

A close-up, warm-toned photograph of a bartender's hand garnishing a row of beer bottles on a bar. The bartender is wearing a pearl bracelet and has a tattoo on their forearm. The background is softly blurred, showing a bar environment with warm lighting and other patrons.

**AB InBev**

# Third Quarter 2017 Results

26 October 2017

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# Combination with SAB - One year later

On 11 October 2017, we celebrated the **first anniversary** of the combination with SAB, marking a year of collaboration, best practice sharing and growth





# 3Q17 Financial Summary

- **Total Revenue +3.6%**
  - Revenue per hl **+5.0%**, **+5.4%** on a constant geographic basis
  - Global Brands **+1.6%**
- **Total Volumes -1.2%**
  - Own beer **-1.5%**, non-beer **-0.9%**
- **EBITDA +13.8%**
  - EBITDA margin expanded by **353** bps to **38.9%** as a result of top line growth and enhanced by synergy capture
- **Normalized EPS** increased by **58%** from **\$0.83** to **\$1.31** in 3Q16
- **Interim dividend of €1.60 per share**



# Global Brand Revenues +1.6% in 3Q17

## Budweiser -2.2%

- Revenue grew 4.4% outside of the US, driven by high double-digit growth in Brazil, South Korea, Colombia and Chile
- Launched in South Africa in August with “The King is Here” campaign, seeding the brand in key points of sale in urban centers
- Global Music Programs highlighted by Tomorrowland (executed in 9 countries) and Storm (8 festivals executed in China)



## Stella Artois +0.9%

- 3Q17 growth driven by Argentina, South Korea, Brazil and expansion markets
- Launched “Hosting” campaign in North America, supported by activations in the trade, experiential events and a partnership with the NY Times
- Father’s Day activation in Brazil and Argentina brought the brand to life at retail and in the on premise

## Corona +9.6%

- Revenue grew 11.2% excluding Mexico, driven by continued growth in China, UK & Colombia
- Successful expansion into the former SAB markets, with net revenue growing double-digits in Colombia, Peru & Ecuador, and triple-digits in South Africa
- The Corona Open in South Africa was our first-ever title sponsorship of the World Surf League tour. Leveraging our Better World platform, we created the WSL’s first plastic-free event.



# Tomorrowland – Scaling up our global partnership

*Tomorrowland is the largest global electronic music festival in the world, taking place over 2 weekends each year in Boom, Belgium, bringing over 400,000 people together from around the globe*

## Global Reach

**18** Countries Activated

**10M** Budweiser Music Video Views

**197M** Total Consumers Engaged

## On-Site Activations



**Freedom Stage, by Budweiser**

**385k** people attended this 2<sup>nd</sup> largest stage from which the live streaming had **73M** views

**Brew District**



**Cubanisto**



**Jupiler Brewery**



## 360 Campaign

### Music Video



### Special Packaging



### On & Off Trade Executions



### Digital Content



# Passion for brewing the highest quality beers

164 awards won by ABI breweries in 2017 YTD, including 52 gold medals



# North America – 3Q17 Summary

- Revenue **-5.3%**
  - Revenue per hl **+0.9%**
- Volumes **-6.1%**
- EBITDA **-1.4%** with **margin expansion** of **164 bps** to **41.8%**





# US – 3Q17 Summary

## Industry

- STRs **-1.7%** in 3Q17 and **-1.3%** in 9M17

## AB InBev

- STRs **-3.4%**
- Market share decline of approximately **80 bps** in both 3Q17 and 9M17
- Revenue **-5.6%**
  - Revenue per hl **+0.9%**
- STWs **-6.4%**
- Gross margin expansion of **94 bps** to **62.0%**
- EBITDA **-0.7%** with margin expansion of **211 bps** to **42.2%**



Note: Share based on internal estimates

**AB InBev**

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# Continued growth in Above Premium segment, while Bud Light and Budweiser remain under pressure

