

Welcome



SABMiller Europe seminar

Alan Clark Managing Director, SABMiller Europe

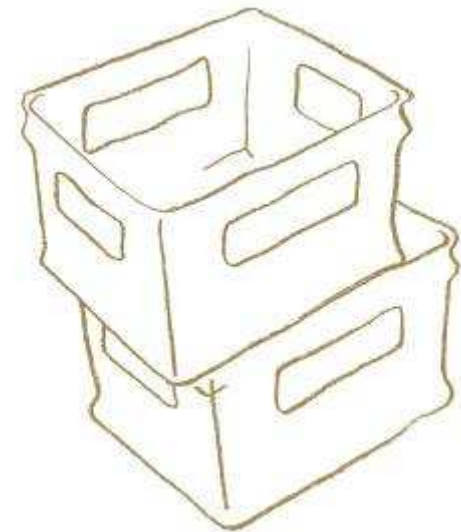
Doug Brodman Managing Director, Czech Republic

Jamie Wilson Finance Director, SABMiller Europe

Gary Leibowitz, SVP Investor Relations

London, 27th & 28th September 2010

New York, 29th September 2010





Forward looking statements



This presentation includes 'forward-looking statements'. These statements contain the words "anticipate", "believe", "intend", "estimate", "expect" and words of similar meaning. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company's products and services) are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this presentation. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

All references to "EBIT" in this presentation refer to earnings before interest, tax, amortization of intangible assets and exceptional items. All references to "organic" mean as adjusted to exclude the impact of acquisitions, while all references to "constant currency" mean as adjusted to exclude the impact of movements in foreign currency exchange rates in the translation of our results.



Our speakers today



Alan Clark – career background

- 1985** Lecturer in Psychology, University of South Africa
- 1988** Associate Professor of Psychology, Vista University, SA
- 1990** Training and Development Manager, SAB Ltd
- 1994** General Manager, Alrode Brewery, SAB Ltd
- 1996** Operations Director, Northern Regions, SAB Ltd
- 2000** Marketing Director, SAB Ltd
- 2001** Managing Director, Amalgamated Beverage Industries
- 2003** Managing Director, SABMiller Europe



Our speakers today



Jamie Wilson – career background

- | | |
|--------------------|---|
| 1982 | Corporate Tax Manager, Deloitte Haskins & Sells |
| 1987 - 1999 | Group Finance Director, Highland Distillers Plc |
| 1999 | Executive Chairman, Maxxium BV |
| 2000 | Managing Director, Remy Cointreau SA |
| 2001 - 2004 | Strategy / Finance Director, Scottish & Newcastle Plc |
| 2005 | SVP Distributors, Miller Brewing Company |
| 2006 | Managing Director, SABMiller Russia |
| 2008 | Managing Director, SABMiller Central Europe |
| 2010 | Finance Director, SABMiller Europe |



Our speakers today



Douglas Brodman – career background

- 1992** Vice President Sales – Heineken U.S.
- 1994** Vice President Northeast Business Unit – Stroh Brewing Company
- 1999** Region Vice President – Miller Brewing Company
- 2001** Vice President, National Accounts – Miller Brewing Company
- 2002** Senior Vice President, Sales & Distribution – Miller Brewing Company
- 2006** Senior Vice President, Miller International
- 2009** Managing Director - Plzensky Prazdroj; Czech Republic

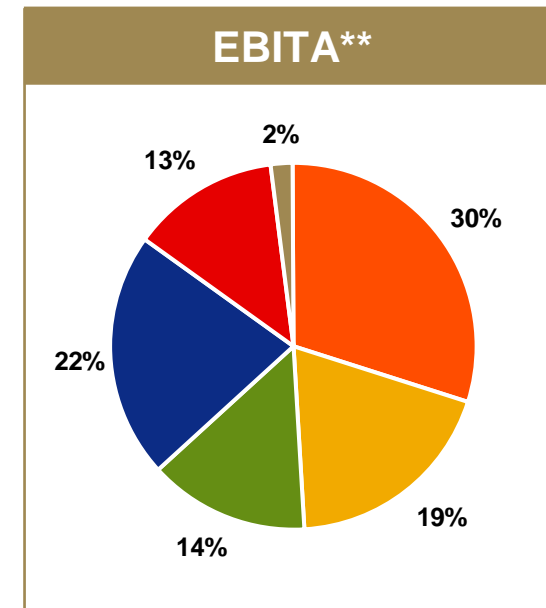
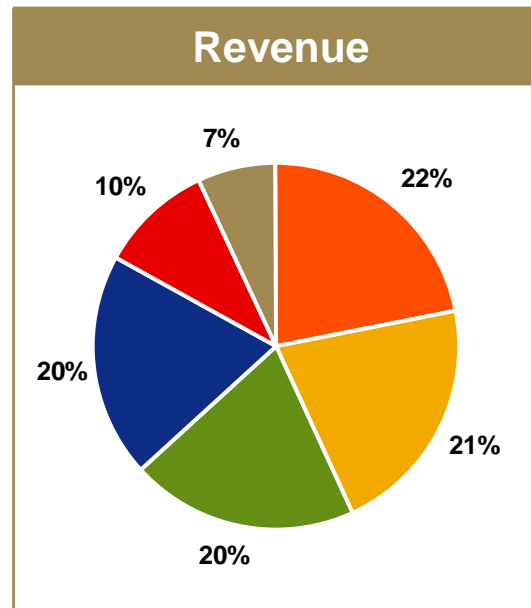
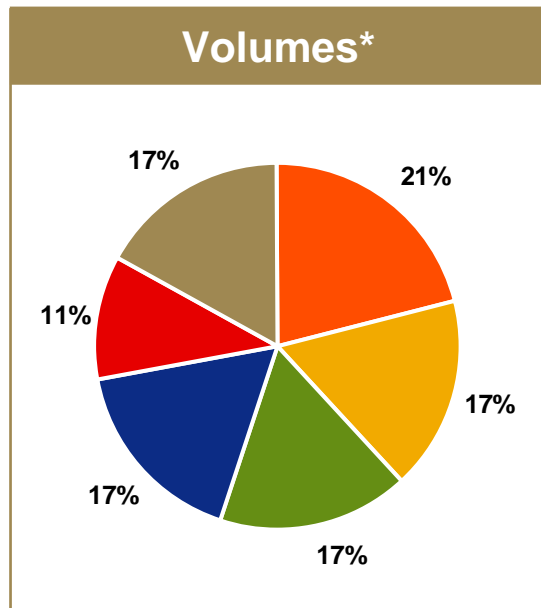




Europe in context



Europe – a significant contributor to group EBITA** Twelve months to 31 March 2010



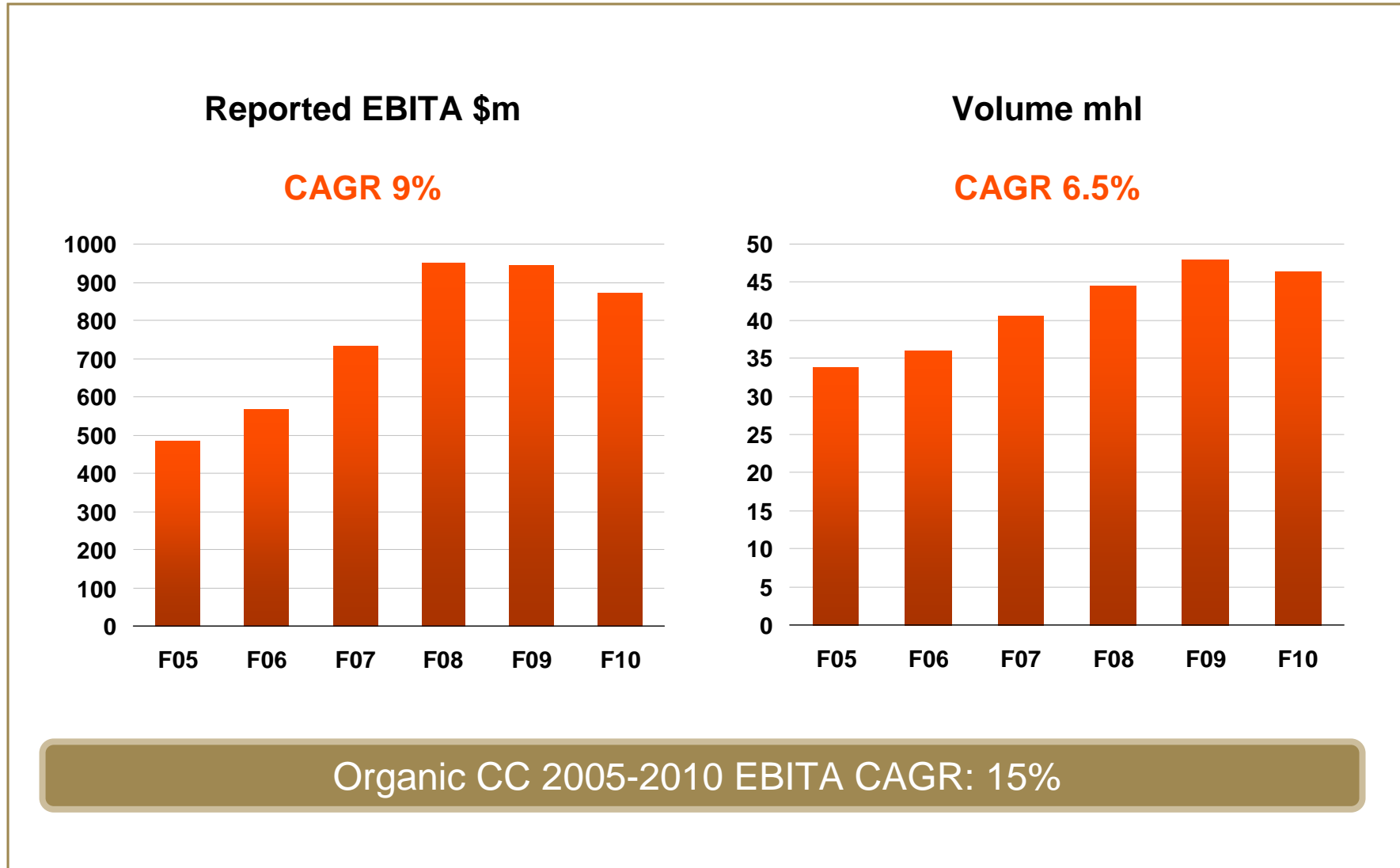
Latin America Europe North America South Africa Africa Asia

* Excludes contract brewing, includes soft drinks and other alcoholic beverages

** Before corporate costs and excluding exceptional items and the amortisation of intangible assets (excluding software)



Significant long term profit growth with trajectory impacted by crisis





Update on Industry Context





Driving the beer category



In a backdrop of economic growth SABMiller:

Stimulated growth in beer consumption

- Real beer price declines further fuelled the trend
- Beer took share of total alcohol

Rapidly developed local full brand portfolios

- Leading power brands
- Strong consumer equity, refreshment for a new generation

