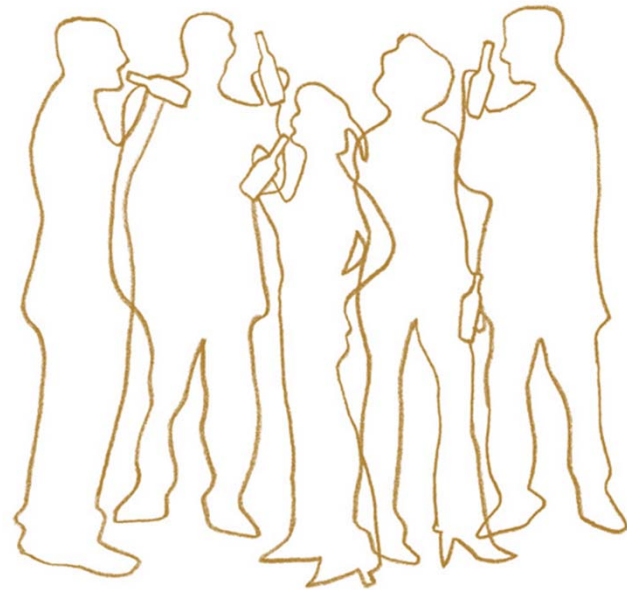




# Australia Update

27 March 2012





## 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.

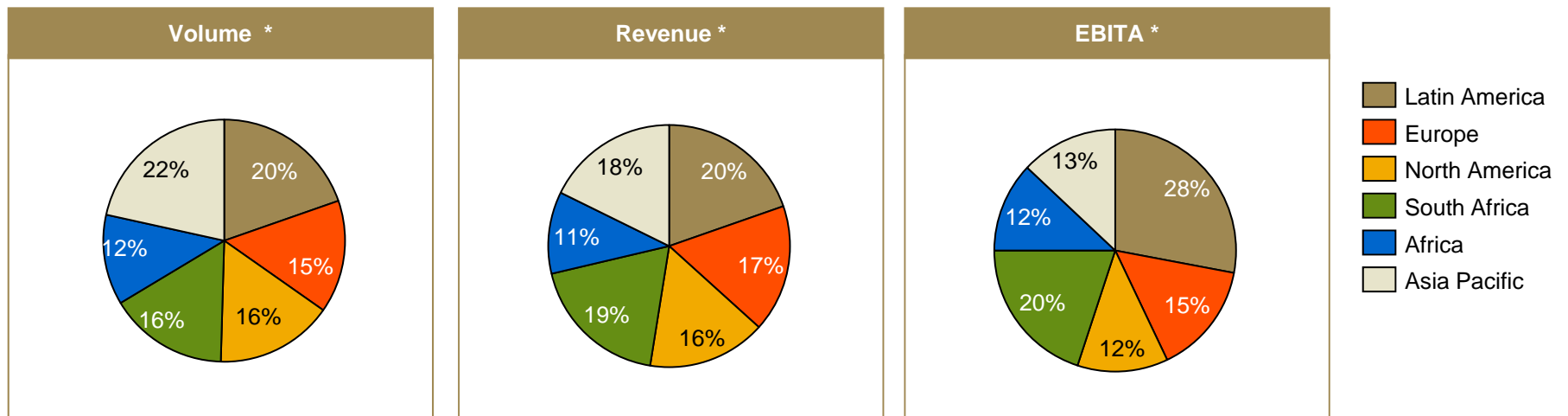


# Balanced portfolio of businesses



## ■ World's 2<sup>nd</sup> largest brewer

- # 1 or 2 position in > 90% of markets
- F05 – F11 CAGR: volume 9%, revenue 12% and EBITA 13%
- Leading local brands honed to local insights to build the category and local profit pool
- The leading Coke bottler in Africa and Central America



Market equity capitalisation of \$64 billion (26 Mar2012)

- - Group data excluding Foster's: 12 months ended 30 September 2011
- - Foster's data based on pro forma for 12 months to March 2012 with revised portfolio



## Acquisition status



### Foster's acquired

- Implemented via Scheme of Arrangement on 16 December 2011
- Financed from existing resources and new debt
- Transaction meets ROIC and EPS project thresholds without Corona

### Pacific Beverages update

- Purchased the outstanding 50% of Pacific Beverages joint venture from Coca-Cola Amatil
- Seamless integration into Foster's
- Non-core assets process progressing

### Australian Portfolio

- Owned brands added, including:
  - Peroni, Peroni Leggera, Grolsch, Miller Genuine Draught, Pilsner Urquell, Bluetongue
- Discontinued distribution agreements
  - Corona, Stella Artois, Asahi



# Foster's acquisition – a good strategic fit



**Balanced and attractive global spread of businesses**

- Strong economic and demographic outlook
- Stable and profitable beer industry
- Value creating transaction and highly cash generative
- Low risk economy with growth

**Strong, relevant brands that win in the local market**

- Foster's with strong market position
  - Broad portfolio of leading brands
  - Strong regional positions
  - 45% beer market volume share \*
  - Cider category leadership

**Improving profitability of local businesses, sustainably**

- Turnaround opportunity: market, operations, financial performance
  - Operational excellence
  - Commercial execution
  - Culture and organisational design

**Benefit from our skills and global scale**

- Global procurement
- Marketing capability
- Manufacturing expertise
- Performance and talent management

\* Source AC Nielsen market estimate



## Our Speakers today



### ■ Ari Mervis:

- Managing Director of SABMiller Asia Pacific and Chief Executive Officer of Foster's since December 2011.
- Managing Director of SABMiller Asia since October 2007.
- Previously Managing Director in Swaziland, Appletiser, Russia and Australia
- Joined SAB's soft drinks division, Amalgamated Beverages Industries in 1989 and held senior positions in sales, marketing, finance and general management.

### ■ Mike Walsh

- Appointed Finance Director of Foster's December 2011
- 17 years with SABMiller in finance roles across Eastern Europe, most recently FD in the Czech Republic

### ■ Andy Gibson

- Chief Marketing Officer of Foster's since November 2011
- 12 years with Diageo in senior roles in Europe, North and Latin America, Asia Pacific and Australia
- Most recently General Manager of Diageo's Germany/Austria/Switzerland operations and previously General Manager of Innovation based in Singapore



## An urbanised developed nation...

- Population 22 million
  - Annual growth of c. 1.5%
  - 69% urbanised
  - Gini coefficient of 31  
(USA 45, UK 34, RSA 65)
- GDP Total: USD 1,510 billion (global rank #13)
  - GDP per capita: USD 64k (global rank #5)
- Stable economic environment
- ... exposed to emerging market growth
  - Circa 40% of exports
  - Underpinned by natural resources
  - Geographic proximity to Asia