## Michelob Ultra

- 10 straight quarters as the #1 share gainer in the US, with highest quarterly share gain in the past 5 years reaching almost 10% of our total US volumes



## Craft & Imports

- Stella Artois continues its strong growth
- Craft portfolio outperforming the segment

## Value

- Busch family leading the way



## Near Beer

- SpikedSeltzer growing share and volume
- Teavana #1 super-premium RTD tea in markets where launched

## Bud Light

- Share loss of 95bps
- New campaign driving an immediate increase in ad awareness and consideration



## Budweiser

- Share declines of 45 bps with STRs down mid-single digits
- Brand health metrics trending upwards around the “American Summer” campaign



# Latin America West – 3Q17 Summary

- Revenue **+8.9%**
  - Revenue per hl **+5.5%**, due to revenue management initiatives and brand mix
- Volumes **+3.2%**
- EBITDA **+13.1%** with **margin expansion** of 173 bps to 47.4%



# Premiumization in Mexico accelerating top-line growth

Premium

## Michelob Ultra

**Michelob Ultra** building awareness through a new equity campaign and fitness partnerships, as well as expanding distribution into Central Mexico



## Stella Artois

**Stella Artois** awareness building, with its first 360° campaign and achieving record high engagement through its Wimbledon activation



Core Plus

## Bud Light

**Bud Light** is continuing to expand beyond the North, leveraging successful sports & music activations while developing and owning the Electronic Dance Music passion point



## Modelo Family

New communication positioning **Modelo** as the beer for any special occasion, amplified by owning Beer Day (August 6) with “Saludo Especial”, sending Modelos to 50+ breweries as a statement of leadership





# Entering new occasions in Colombia to drive category expansion

## Weekday Consumption Occasions

**Poker** is leveraging its “Jueves de Amigos” trade executions to promote socializing with friends around beers on Thursdays



**Aguila** launched “Dias de Futbol”, a platform intended to increase consumption on weekdays during soccer matches



**Stella Artois** continues to establish itself in the “food & savor” space through commercial development and growth in high end points of consumption



In the near beer segment, **Cola & Pola** has created a visibility plan in restaurants to continue building the meal occasion, growing by double-digits



## Food and Meal Occasions

# Latin America North – 3Q17 Summary

- Revenue **+8.0%**
  - Revenue per hl **+11.9%**, due to the timing of revenue management initiatives
- Volumes **-3.5%**
- EBITDA **+16.7%** with **margin expansion** of **298 bps** to **39.8%**



# Brazil – 3Q17 Summary

## Industry

- Industry beer volumes declined by **low-single digits**

## AB InBev

- Revenue **+8.6%**
  - Revenue per hl **+13.1%**
- Volumes **-4.0%**
  - Beer volumes **-5.4%**
  - Non-beer volumes **+0.5%**
- EBITDA **+14.5%** with **margin expansion** of 201 bps to 39.0%



# Brazil is continuing to premiumize and invigorate the beer category

## New Brahma Packaging

- Entire brand family now refreshed
- **Purchase intent** increased double digits
- Brand preference trending up
- Brahma Extra (leader of the Core Plus segment) volumes grew by **double digits**

## Craft Portfolio Growing

- Colorado, Wäls and Bohemia received **27 medals** at the World Beer Awards
- Craft portfolio grew by **double digits**, with brands priced from 200 to 800+ price index providing **accessibility and prestige**