Built strong positions in fragmented on and off premise

M&A and bolt-on acquisitions deliver real value





Volumes have declined across Europe, with some recovery expected in coming years

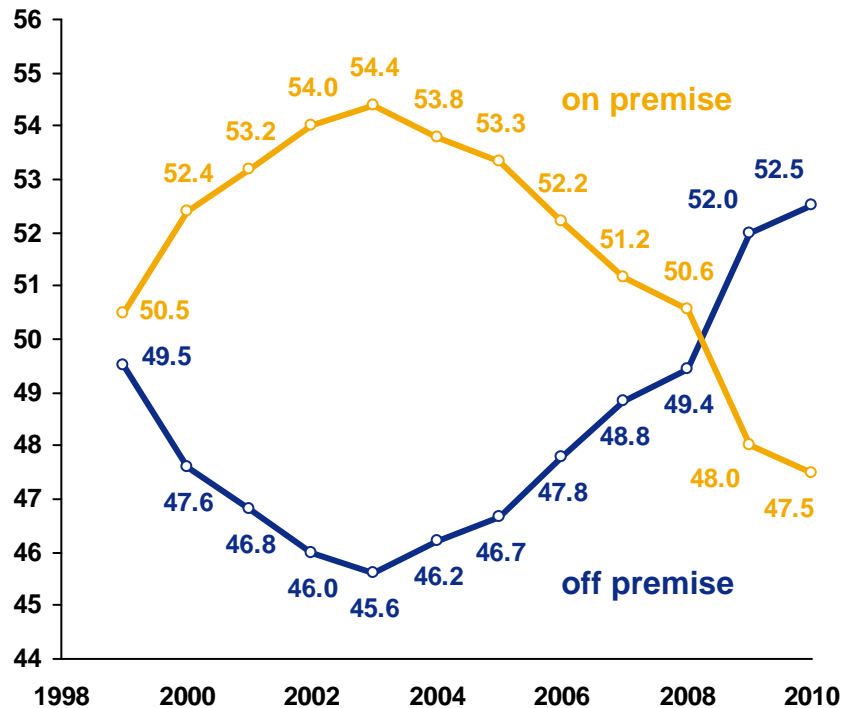




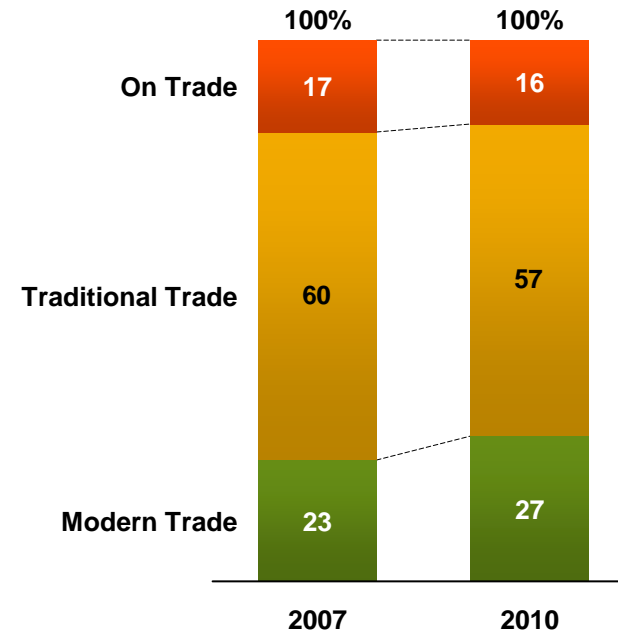
Continuing shift from on to off, with strengthening modern trade



Czech: on & off evolution market share %



Poland: channel split %



Source: Czech Beer and Malt Association

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Source: ACNielsen, GfK, internal analysis

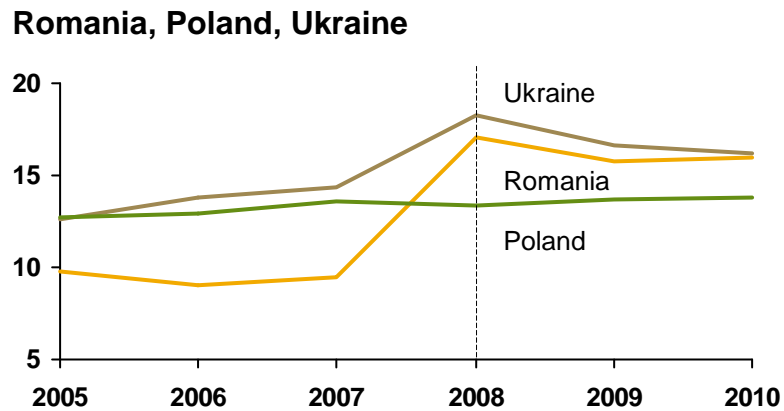
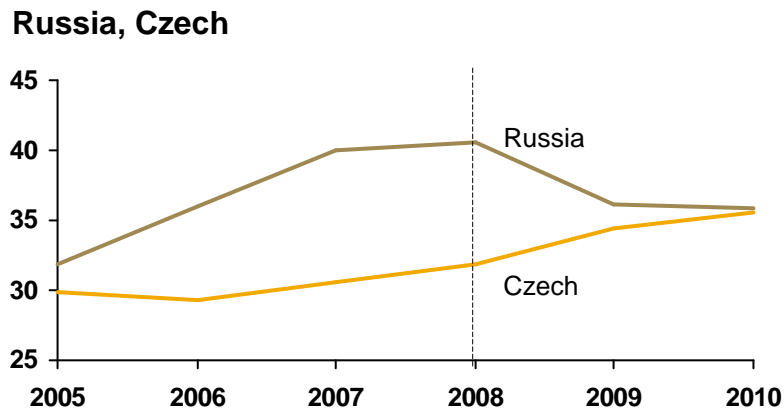
Europe Divisional Seminar September 2010



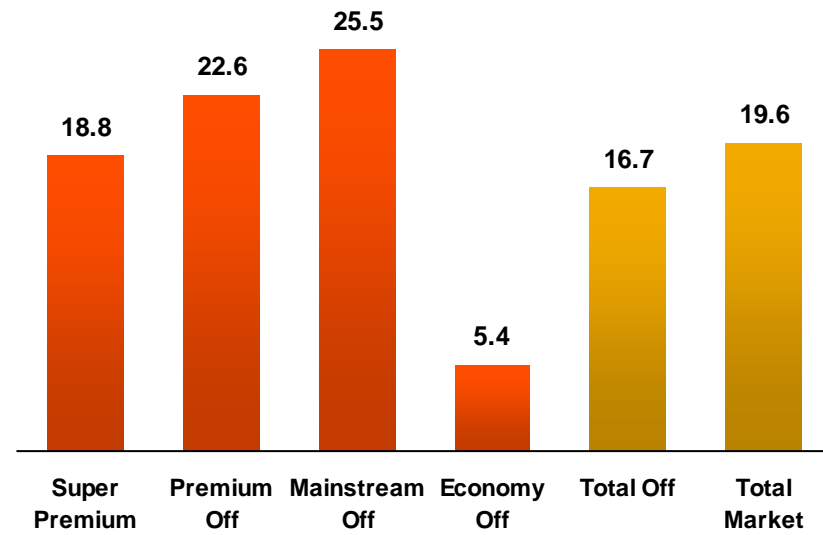
We expect the premiumisation trend to continue; disruption during the crisis



premium / super premium share of Beer (%)



SABMiller share of price segments (MAT % Jun 2010)



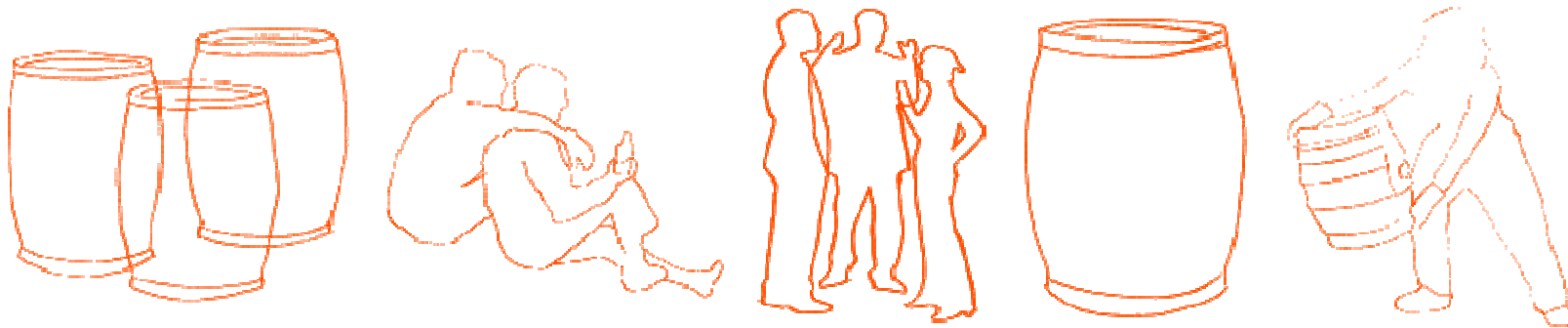
SABMiller over-indexes in super premium, premium and mainstream vs. economy



Responsible alcohol and excise

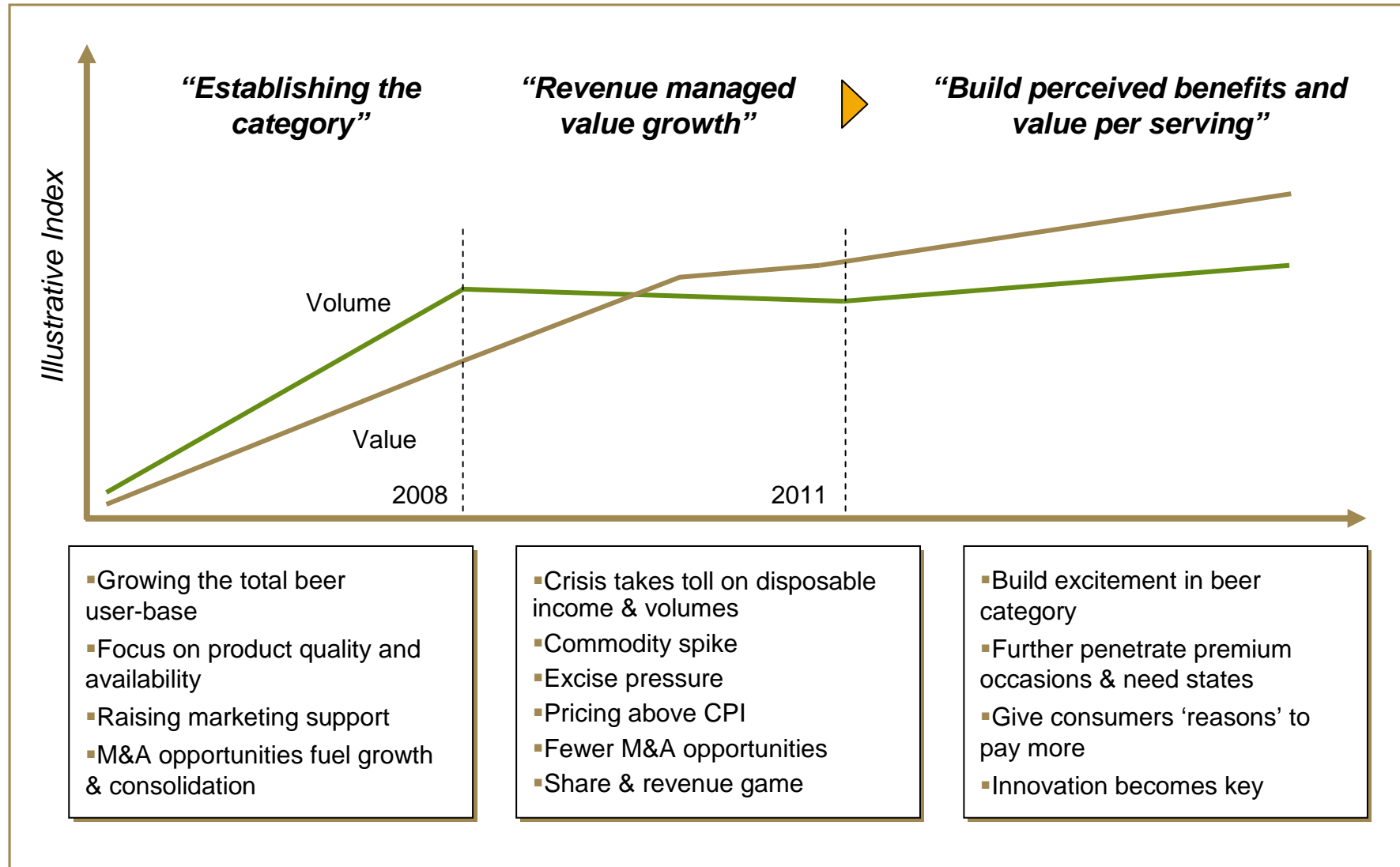


- Requires engaged response from industry and individual brewers
- Self regulation & responsible industry behaviour essential
- Challenging excise environment e.g.
 - 2008: Russia + 32%, UK + 17.8%
 - 2009: Poland + 13.6%, Russia +9.5%, Netherlands +30%, Ukraine +93%
 - 2010: Czech + 33%, Romania +11.4% (Euro effect), Russia +200%, Ukraine +23%