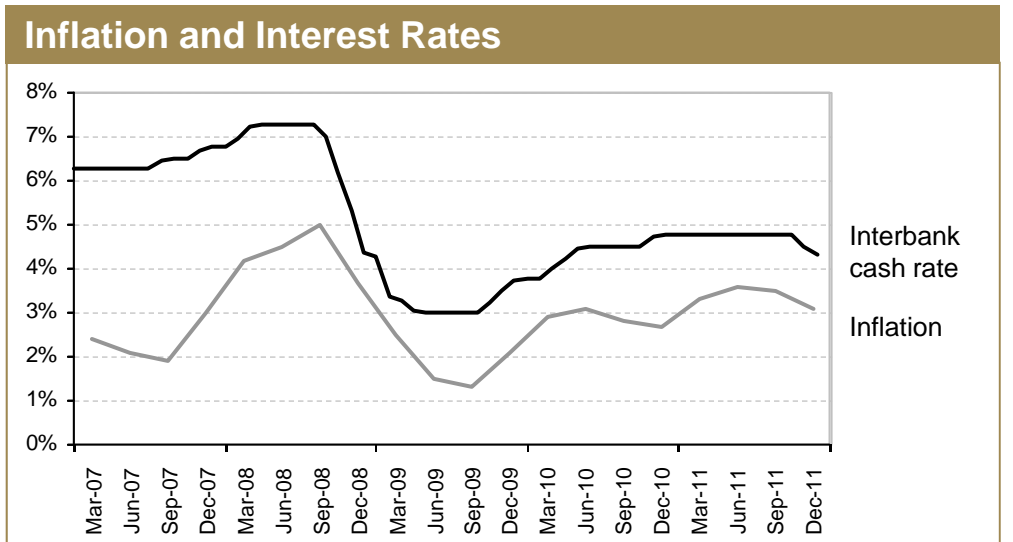
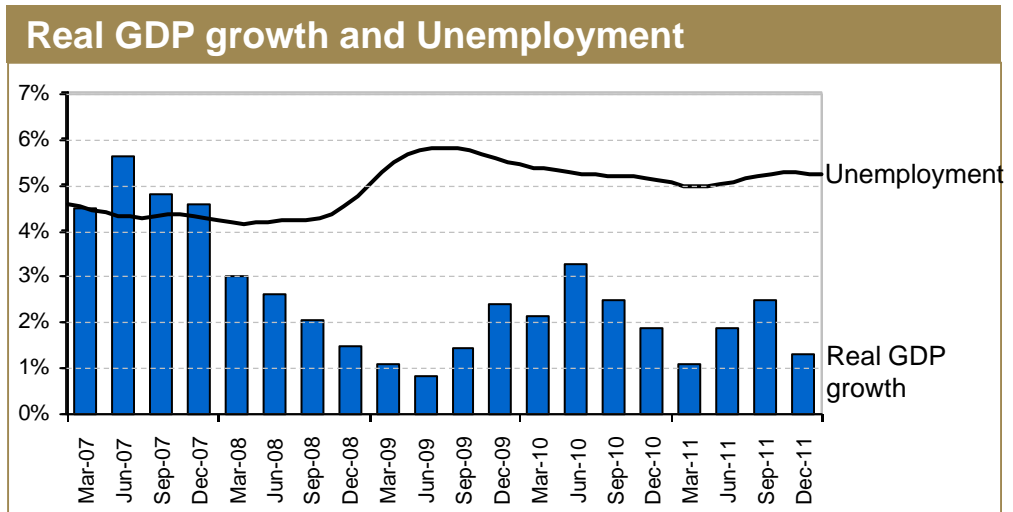
Source: CIA World Fact Book 2011, Australian Bureau of Statistics



# A resilient economy



- Resilient through global financial crisis
- GDP CAGR: 1.9% (3 yrs to 2011)
  - US 0.4%, UK (0.5)%, EU (1.4)%
- Unemployment: 5.1%
  - US 9.0%, UK 8.1%, EU 9.7%
- Inflation: 3.1%



Source: ABS, RBA, EIU

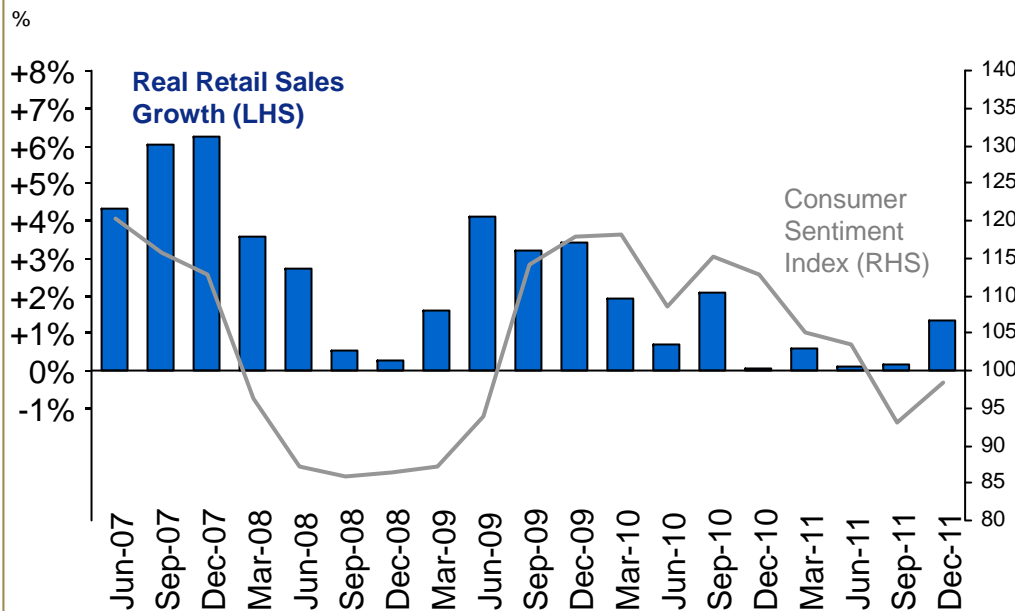




# Recent economic impacts



## Domestic retail sales growth



Source: ABS, Westpac Consumer Sentiment Index

- Subdued consumer confidence – cyclical effects
- Increased household savings
- Discretionary segments weaker
- Tourism impacts
- Reduction in international students