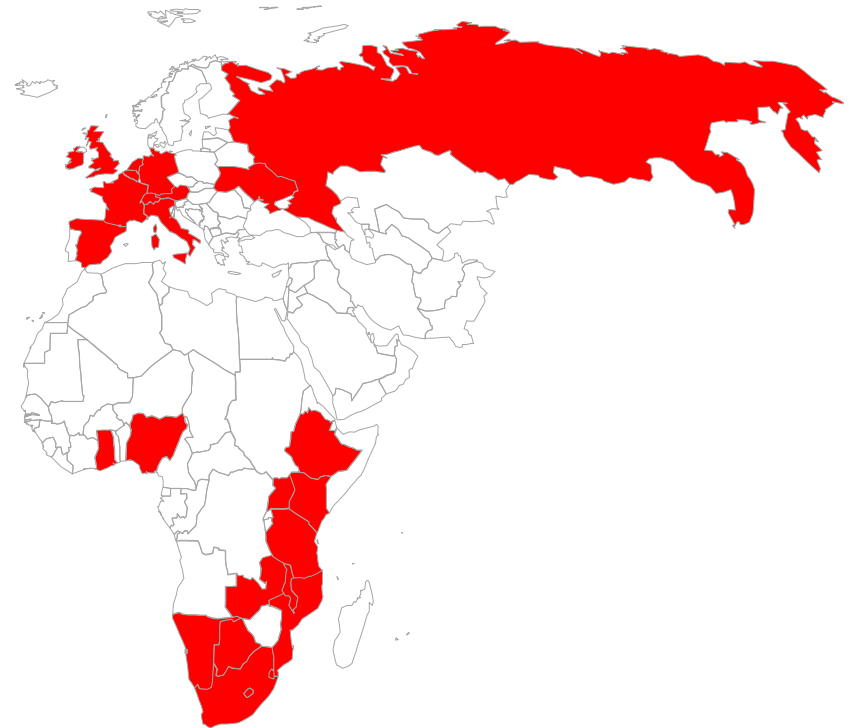
# Latin America South – 3Q17 Summary

- Revenue **+22.1%**
  - Revenue per hl **+16.9%**, due to revenue management initiatives and premiumization
- Volumes **+4.5%**
- EBITDA **+17.3%** with **margin contraction** of 193 bps to 46.9%



# Europe, Middle East & Africa – 3Q17 Summary

- Revenue **+4.5%**
  - Revenue per hl **+5.4%**, due to premiumization in Europe and revenue management initiatives
- Volumes **-0.9%**, with own beer **-0.5%**
- EBITDA **+20.8%** with **margin expansion** of **454 bps** to **33.7%**



# Full global brand portfolio now in South Africa

- **Strong momentum** behind our global brands, with the launch of Budweiser in August while Corona and Stella Artois have almost **tripled their volumes** this year
- Investing behind the brands to **grow their footprint** in the right way through our High End team

## Budweiser

“The King is Here” campaign launched across 250 select points of sale in urban centers, culminating in a Bud Hotel experience in Johannesburg and a Boiler Room music event in Cape Town



## Stella Artois

Performing above expectations driven by strong draught expansion, trade execution and Spiritual Homes



## Corona

Title sponsor of the World Surf League event in Jeffrey's Bay, supported by trade execution and a digital campaign that reached ~2 million people



# Asia Pacific – 3Q17 Summary

- Revenue **+4.6%**
  - Revenue per hl **+4.5%**,  
due primarily to brand mix
- Volumes **+0.1%**
- EBITDA **+14.4%** with **margin expansion** of **293 bps** to **34.0%**





# Core Plus segment growing in China, led by Harbin family of brands

**High single digit** growth, driven by LDA penetration and enhanced by strong brand health

## Harbin Ice

- Summer campaign kicked off in June, with **integrated media campaign** and full scale trade activations
- Hosted 14 Harbin Carnivals, 900 food street touring events, and 12k consumer points of consumption promotions **across 37 cities**
- Reached **historically high levels** of “Top 1 Favorite Brand”