Sources of growth will continue to evolve





Business imperatives



Drive organic revenue growth

- In an expanded and more aspirational category
- With higher value points
- More sophisticated trade partners
- Whilst being seen as a positive social force





Europe's operating model





Our ambition



Drive superior organic revenue growth and margin expansion

Differentiate value delivery by market

Build country commercial focus and capability

Design for scale cost advantage and focus



Differentiate value delivery by market

Build country commercial focus and capability

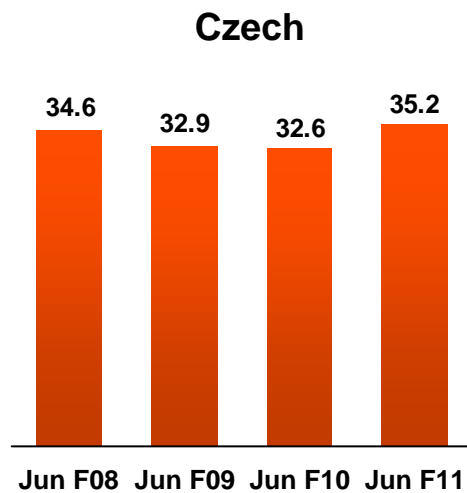
Design for scale cost advantage and focus



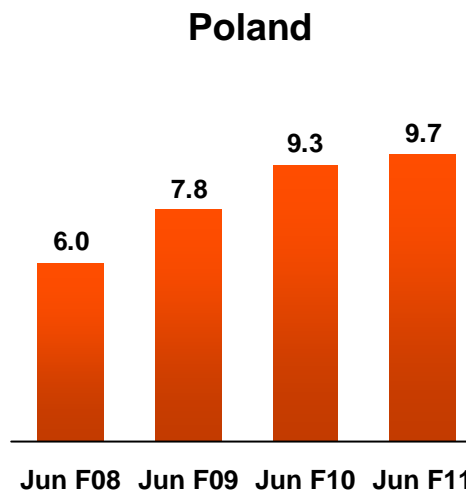
Strengthening leadership positions in large attractive markets



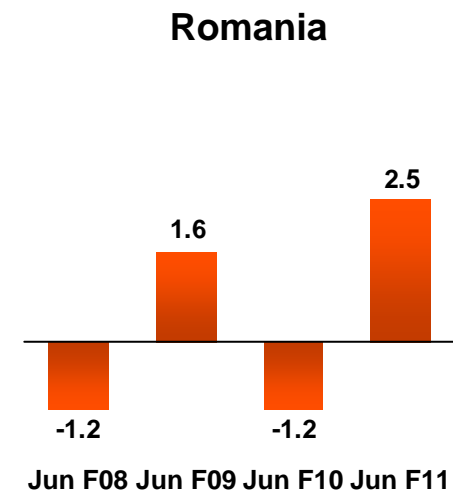
Market share gap vs no. 2 (MAT %)



- Continued strength of Pilsner Urquell brand
- Regional on-premise growth strategy
- Portfolio strengthened



- Strength of mainstream brands Tyskie and Zubr
- Modern trade expansion
- Sharper portfolio focus:
 - Contain economy
 - Strengthen premium



- Timisoreana strength
- Leader in on-premise and local premium
- Expanding portfolio
- SABMiller share grows from 23.5% in F08 to 31.8% in F11 (Jun MAT)

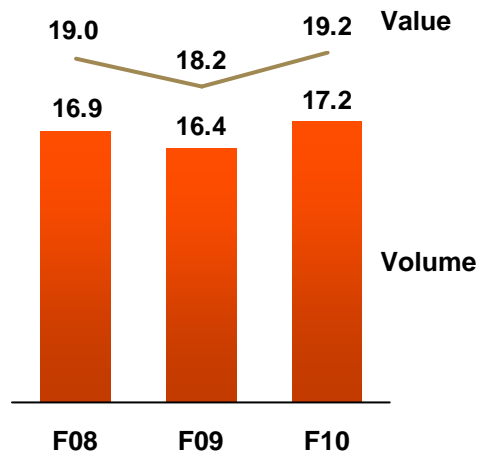
Source: MEMRB, Gus, Internal Data



Building premium portfolios in Russia, United Kingdom and Ukraine

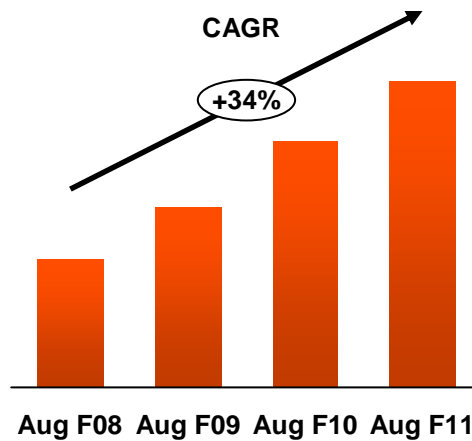


SABMiller Russia super premium and premium Market Share (%)



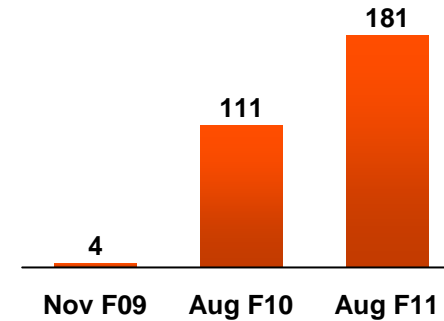
- Recovering share in very competitive market
- Continued leadership in Moscow
- Expanded portfolio to build distribution scale

Peroni Nastro Azzurro growth in United Kingdom (khl MAT)



- Selectively build premium portfolio
- Maintaining premium image and discipline

SABMiller super premium and premium¹ brand growth in Ukraine (khl MAT)



- Seeding of super premium and premium brands
- Selective channels and cities

Source: Business Analytica
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Source: Internal analysis
Europe Divisional Seminar September 2010

1. Zolotaya Bochka, Kozel, Miller Genuine Draft

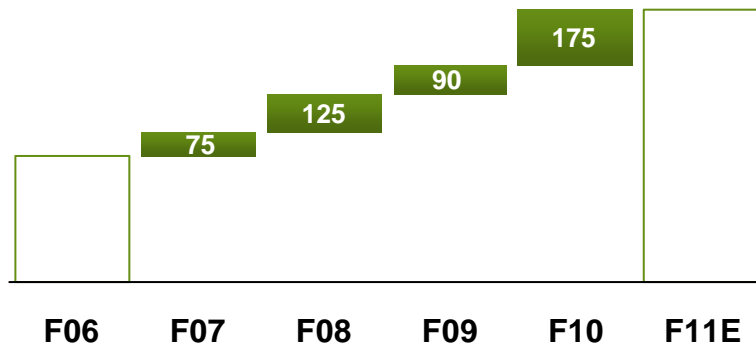


Driving value in mature markets

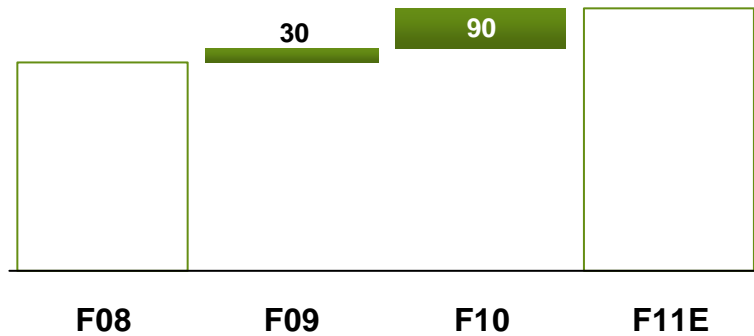


EBITA margin progression (domestic beer incremental bps)

Italy



Netherlands



- Build core brand value
- Consolidate significant mainstream positions
- Value enhancing behaviour
- Leverage regional strongholds
- Drive productivity



Differentiate value delivery by market

Build country commercial focus and capability

Design for scale cost advantage and focus



Build country commercial focus and capability



- New consumers and occasions
- Differentiate premium
- Strengthen core mainstream
- Win in priority channels
- Improve revenue management



Country management structure simplified to allow absolute focus on brands, customers, shoppers and consumers



New consumers and occasions



Approach

- Expand view of addressable market
- Target most attractive opportunities
- Innovate on liquid, packaging, positioning, presentation, and activation

- Essa launch in Russia
- Female focus
- Accessible premium price-point
- 'Heart of the evening' positioning



- Birell Semi-Dark non-alcoholic in Czech
- Extension of leading non-alcohol beer brand in Czech
- Ability to access 'non-beer' occasions



- Debowe Mocne relaunch in Poland
- Establish craft credentials
 - Diligence in brewing
 - Stand-out packaging





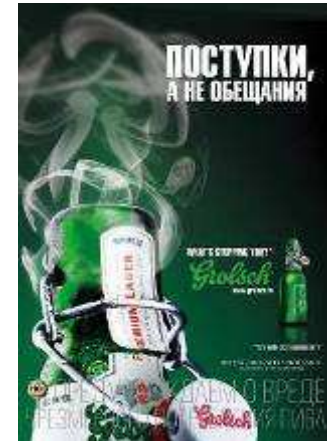
Differentiate premium



Approach

- Capitalise on enduring trend to premium
- Country specific portfolios with relevant global and local premium brands
- Ladder premium price points

- Grolsch launched in Poland, Russia and Romania
- Targets being achieved
- Good rate of sale



- Pilsner Urquell making share gains in key markets
- Price index vs lead competitor up 10% in year in Czech
- Brand equity measures very strong



- Zolotaya Bochka Russia gaining share in Premium segment
- Success of Razlivnoe variant (at additional premium)
- 0.75l Bottle introduction
- Meaningful innovation