## Big retailers hammered

Slump escalates as DJS forecasts 40% reversal

**CASHING IN ON NET SHOPPING**  
Online sales as a percentage of total sales – 2010-12

DAVID JONES	▼ 20%
MAYER	▼ 20%
KATHMANDU	▼ 43%

22 March 2012

## Coca-Cola Amatil thirsts for beer after ‘challenging’ year

COLIN KRUGER

23 February 2012

## Growth slows at Woolworths

Colin Kruger

The Sydney Morning Herald  
**BusinessDay**  
1 February 2012

## Kirin braces for another soft year after Lion profit halves

Sue Mitchell

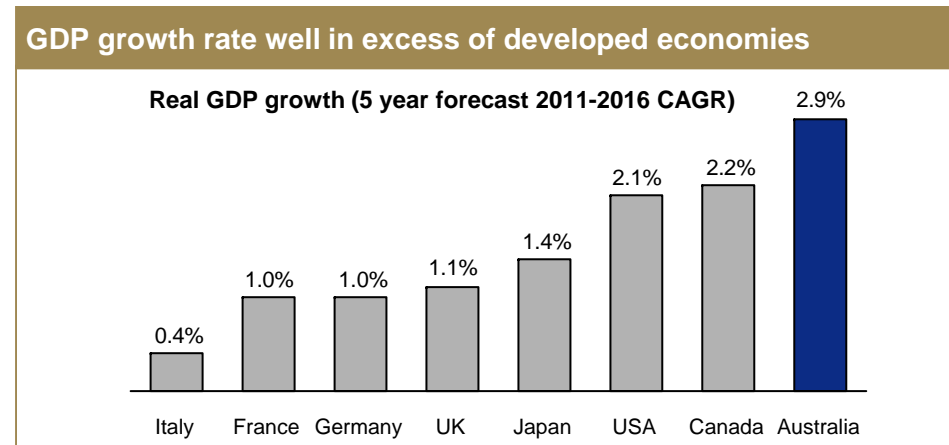
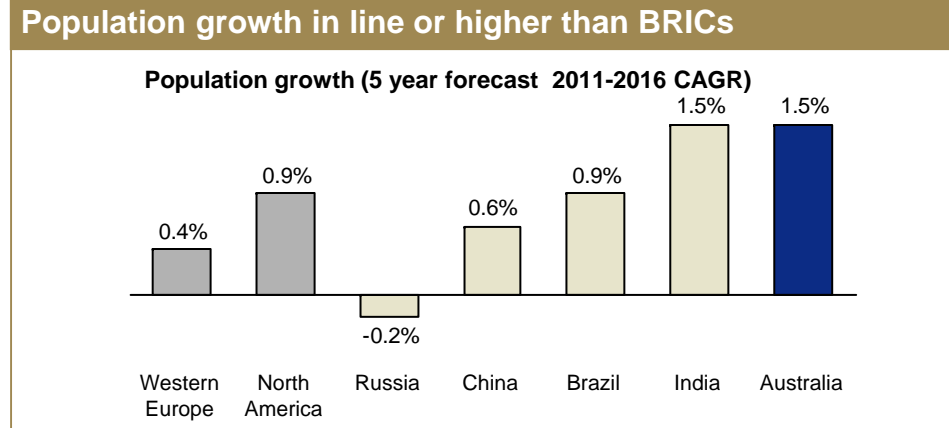
**FINANCIAL REVIEW**  
11 February 2012



# Long-term economic outlook remains attractive



- Growing population
  - 5 year forecast CAGR of +1.5%
- Strong real GDP growth
  - 5 year forecast CAGR of +2.9%
- Personal disposable income growth
  - 5 year forecast CAGR of +4.8%

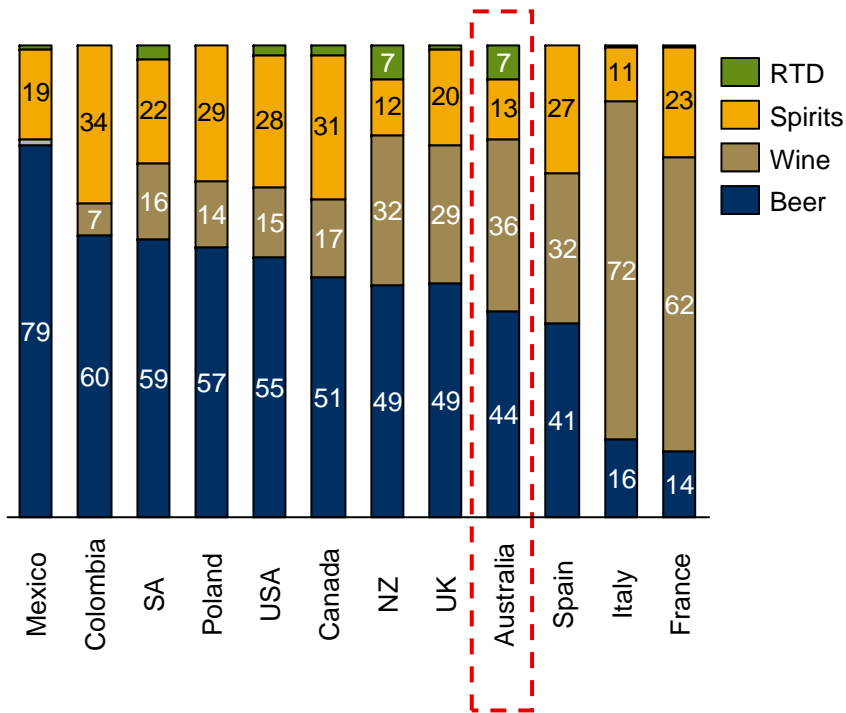


Source: EIU March 2012,  
Gini: CIA, Australia 2006, USA 2007 UK 2004, South Africa 2005