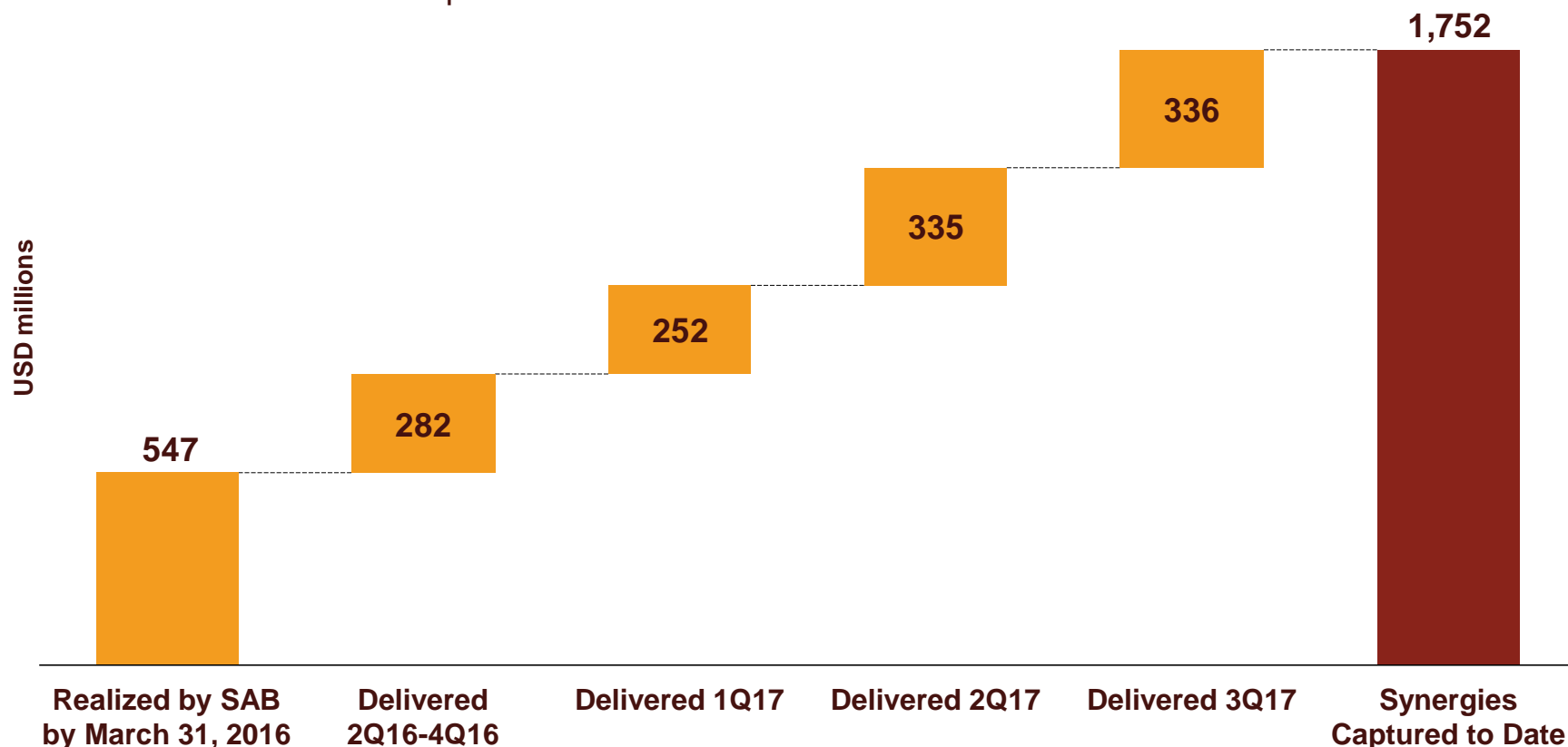
## Harbin Baiji

- New Harbin wheat beer innovation growing by almost **18x year to date**
- Launched “Wave2” TV commercial in September resulting in **all time high Purchase Intent** scores
- Trade touring in **key urban centers** to further boost brand equity and grow volumes