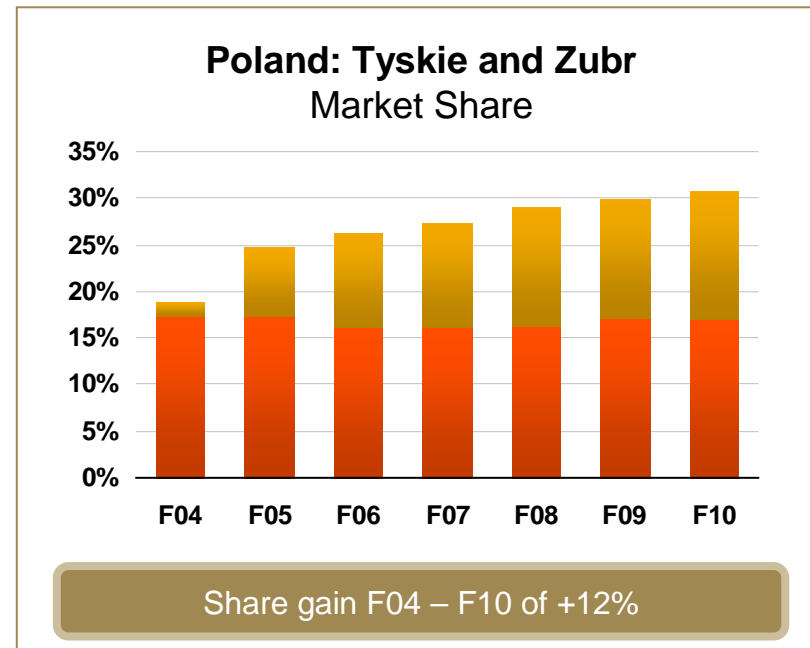
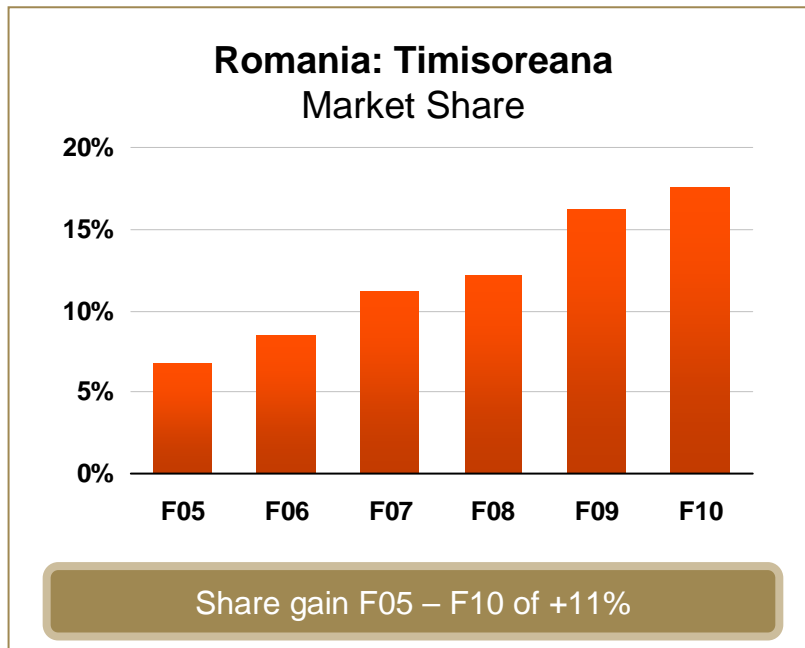


Strengthen core mainstream



Approach

- Distinct and relevant brand positions
- Keep brands fresh
- Upweight activation



Source: Internal data based on consolidated market data



Win in priority channels

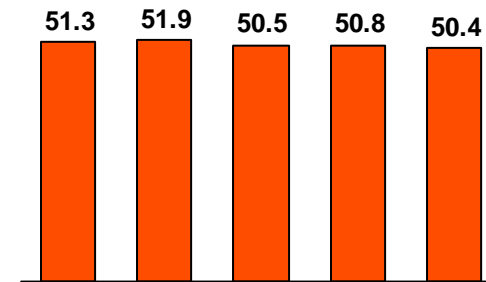


Approach

- Clear outlet segmentation and prioritisation
- Deep understanding of customers, consumers and shoppers
- Differentiated and tailored execution
- Close channel partnerships, favouring performance based incentives

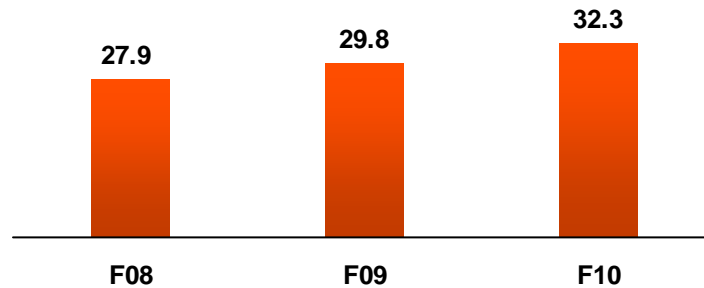
Leading on-premise share in Czech²

volume share %



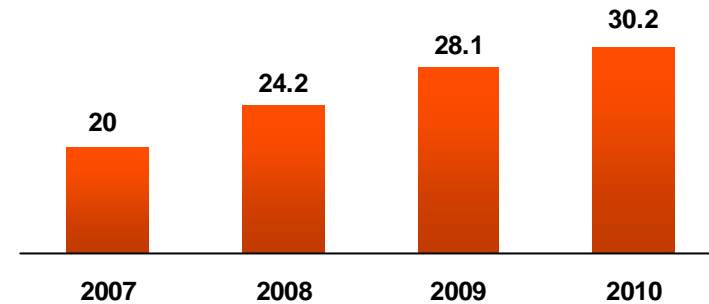
Super premium and premium leaders in Moscow KAs¹

volume share %



Growing share in KAs in Romania³

volume share %



1. Source: Business Analytica

2. Source: Internal Analysis: keg & tank only

3. Source: Internal Analysis



From pricing to revenue management



Content



Context

- Why is revenue management important?

Overall approach

- What do we mean by revenue management?

Case studies

- How are we applying our approach?

Summary

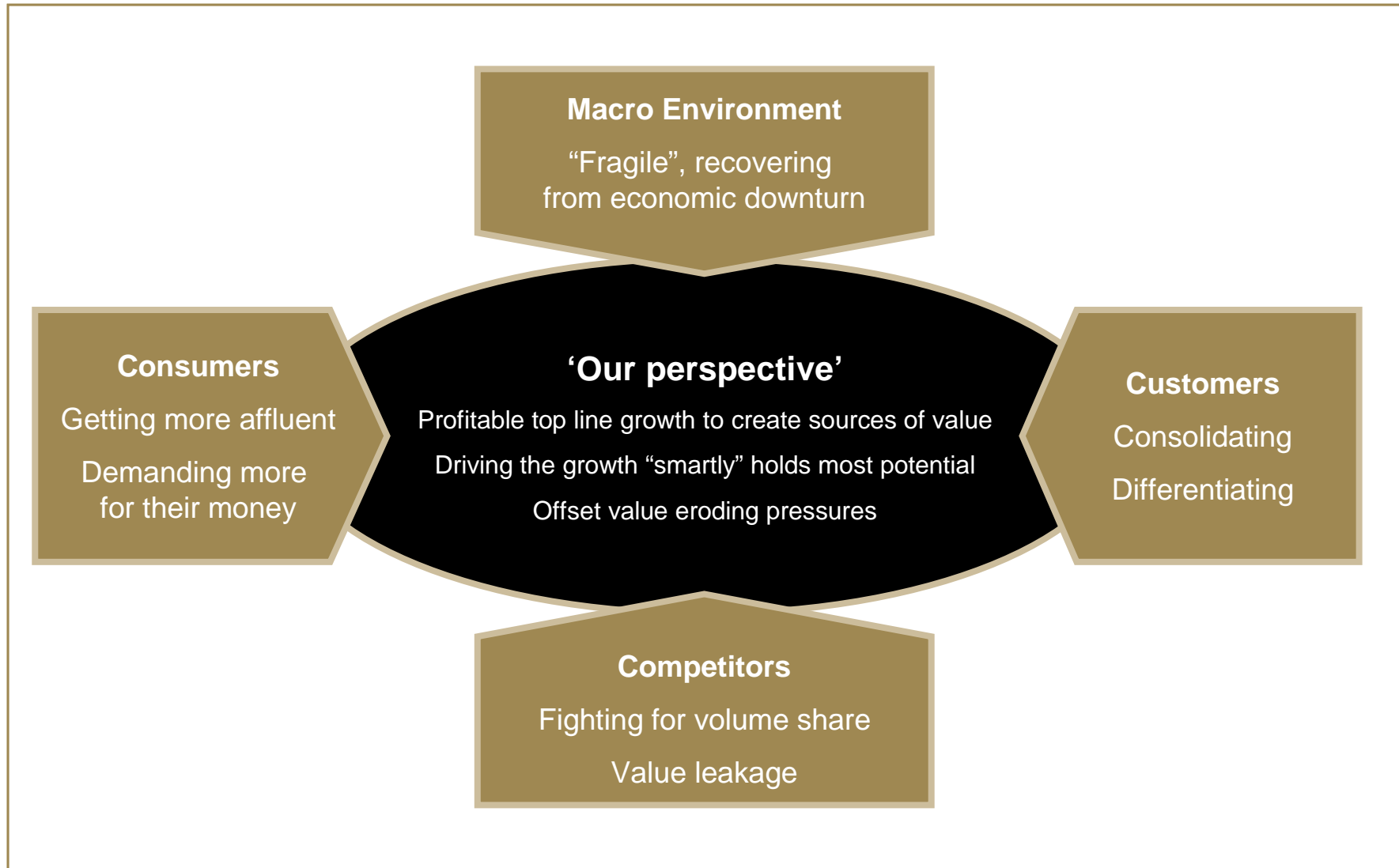
- What are the key takeaways?





Revenue management context

Why is revenue management important?





Overall approach

What do we mean by revenue management?



It is a **systematic** management approach to driving **sustainable profitable** top line growth through price, volume and mix

It is aligning the **consumer oriented** brand marketing efforts and **customer oriented** sales efforts

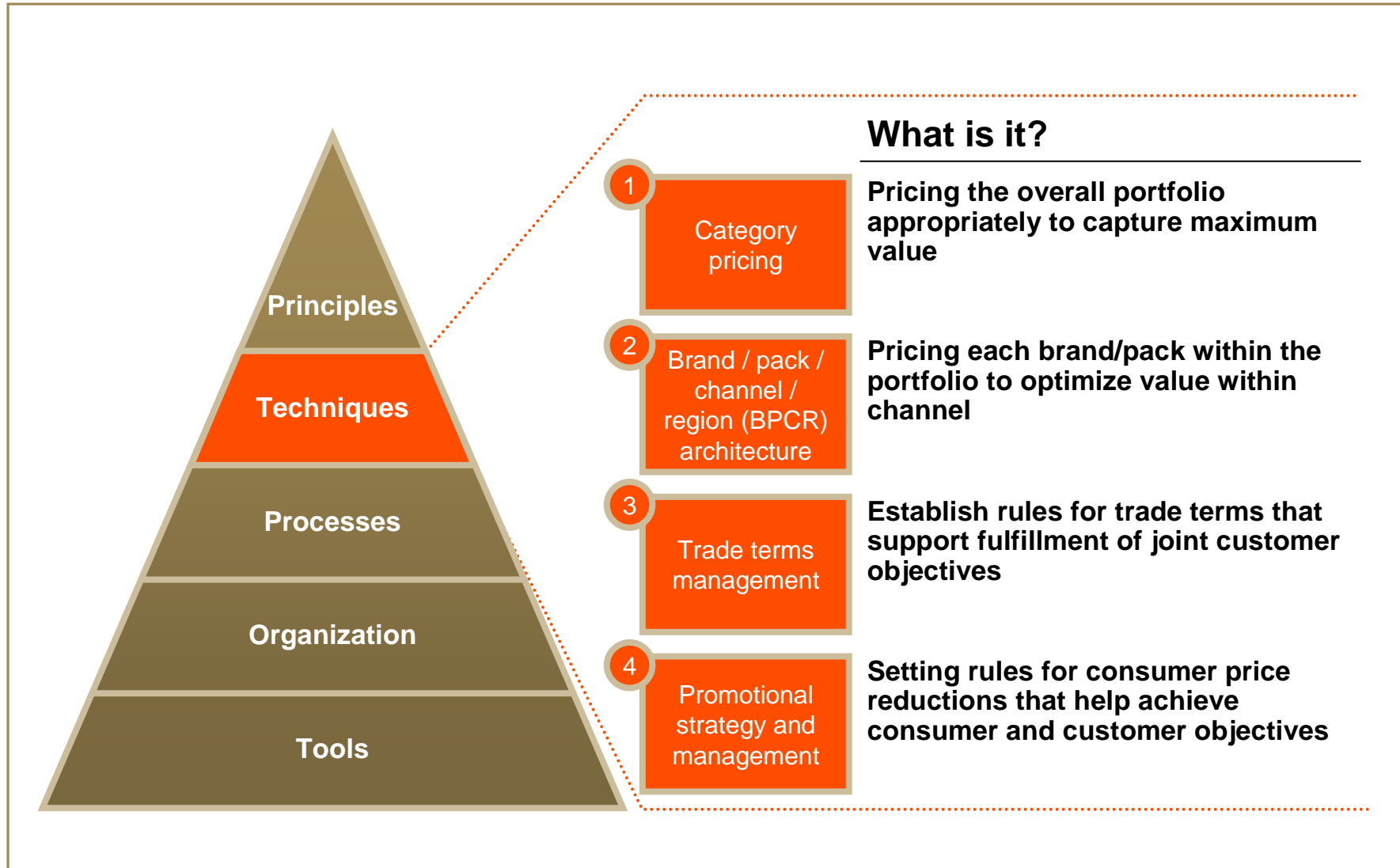
- Price plays a strong role in the marketing mix / brand positioning
- Price influences the volumes and mix sold by channel / pack / occasion

It is our **way of doing business** to grow the top line



Overall approach

How do we approach revenue management?