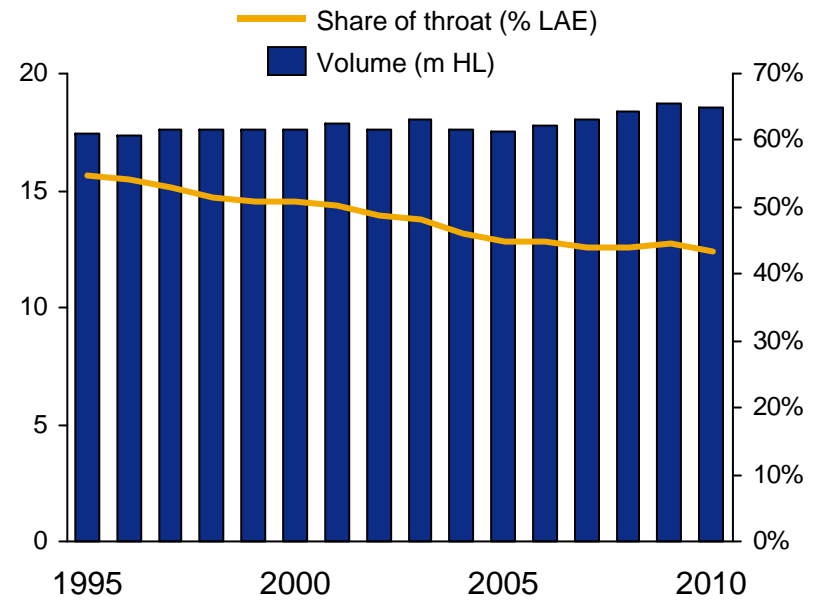
## Share of throat

### Alcohol LAE composition by country (2009)



## Market volumes

### Beer Volume and Share of throat



- Stable industry volumes
- Top 2 players > 90% share

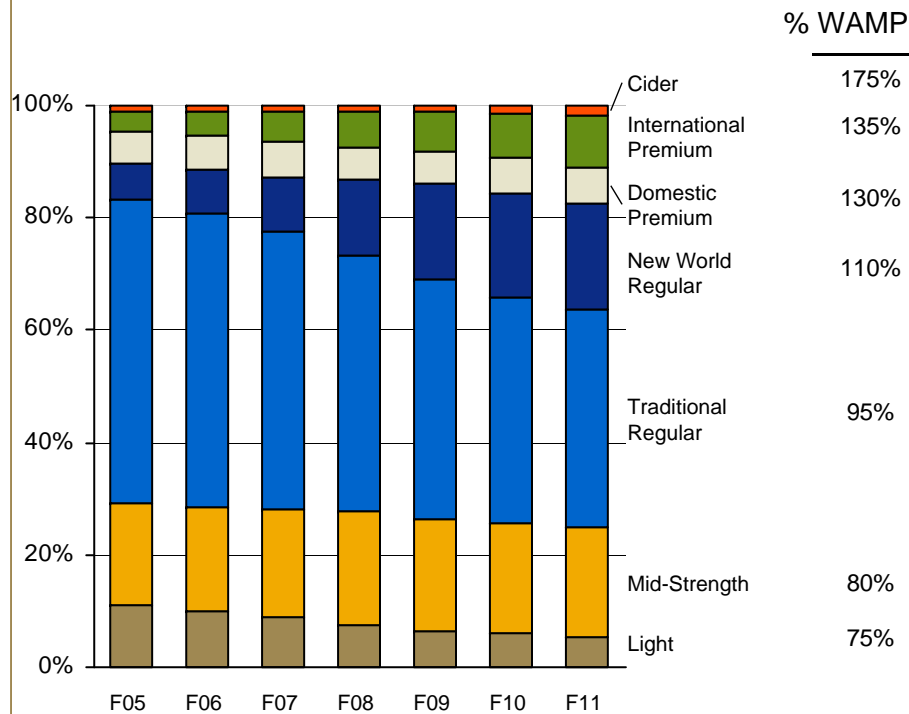
Source: ABS, AC Nielsen, Canadean



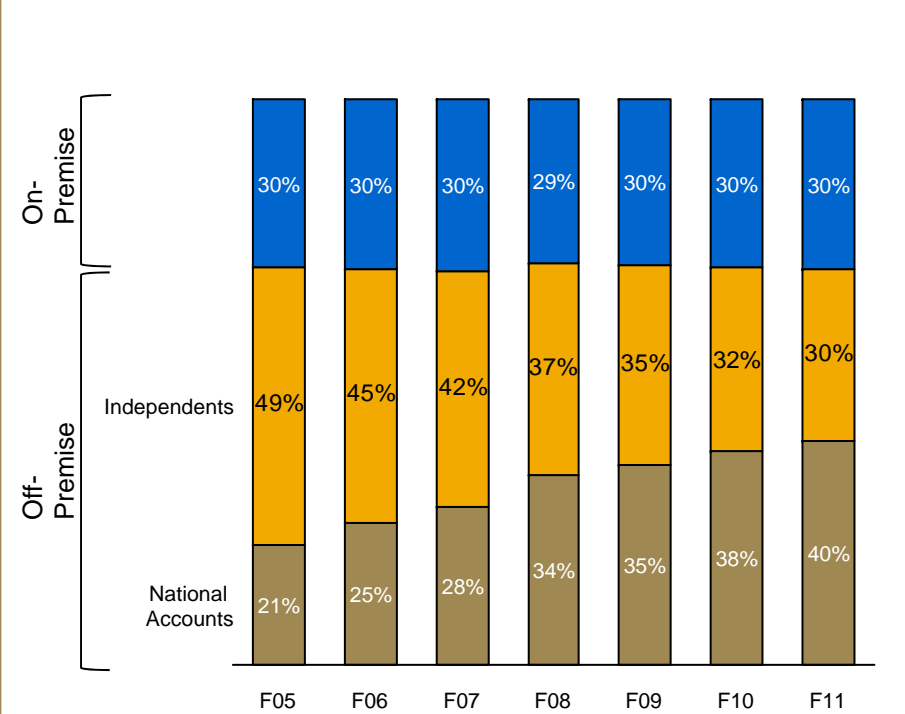
# Category and channel developments



## Sub-category mix trends



## Channel development



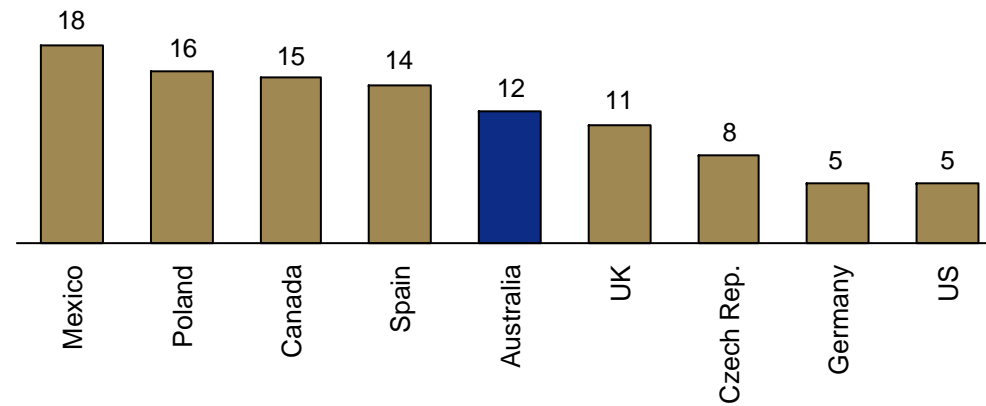
Source: AC Nielsen, Australian Bureau of Statistics, internal analysis



# Beer affordability

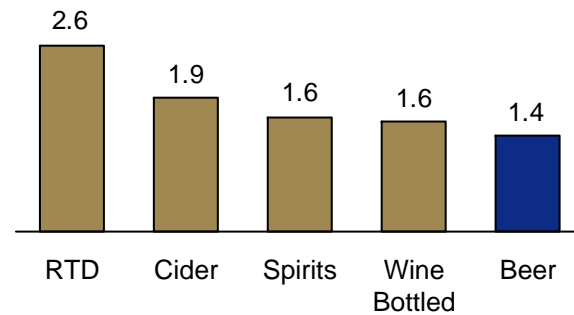


## Minutes worked to afford 500ml of mainstream beer

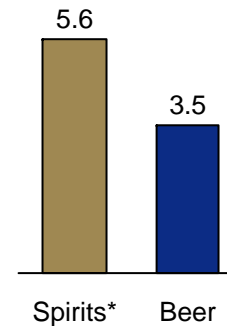


## Retail price per standard drink (\$)

### Off-premise - pack



### On-premise



Source: AC Nielsen, ABS, internal analysis  
\* Spirits figure represents a 30 ml nip of Scotch