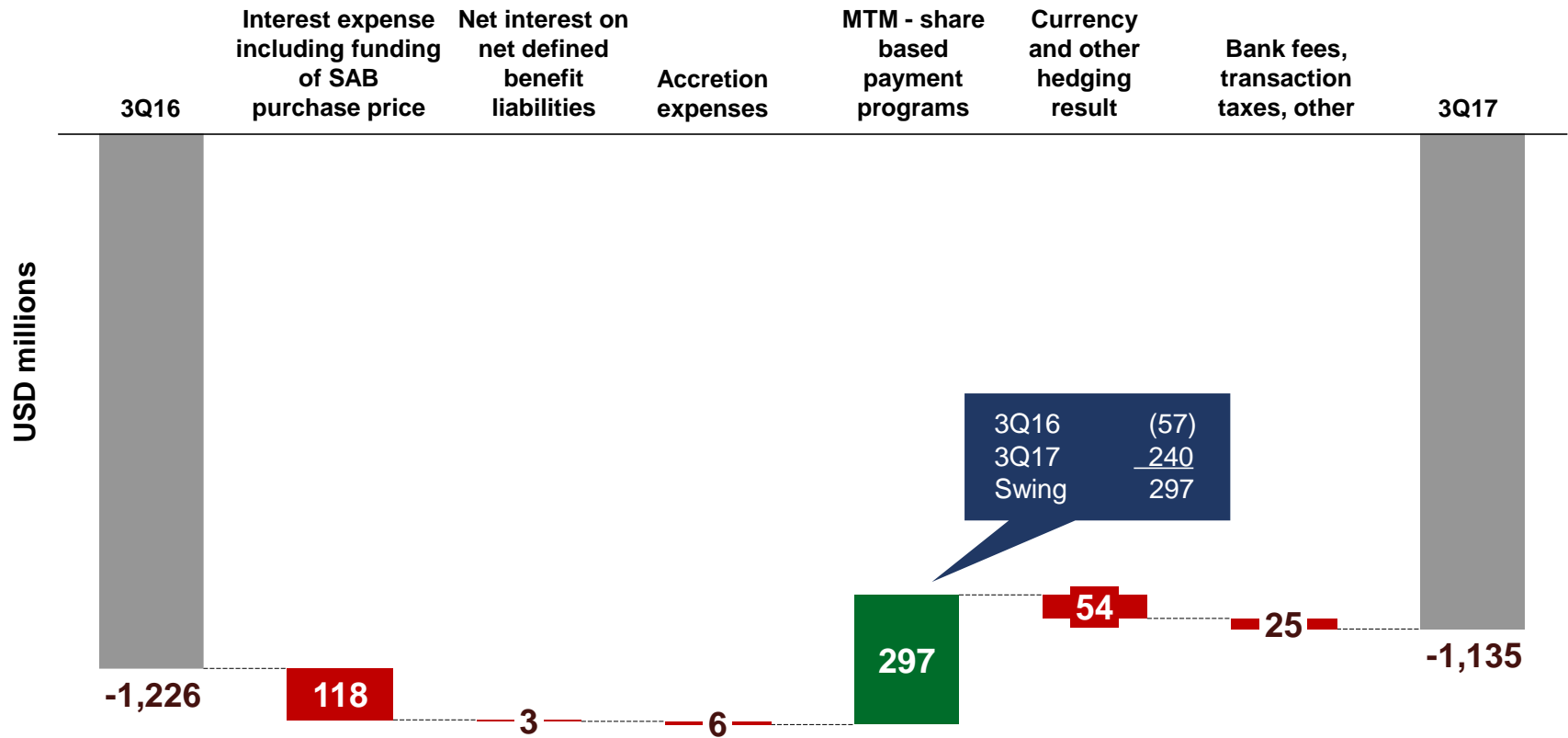


# Synergy capture continues

- Estimated incremental pre-tax synergies **increased from 2.8 billion USD to 3.2 billion USD** per annum (on a constant currency basis as of August 2016), including the 1.05 billion USD cost and efficiency savings identified by SAB, to be delivered over the next 3 years
- Estimated one-off cash costs of **~1 billion USD** over 3 years (up from 900 million USD), of which 465 million USD has been spent to date