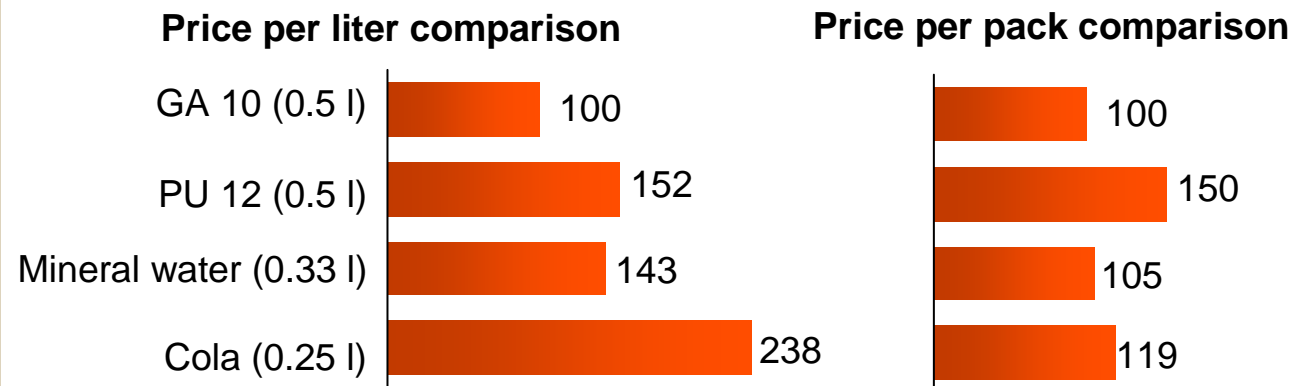
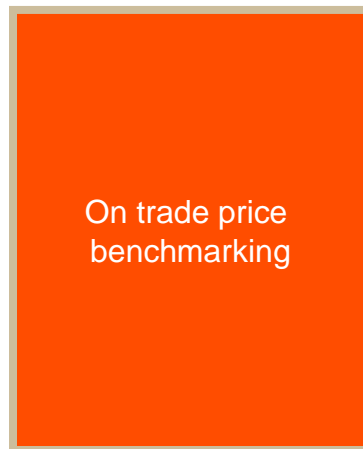


Examples and case studies

1. Category pricing - how do we approach it?



Category pricing: Pricing the overall portfolio appropriately vis-à-vis the consumers, customers and competitors to capture maximum value



Regular evaluation of the beer category pricing from four key perspectives: consumer, customer, competitor and communication

Consumer assessment includes benchmarking the beer pricing vs other beverages (see above), beer affordability, demand elasticity and category attractiveness



Examples and case studies

2. BPCR architecture – Gambrinus 11 introduction



BPCR architecture:

Pricing each brand / pack within the portfolio right for maximum value

- Most Czech beer brands have traditionally fallen into one of the two gravities: 10 or 12
- Recent trend has seen the growth of 11 degree gravity segment, mostly at premium pricing
- Prazdroj launched in 2008 Gambrinus 11 with a price between that of 10 and 12 variants
- Gambrinus 11 is now, 2 years after launch, a clear leader in the 11 degree gravity segment

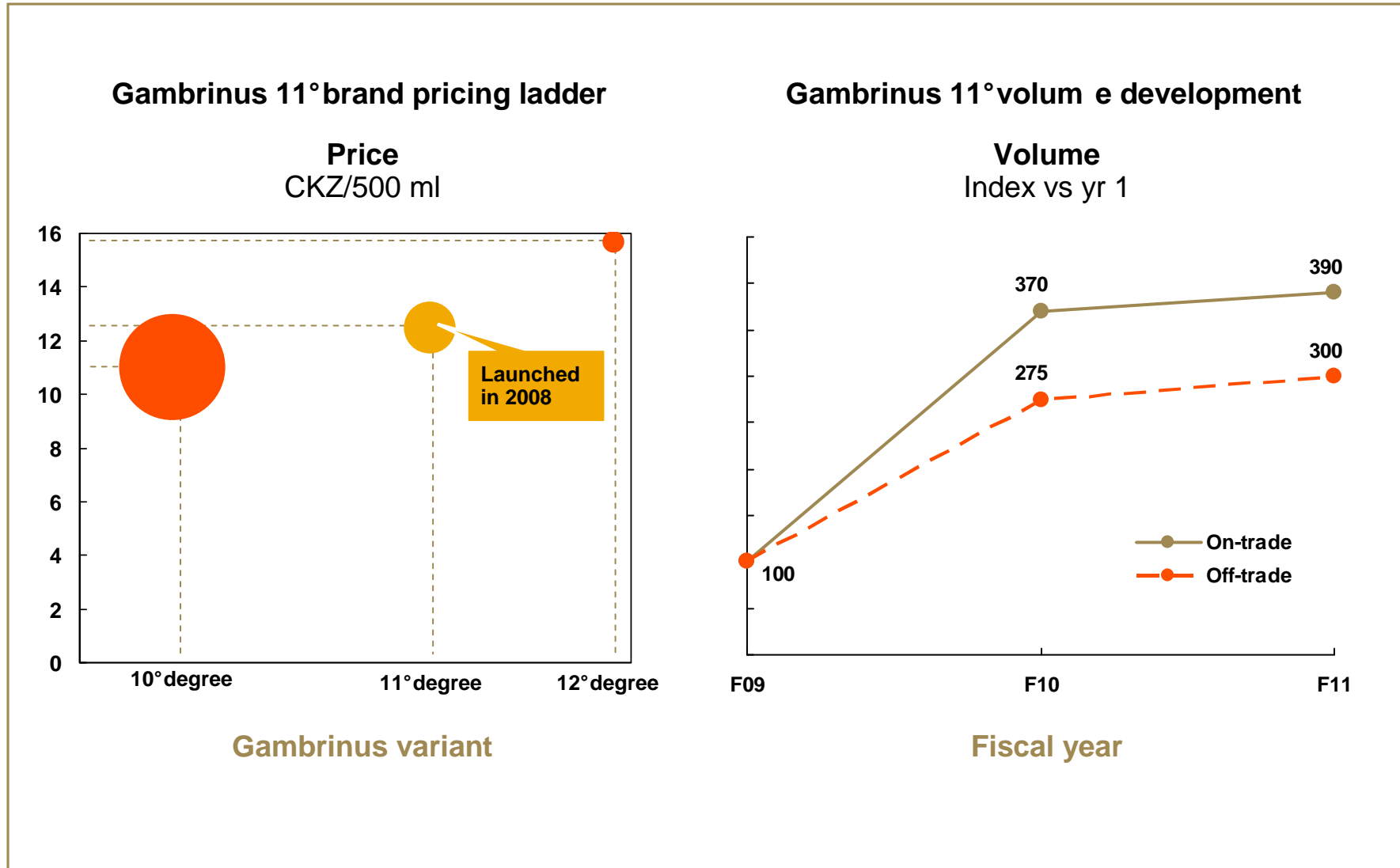


Gambrinus 10° Gambrinus 11° Gambrinus 12°



Examples and case studies

2. BPCR architecture – case study Gambrinus 11





Examples and case studies

2. BPCR architecture – Gambrinus 11, 330 ml bottle



BPCR architecture:

Pricing each brand / pack within the portfolio right for maximum value

- Introduction of Gambrinus 11, 330 ml non returnable bottle in Oct 2010
- Premium pricing
- Taking a 'consistently refreshing' approach to the brand, building on Gambrinus 11 success so far
 - Targeting LDAC on trade consumers
 - Driving new consumption occasions
 - Bringing 'new news' into the category





Examples and case studies

2. BPCR architecture – case study Frisco



BPCR architecture:

Pricing each brand / pack within the portfolio right for maximum value

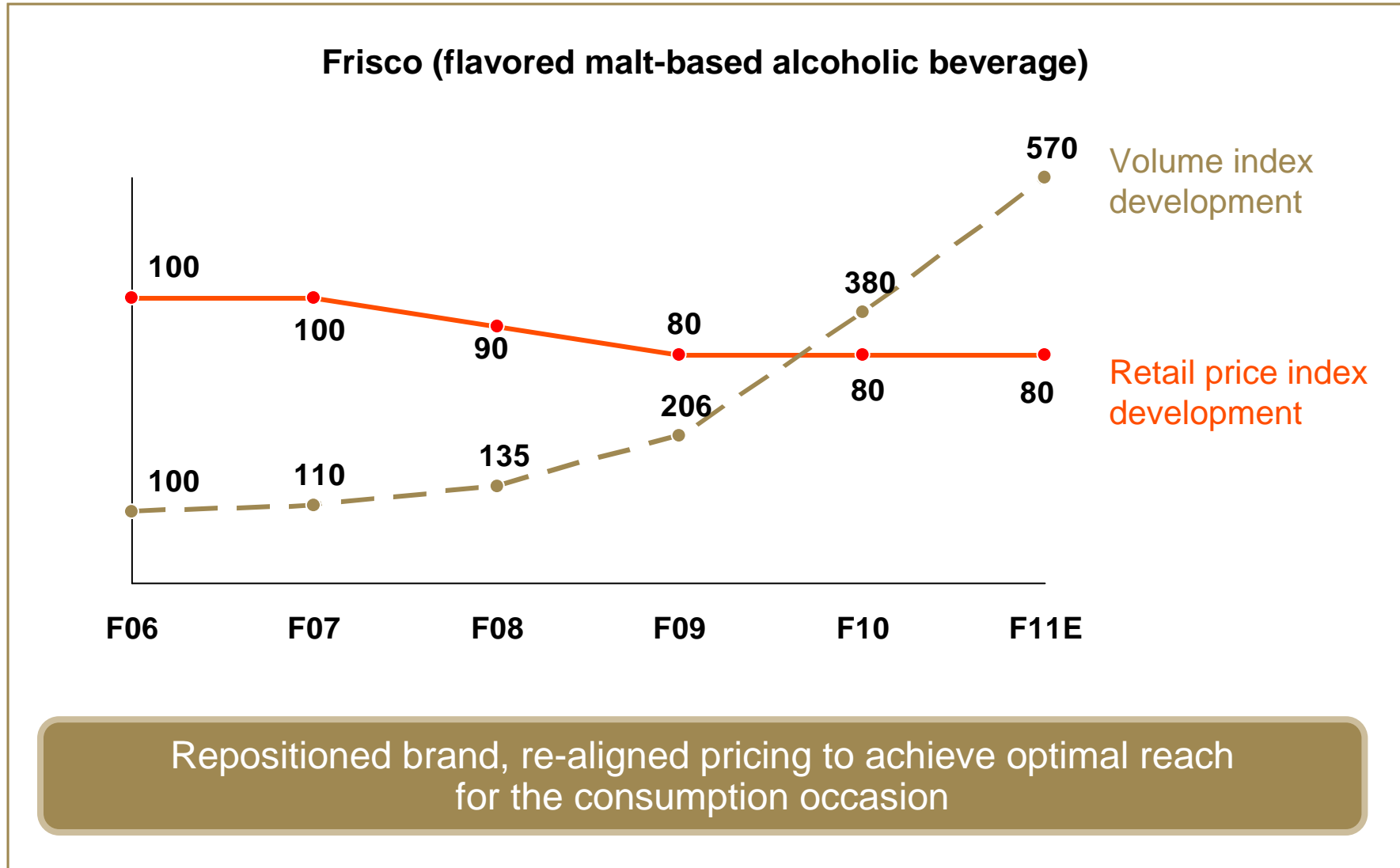
- Frisco is a flavored, malt-based alcoholic beverage
- Launched in F06 with a ‘clubbing’ positioning and super-premium pricing
- Re-launched in F09
 - Repositioned to ‘alcoholic refreshment’
 - Targeted at women as #1 alternative to beer
 - Redesigned the label
 - Launched a second variant
 - Re-aligned pricing
- Volumes have grown almost three-fold since the F09 re-launch
- Currently a clear leader in the flavored alcoholic beverages segment