# CUB portfolio – presence in all segments



## International Premium



## Craft



## Domestic Premium



## New World



## Traditional Regular



## Cider



## Mid-Strength



## Light





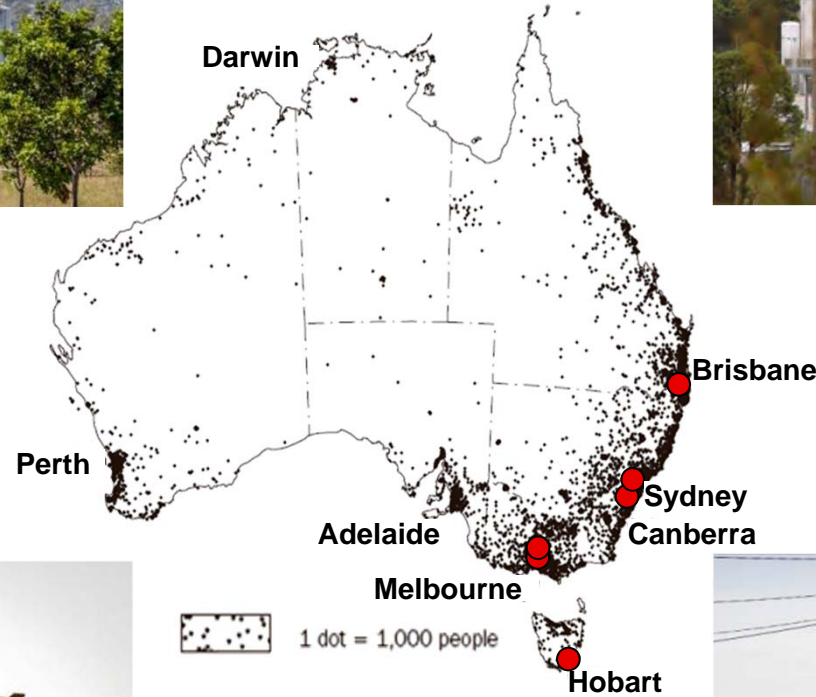
# CUB manufacturing footprint



**Yatala (Brisbane)**



**Warnervale (Central Coast)**



**Cascade (Hobart)**



**Abbotsford (Melbourne)**





## Integration mobilisation

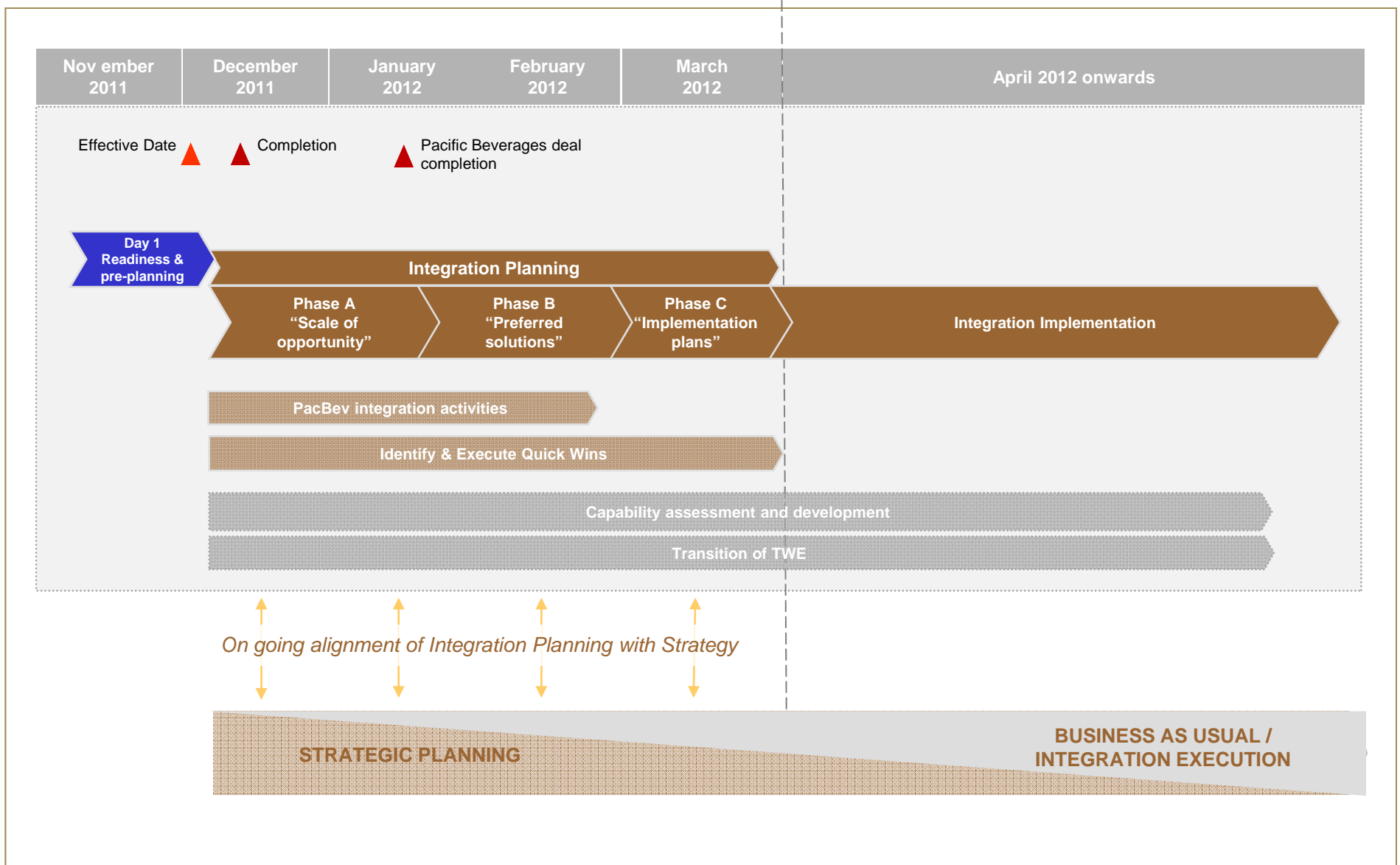


- Joint leadership workshop
- Broad organisation engagement
- Customers, suppliers and business partner introductions
- Structured integration program





# Integration process





## Observations



- Lack of consistent strategic direction
- No leadership continuity, frequent churn
- Primary focus on wine development and execution; beer basics not at centre of organisation
- Diluted focus on the core brands
- Under-developed channel management practices
- Defensive culture and loss of confidence
- Corporate distractions
- Strong residual support for business



# Business priorities



## Culture and Organisational Design

- Back to beer basics
- Implement SABMiller systems, processes and tools
- Introduce performance and talent management
- Enhance licence to trade



## Operational Excellence

- Brewing expertise
- Optimise distribution and production grid
- Leverage global procurement



## Commercial Execution

- Improve channel and key account management
- Position portfolio and brands
- Prioritise revenue management





## Back to Beer Basics

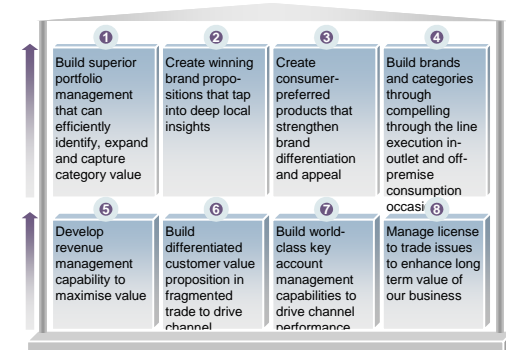
- Re-focus on beer business
- Optimise go-to-market strategy
- Improve data quality and insights
- Leverage SABMiller global experience
- Utilise local expertise and insight

## Systems, Processes and Tools

### SABMiller Ways



### Global Capabilities

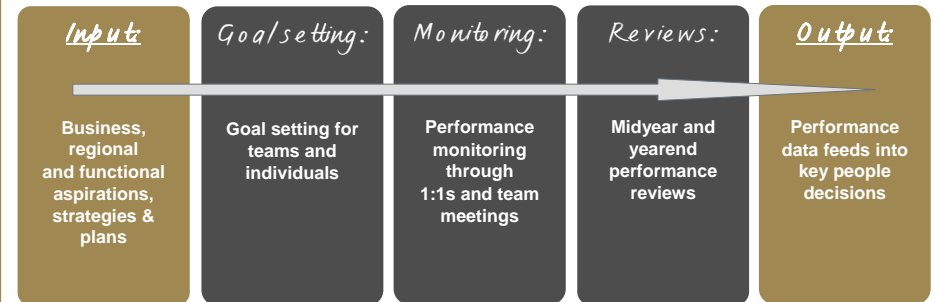




## SABMiller Ways



## Performance Management Way



## Licence to Trade Way





# Business priorities



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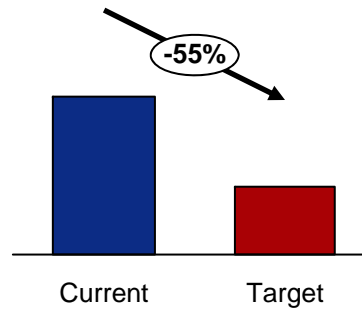