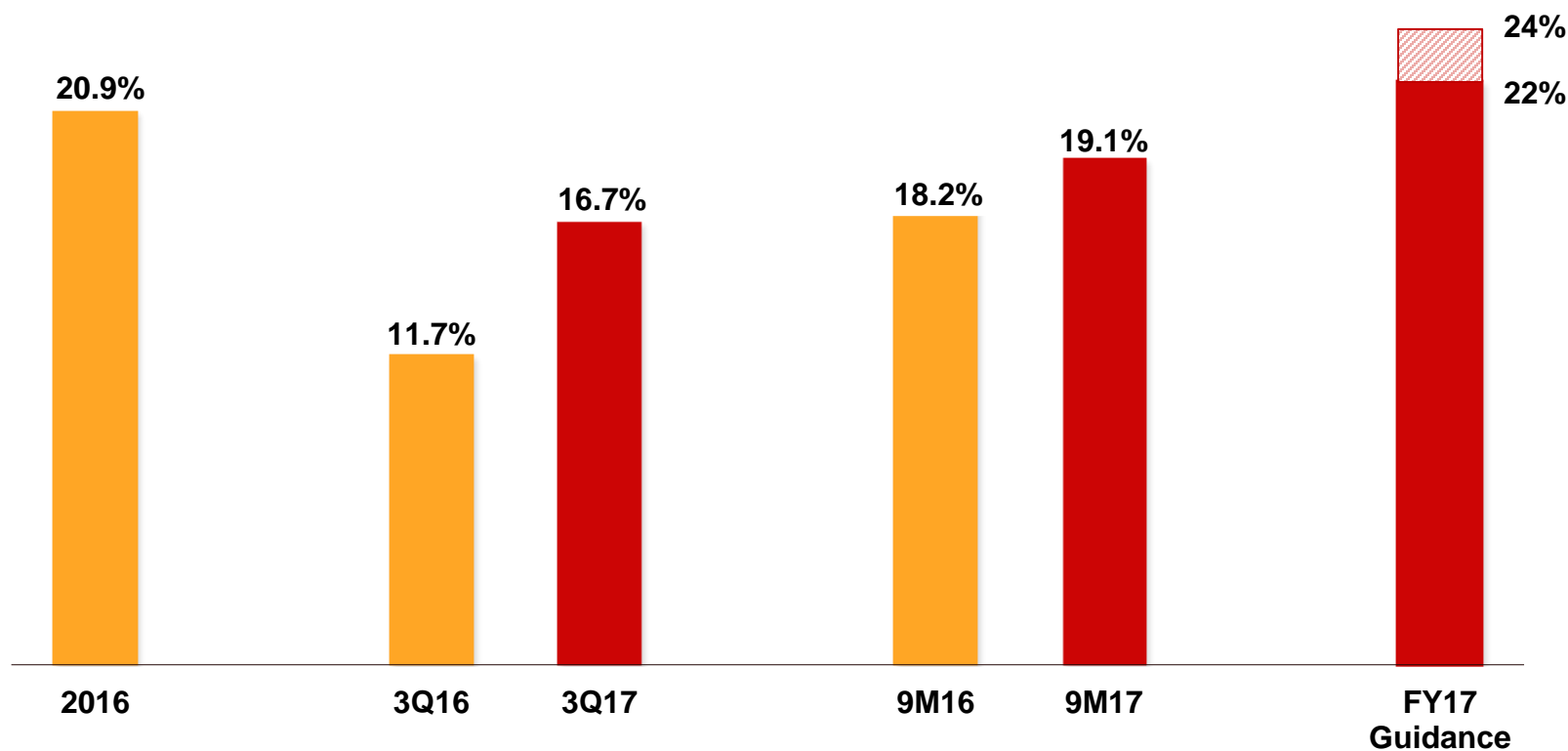
# Decrease in Net Finance Costs driven mainly by MTM of hedging of share-based payment programs