Examples and case studies

2. BPCR architecture – case study Frisco





Examples and case studies

2. BPCR architecture – case study Master



BPCR architecture:

Pricing each brand / pack within the portfolio right for maximum value

- Master is a specialty beer brand launched in kegs in on trade to build credentials
- Bottled version was launched in June 2010
 - 355 ml NRB
 - Off trade focus to reach at home indulgence occasion
 - Premium pricing
- Elevates the beer category presentation and experience
- Targets premium, home consumption occasions, appreciated by the beer lovers





Case studies

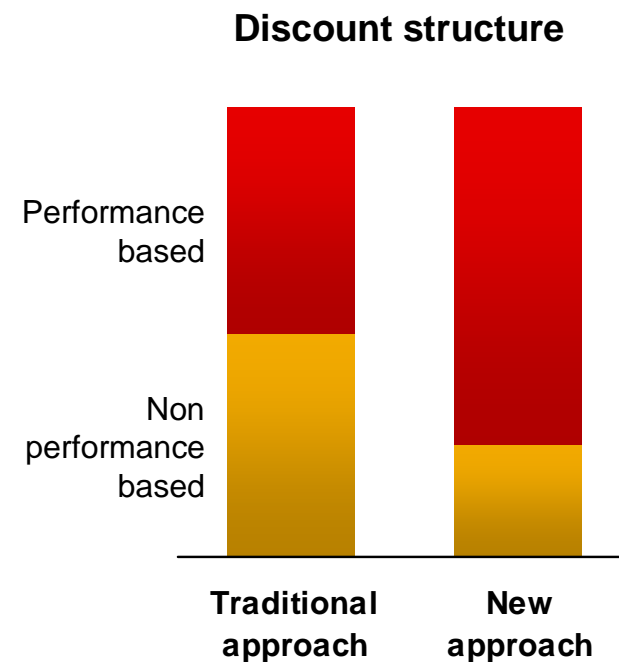
3. Trade terms management – how do we approach it?



Trade terms management: Setting rules for customer discounts and bonuses that support fulfillment of account objectives

- Key Accounts are growing and consolidating
- Winning in key accounts is therefore crucial
- Trade terms are one of the keys to winning in KA
- A trade term revision will mark a step change in our KA relationships, including:

From		To
Transactional	➔	Strategic
Pay for importance	➔	Pay for performance
% discount focus	➔	Total margin focus
Account contracts	➔	Joint business plans



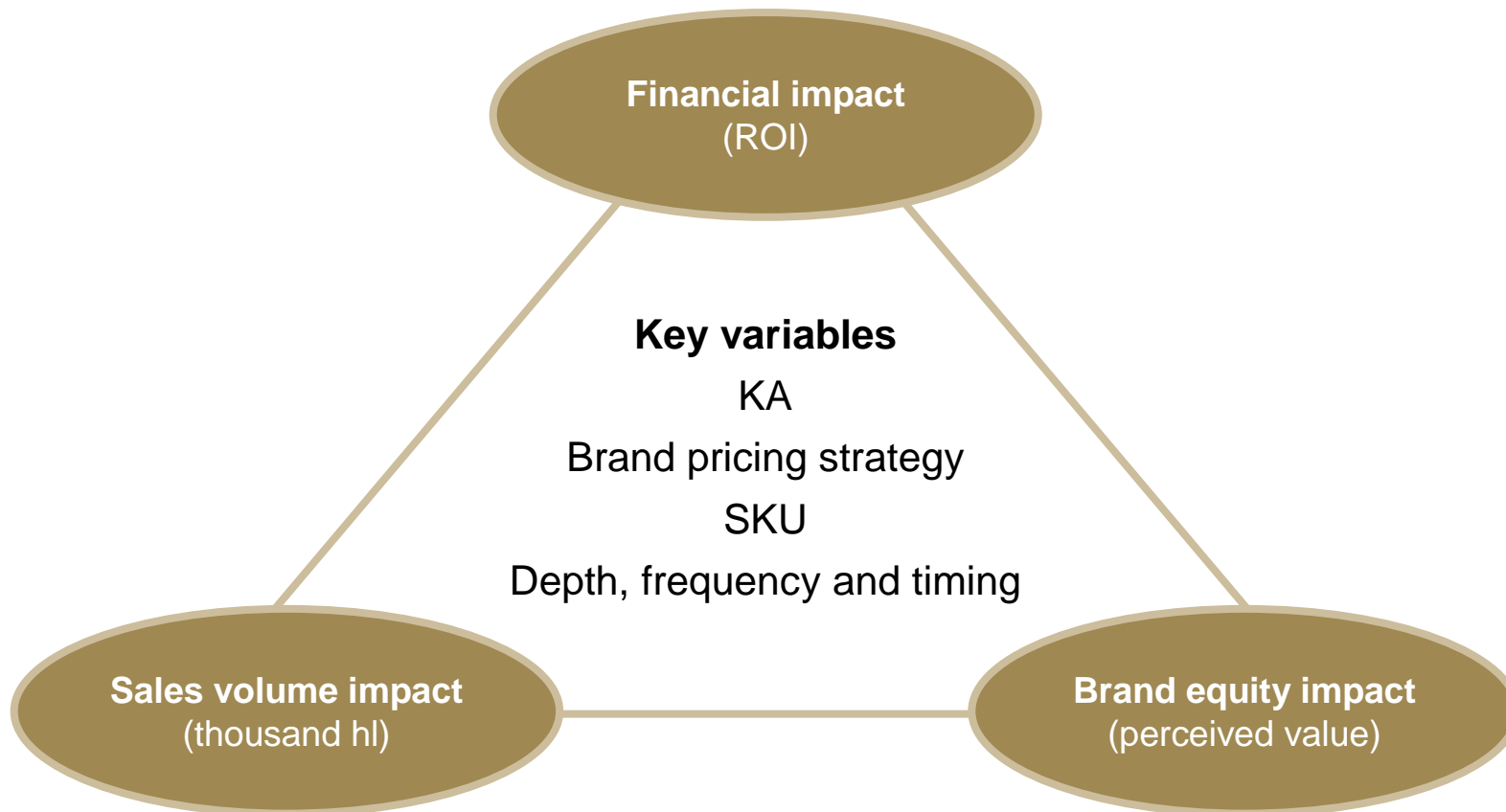


Examples and case studies

4. Promo management – how do we approach it?



Promo management: Setting rules for consumer price reductions that help achieve consumer and customer objectives





Examples and case studies

4. Promo management – case study cans



Promo management: Setting rules for consumer price reductions that help achieve consumer and customer objectives

Can share in the Czech beer market is with ~6% off trade one of the lowest in Europe

- Legacy of conservative consumer
- High average price premium vs returnable bottles (150-170)

Prazdroj has an estimated 65% share of the can segment

Tactical can discounting in the season is delivering several objectives

- Growing Prazdroj volumes and share at above average brand prices
- Developing consumer repertoire & occasions





Summary

Revenue management has a firm position on our strategic agenda



Revenue management (RM) is an important commercial capability

- Addressing all top line drivers – volume, price, mix
- Focus on margin impact
- Aligning the actions across teams and functions

Brewers with leadership position in mature beer markets are in a particularly advantageous position to leverage RM

- Ability to lead category value development
- Full product portfolio to optimize
- Scale to develop the specialist resources

Pilzensky Prazdroj is implementing cutting edge RM approaches

- Developing and embedding new capability and thinking in the organization
- Leveraging SABM experience