## Brewery audits & benchmarking

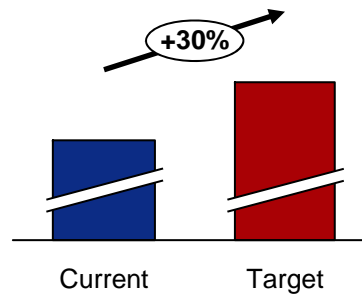


## Improvement opportunities

### Macro extract loss



### Packaging efficiency



## Implementation plan

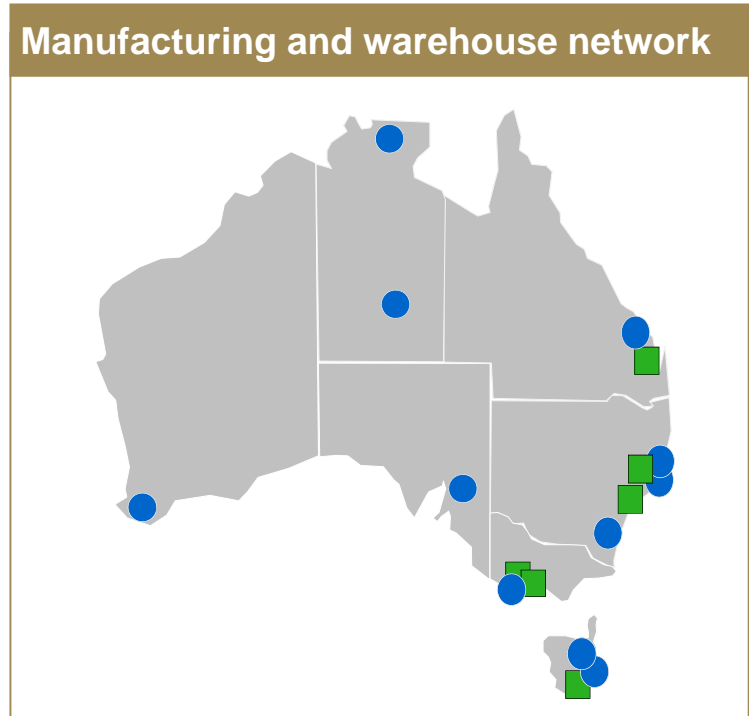
- Introduce World Class Manufacturing
- Launch global KPI measurement and tracking
- Brand Technical Footprints



# Distribution and network



- Integrate Pacific Beverages
- Optimise network and sourcing model
- Design for brand and capability requirements



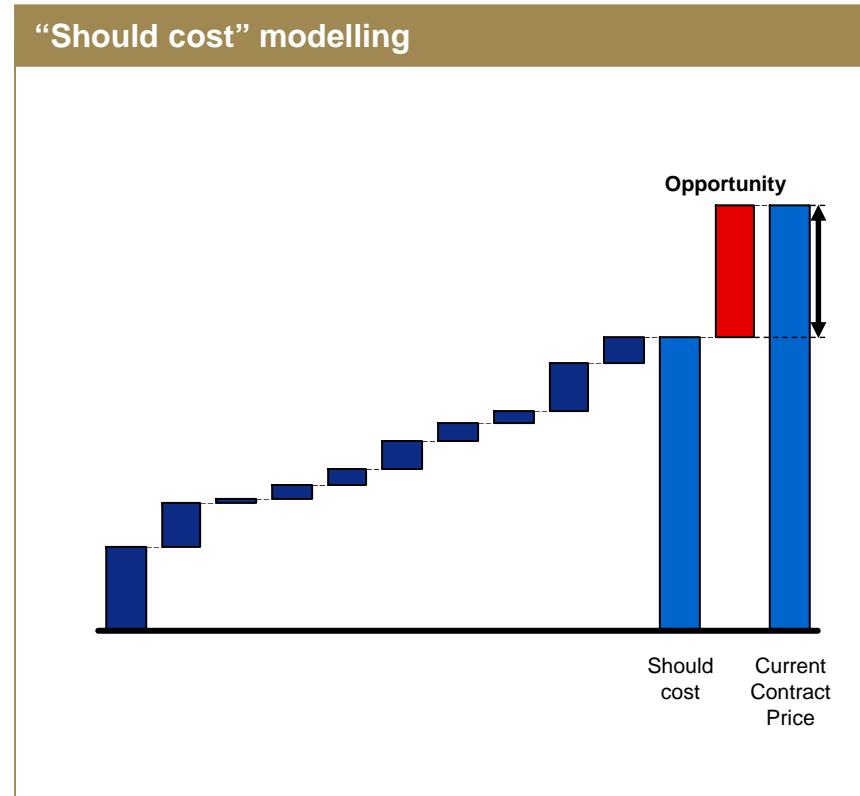




# Leverage global procurement



- Trinity global purchasing relationships and category knowledge
- Optimise packaging specifications
- A global approach to underlying commodities
- Significant opportunities identified beyond packaging and brewing materials





# Business priorities



## Culture and Organisational Design

- Back to beer basics
- Implement SABMiller systems, processes and tools
- Introduce performance and talent management
- Enhance licence to trade



## Operational Excellence

- Brewing expertise
- Optimise distribution and production grid
- Leverage global procurement



## Commercial Execution

- Improve channel and key account management
- Position portfolio and brands
- Prioritise revenue management

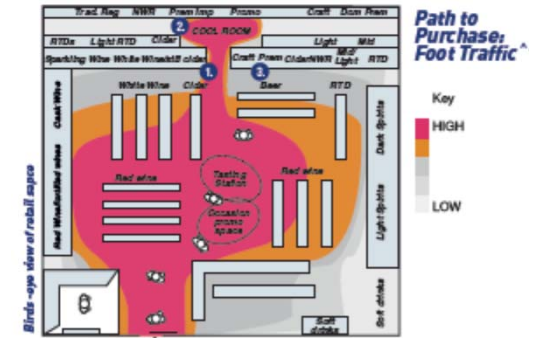




# Off-premise channel management



- Drive profitable revenue management growth
  - Customer and shopper insights to drive new SABMiller segmentation
  - Brand/pack/channel pricing strategy
- Customer engagement model
  - Reorient relationship to positive category development
  - Joint business planning
  - Trade terms geared to positive performance
  - Longer planning horizons
- Front-line execution
  - Clear picture of success in-store
  - Align go-to-market model with customer execution priorities
  - Sales execution systems

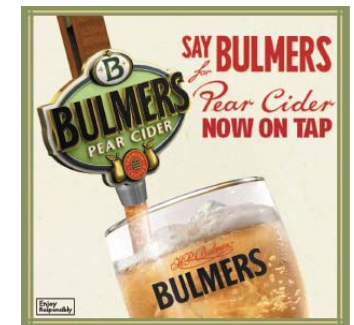




# On-premise channel management



- Prioritise channel to grow beer category
  - Generate excitement through brand-building experiences
  - Innovate to drive growth
- Portfolio execution
  - Consumer-led outlet classification and portfolio alignment
  - Drive premium brands & segments in appropriate venues
  - Prioritise strategic accounts
- Step change in execution standards
  - In-venue execution standards
  - Contract and tap optimisation
  - Sub-channel investment and service models