## 3Q17 Net Finance Costs mainly driven by:

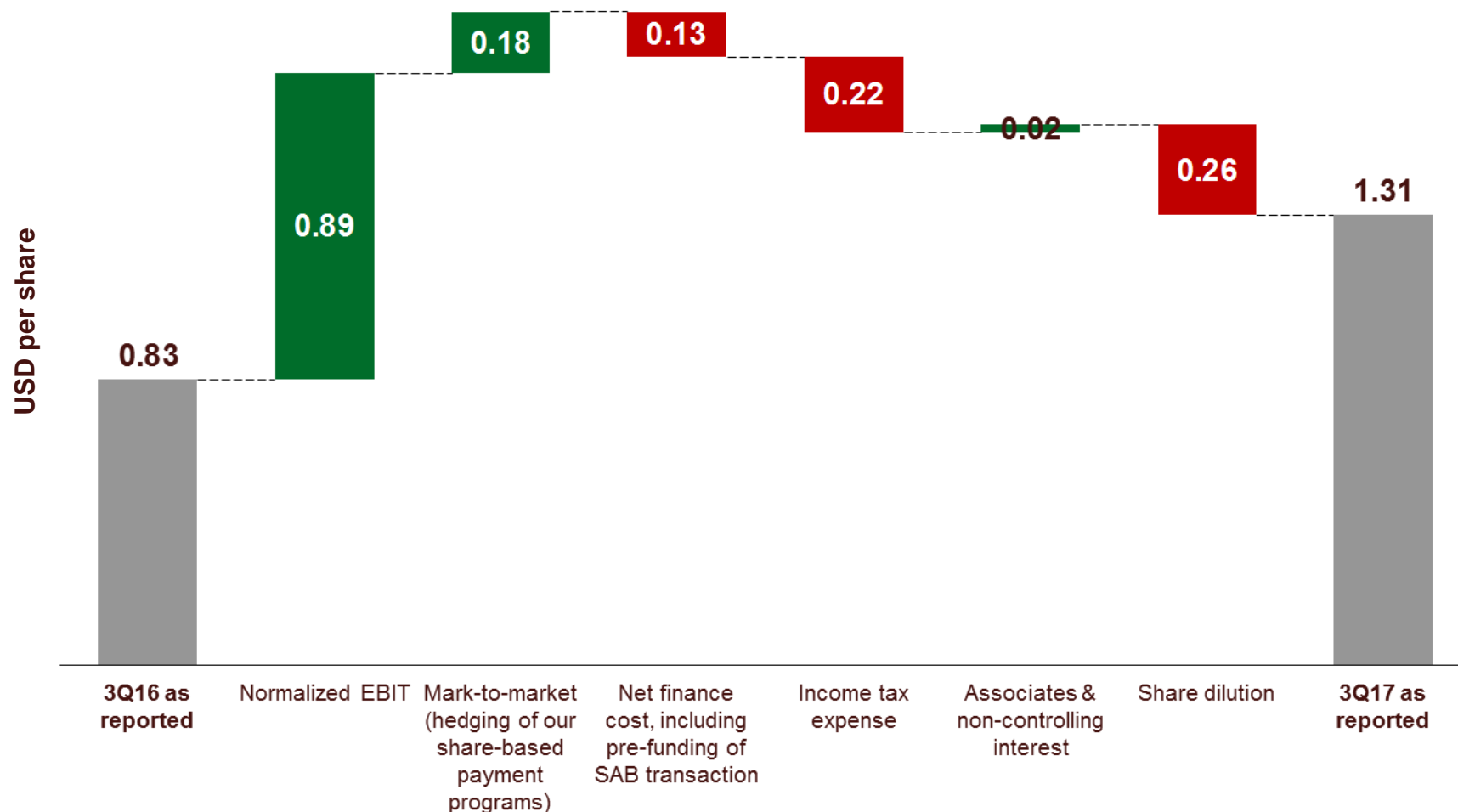
- Positive MTM adjustment of 240 million USD linked to the hedging of our share-based payment programs, compared to a loss of 57 million USD in 3Q16
- Interest expenses on the legacy SAB debt
- Foreign exchange translation losses