Differentiate value delivery by market

Build country commercial focus and capability

Design for scale cost advantage and focus



Design for scale cost advantage and focus



- One system
- Lower costs
- New skills
- Productivity





Design for scale cost advantage and focus



Business Capability Projects

Improve
commercial
systems and
processes

Functionalize
operations

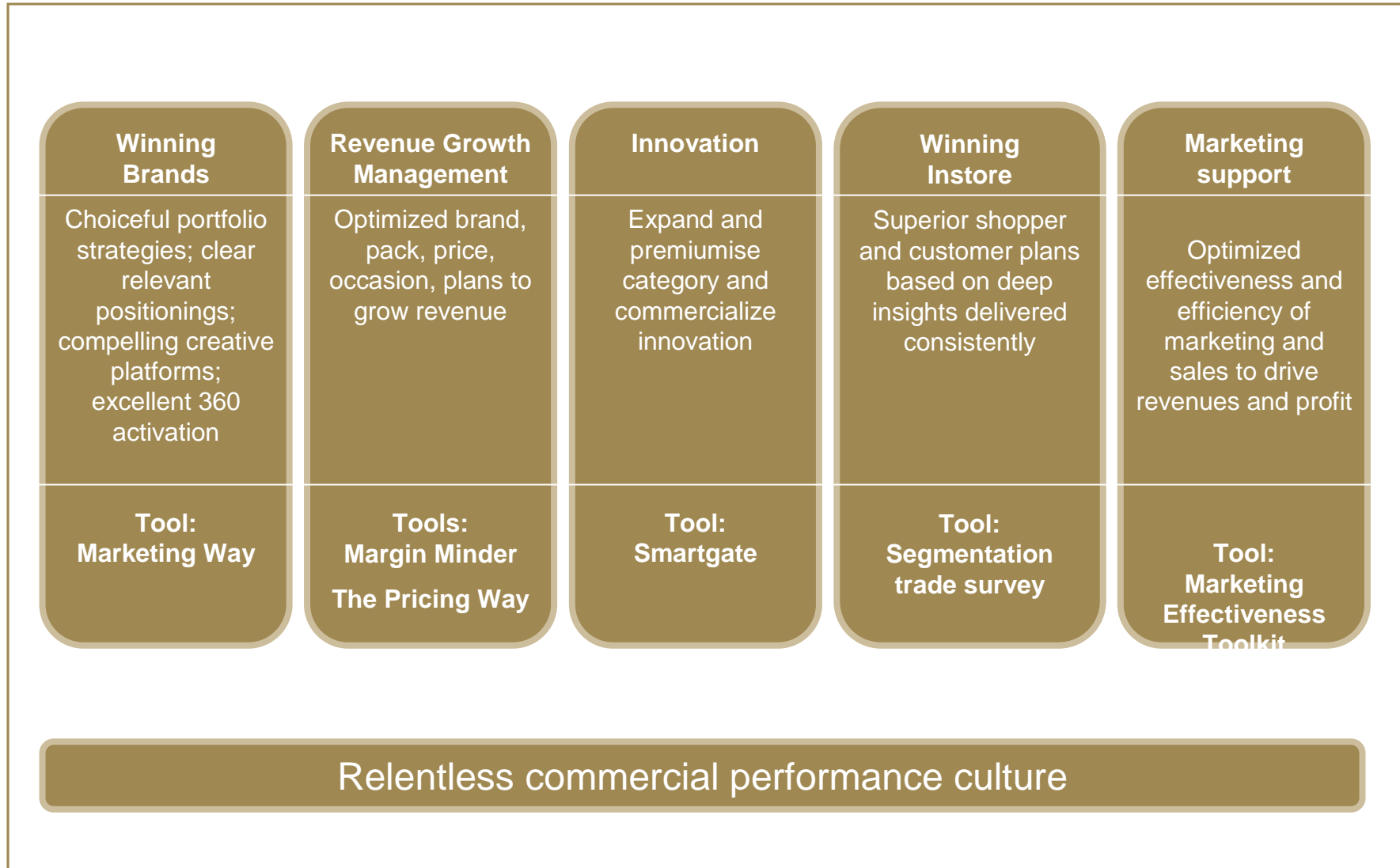
Centralize
procurement

Drive
productivity

Simplify, standardize, centralize, outsource



Improve commercial systems and processes





Functionalize operations



Objectives

Brewery operations



- Performance variances between countries
- Drive WCM consistently

Service levels



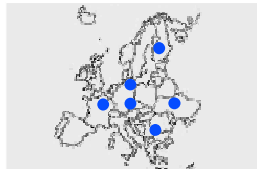
- Improve forecast accuracy and planning
- Optimise inventory levels
- Greater focus on demand shaping within periods

Distribution



- Rationalise logistics providers
- Improve productivity of warehousing

Network complexity



- Optimise source of supply
- Rationalise CapEx requirements



Functionalize operations



- Split reporting relationship
 - European OpCo responsible for replenishment cycle
 - Direct reporting lines for country technical directors and supply planners
 - Country commercial companies responsible for demand planning and delivery to customers
- Service level agreement between operations and country commercial companies



Europe steady state contribution to group: c\$60m



Centralize procurement

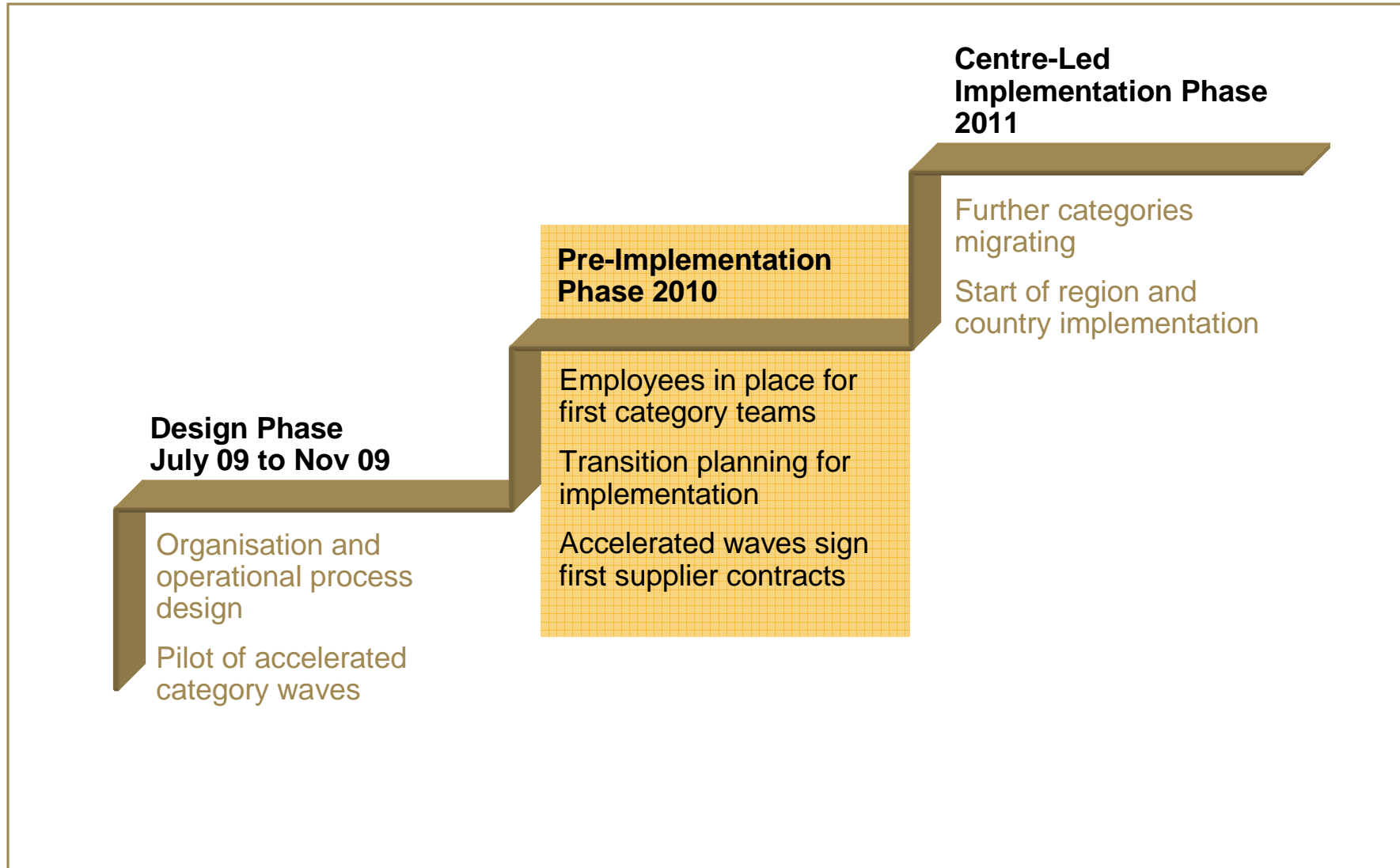


- Functional expertise developed driving improved brewing and packaging costs
- Standardized inputs
i.e. in trade activation materials
- Leverage scale in sourcing and CapEx

Europe steady state contribution to group: c\$60m



Centralise Procurement





Productivity steps already taken



- **Exceptional restructuring charges in F09:**
 - Total restructuring costs \$50m
 - Approximately 340 FTEs (NL, PL, CZ)
- **Exceptional restructuring charges in F10:**
 - Total restructuring costs \$64m
 - 2 Breweries (PL, SK)
 - 2 maltings
 - PL depot rationalisation
 - 640 FTEs
- **Estimated combined benefits**
 - F11 \$40m
- **Cost savings re-invested in brand marketing**