## Commercial focus

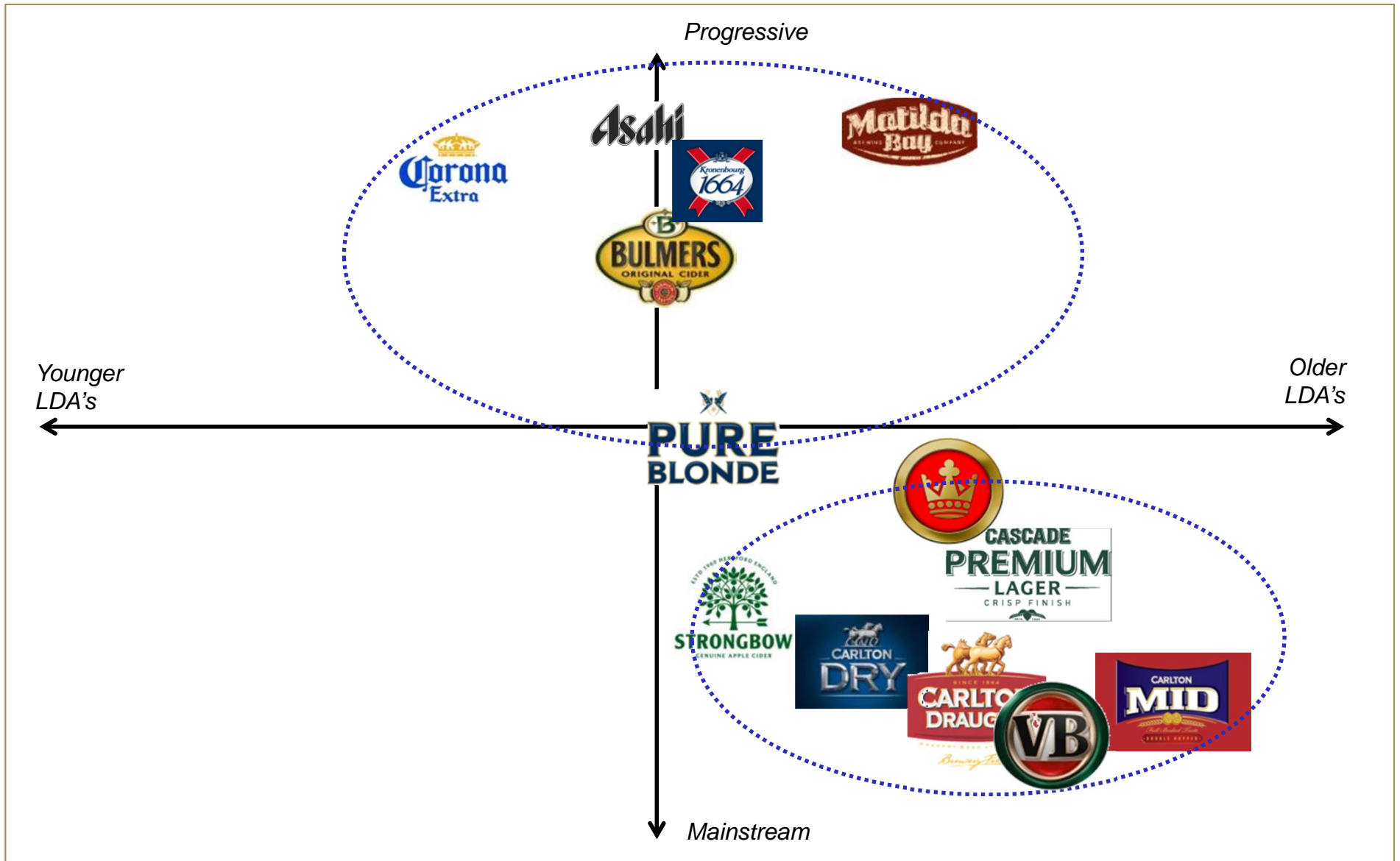


- Embrace the SABMiller Marketing Way
- Proudly focus on core brands with sharper, distinctive positionings
- Drive premium, cider and craft for growth
- Position innovation as a growth driver