# Normalized Effective Tax Rate (ETR)





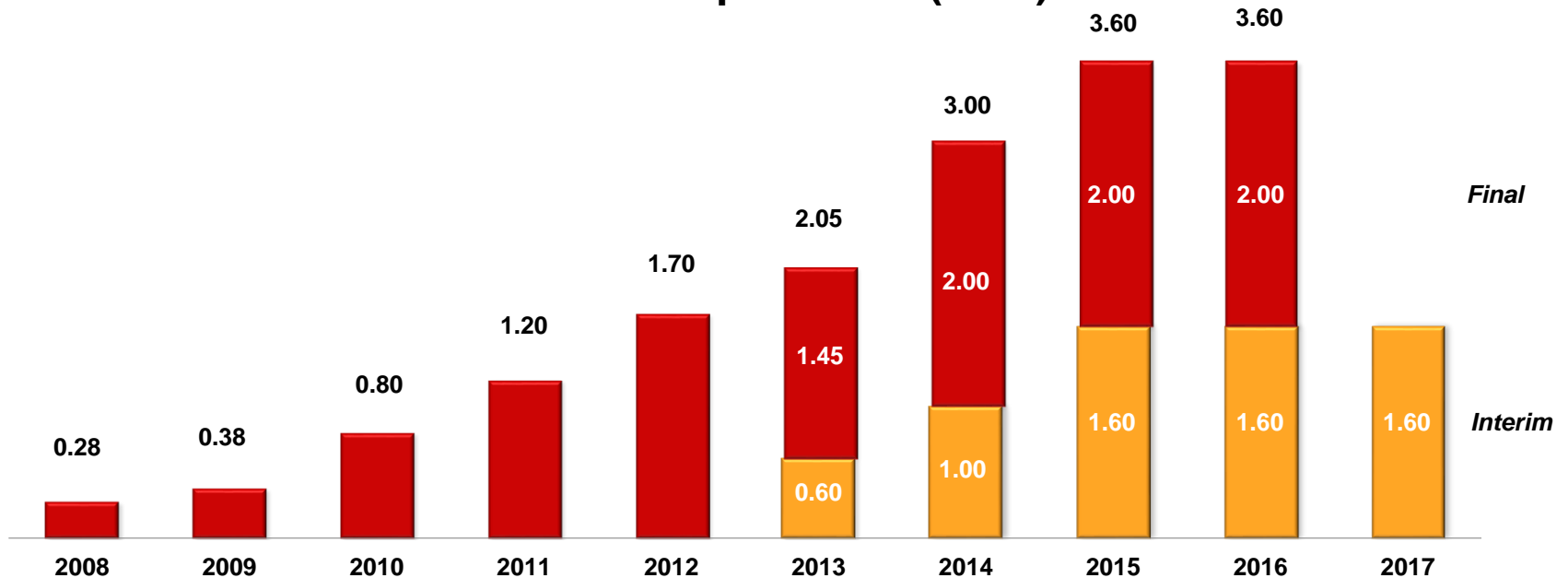
# Normalized EPS of \$1.31, up from \$0.83 in 3Q16



Note: 3Q16 and 3Q17 before dilution calculated based upon weighted average number of shares per 3Q16 of 1 641 million shares. EPS after dilution based upon weighted average number of shares per 3Q17 of 1 970 million shares.

# Interim dividend of €1.60 per share

Dividend per share (EUR)



# Capital Allocation objectives

Our **optimal capital structure** is a Net Debt/EBITDA ratio of approximately 2x.

The priorities for the use of cash are as follows:

1. **Organic growth:** Investing in the organic growth of our business
2. **Deleveraging:** Deleveraging to around the 2x level remains our commitment
3. **Selective M&A:** Non-organic, external growth is a core competency and we will continue to consider suitable opportunities when and if they arise, subject to our strict financial discipline and deleveraging commitment
4. **Return of cash to shareholders:** Our goal is for dividends to be a growing flow over time in line with the non-cyclical nature of our business. Given the importance of deleveraging, dividend growth is expected to be modest



# Q&A