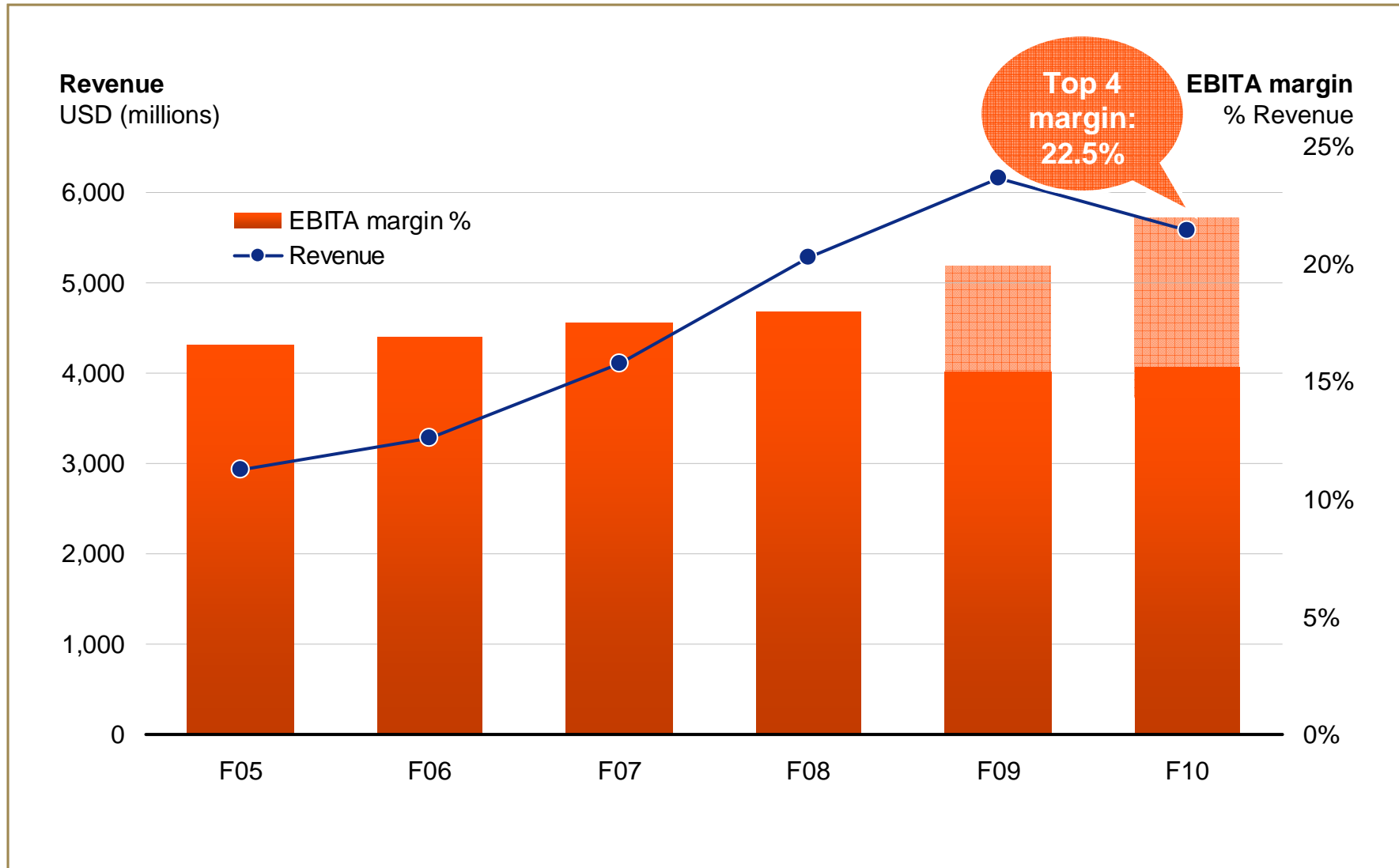


Key financials





Margin development

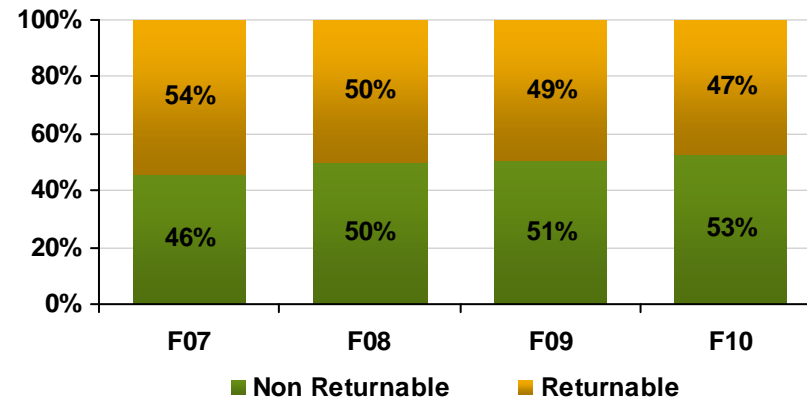




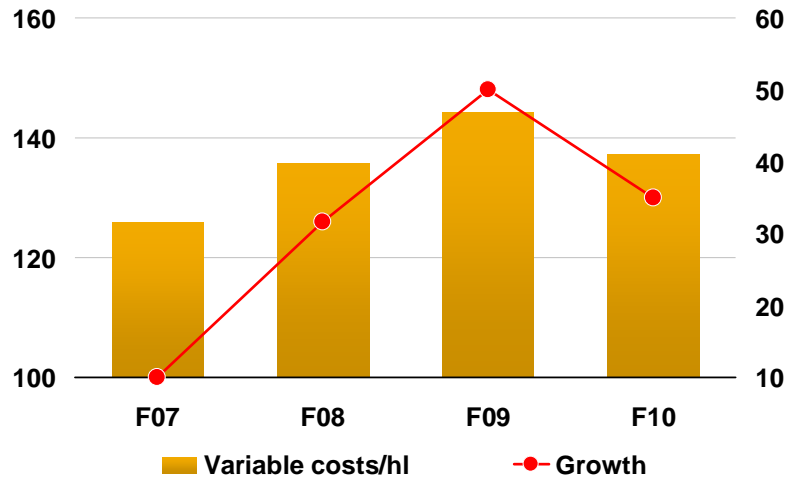
Input costs still impacting margins

- Relief on variable costs per HL in F10
- Hedging strategy objective is to smooth the peaks and troughs
- Evolving consumer preference to one-way packaging
- Transactional impact of currency

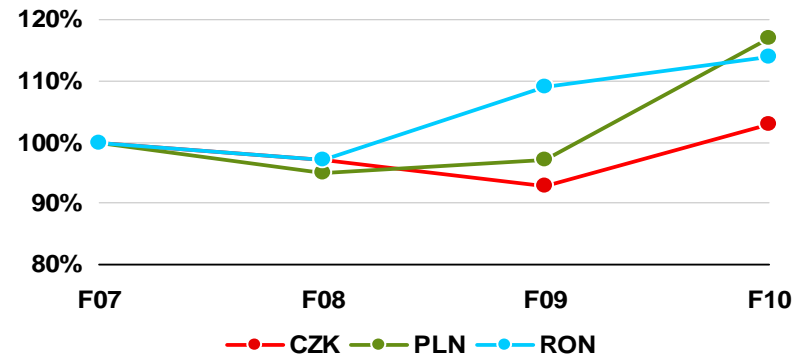
SABME Pack split



Variable costs per HL USD F07=100



SABME key currency movements v €



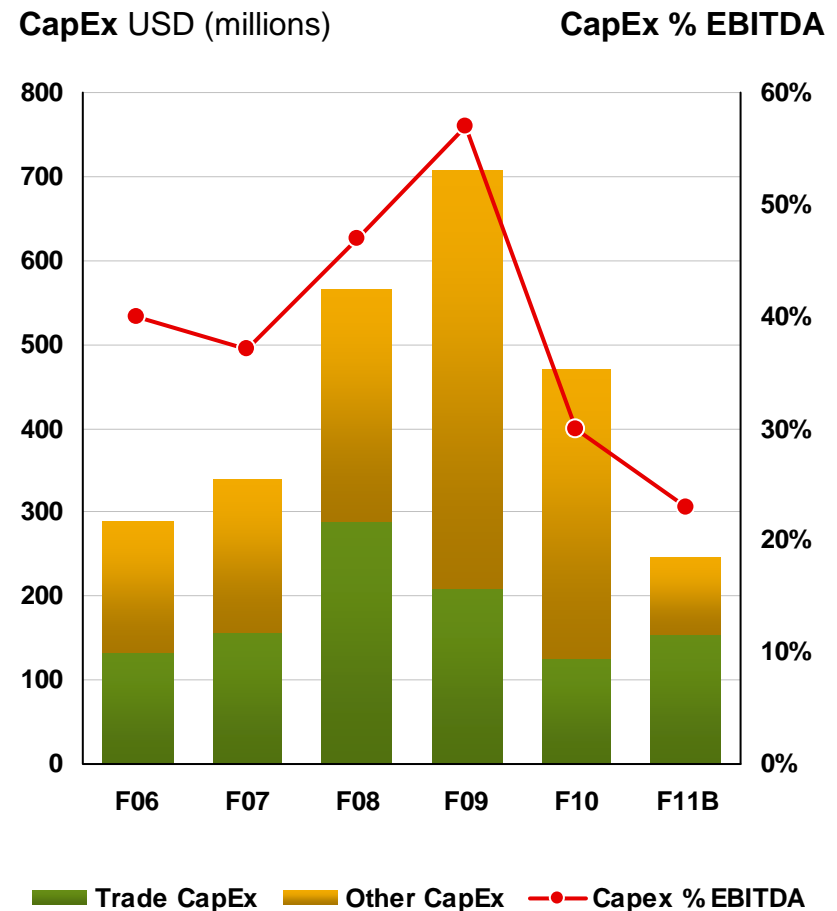


CapEx investment



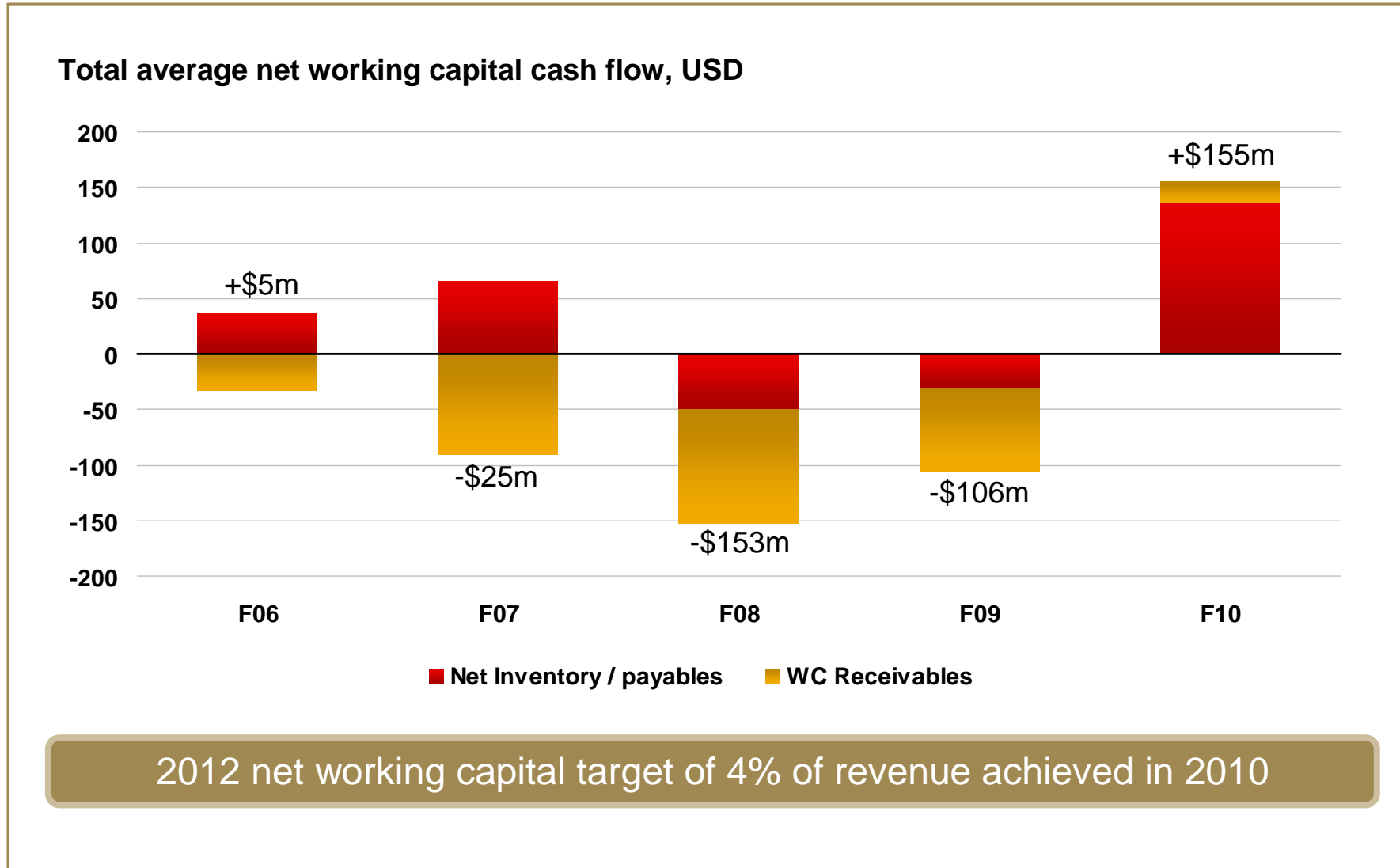
CapEx peak behind us

- CapEx peak 57% of EBITDA
- F10: 30% of EBITDA
- F11: 23% of EBITDA
- F12-F14: est.25% - 30% of EBITDA
 - invested in trade assets and capability at the appropriate rate





Working capital focus delivering results





Medium term outlook





SABMiller Europe Medium-term value driver outlook



Volume growth CAGR

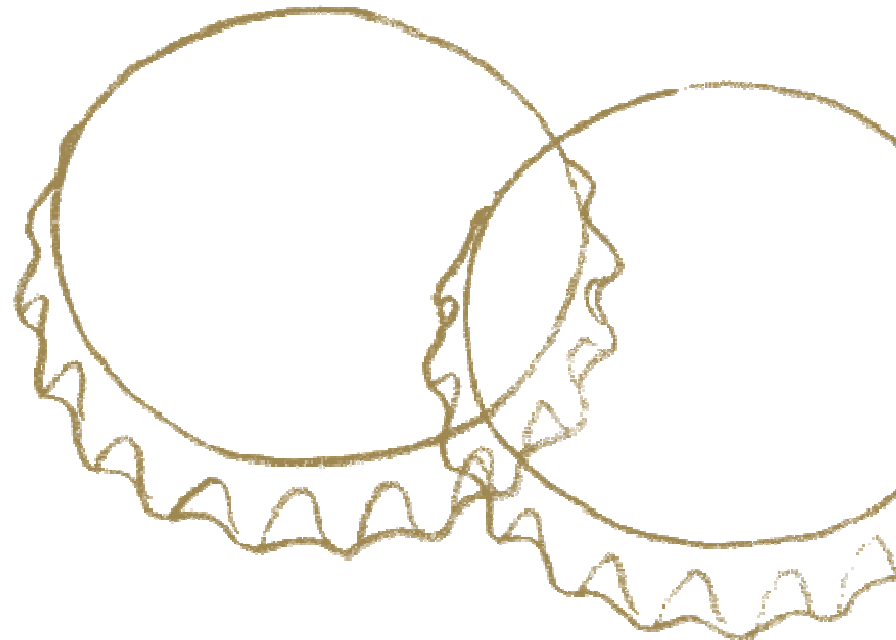
■ 2-4%

Revenue per hl CAGR

■ 2-4%

EBIT margin

■ +30-50 bps per year





Q & A

