208 02 10

SERBIA & MONTENEGRO

IPS Trebjesa A.D.
Aleksandar Tomic
Njegoseva 18
81400 Niksic/Montenegro
Tel : + 381-83 242 433
Fax : + 381-83 243 866

SLOVAKIA

Staropramen-Slovakia s.r.o.
Vincent Lefère
Kosickà 52
82108 Bratislava
Tel : + 421-2 555 74 772
Fax : + 421-2 555 74 976

SLOVENIA

Pivovarna Union d.d.
Jaak De Witte
Pivovarniska ul. 2
1000 Ljubljana
Tel : + 386-1 471 7217
Fax : + 386-1 471 72 55

■ REGIONAL PRESIDENT RUSSIA-UKRAINE

Joseph Strella
Tel : + 7-095 960 23 60

RUSSIA

SUN Interbrew
Joseph Strella
Vorontsovsky Park 6
117630 Moscow
Tel : + 7-095 960 23 60
Fax : + 7-095 960 23 62

UKRAINE

SUN Interbrew Ukraine
Lyudmila Nakonechnaya
87, Bozhenko Str.
Kiev, 03150
Tel : + 380-44 201 4000
Fax : + 380-44 201 4009

Responsible editor:
Dr. Axel Gietz,
Senior Vice President Corporate
Communications & Public Affairs

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N.V. Interbrew S.A.
Vaartstraat 94
B-3000 Leuven
Belgium

Tel.: + 32-16 24 71 11
Fax: + 32-16 24 74 07
Internet site: www.interbrew.com

Register of Companies: 0.417.497.106