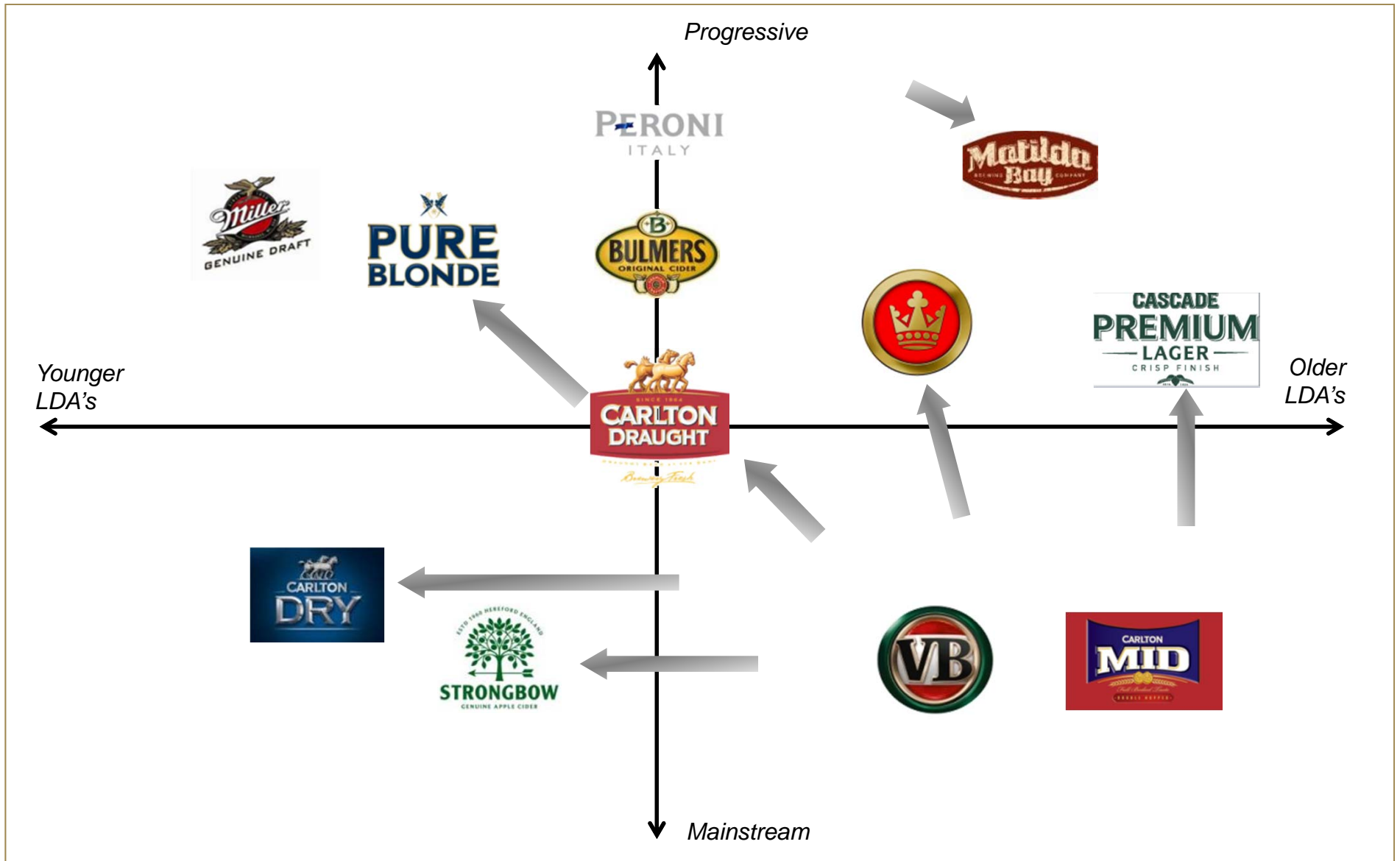


# Legacy portfolio positioning



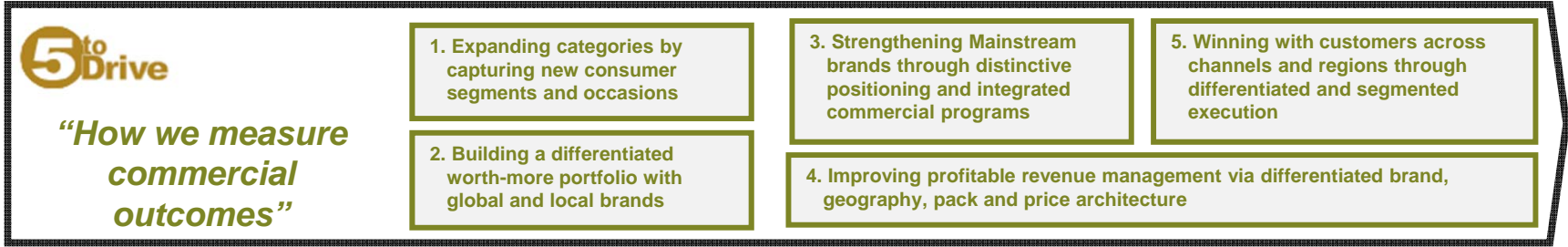
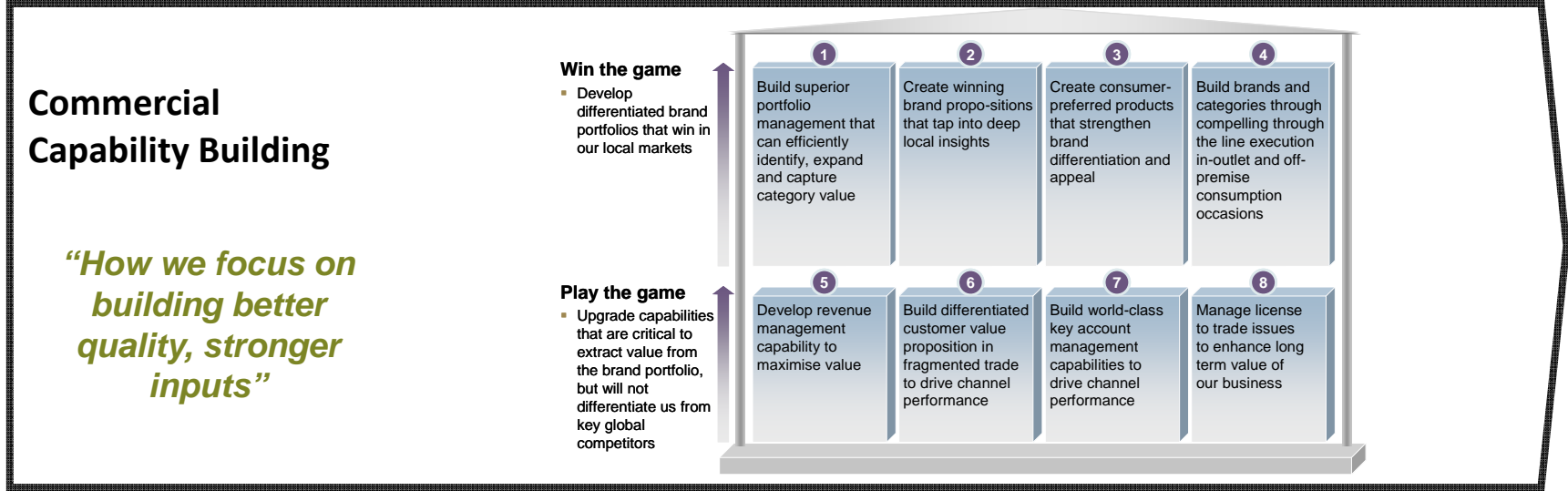
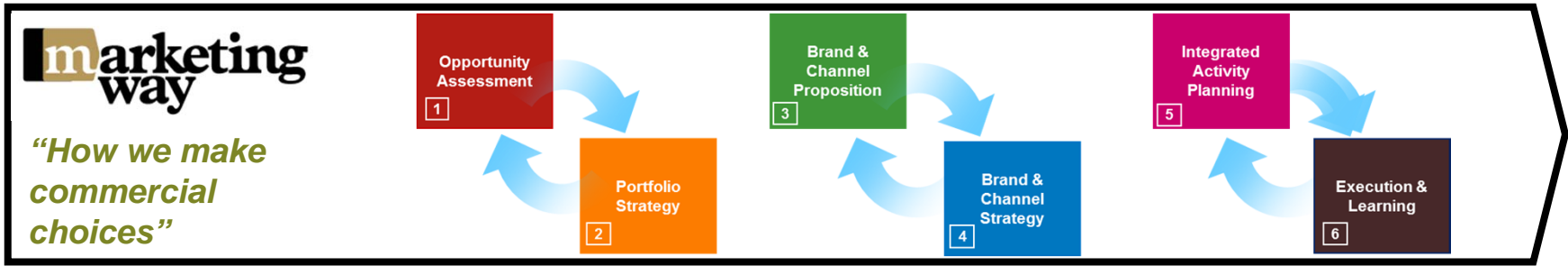


# Clearer portfolio roles





# Embrace SABMiller Marketing Way







## Reposition and stabilise Victoria Bitter





# Reposition and stabilise Victoria Bitter



Video



Video





# Return VB to its former glory



## Build Respect For The BRAND

- Develop an emotionally motivating positioning and communications platform
- Bring to life via sponsorships



## Build Preference For The BREW

- Leverage established Best Cold Beer platform



## Build VALUE in Store

- Develop programs with key customers to reward loyal consumers
- Ensure that VB is good value in every store, all of the time.





## Continue momentum of Carlton Draught



- Lead with draught beer, follow with packaged beer
- Continue award-winning “Made from Beer” campaign to grow brand commitment
- Extend ownership of “Brewery Fresh” platform to drive draught quality perceptions
- Optimise relationship with Australian Football League



## Beyond Low Carb



Establish  
purity  
credentials



**NOTHING  
ARTIFICIAL**  
FOR A PURE CRISP TASTE

Enjoy  
responsibly

## Reinforce Premium Positioning



Stylish new packaging



## Build Emotional Connection



Take the high ground with  
upcoming 'Purer Way' campaign



Weak historical price/discount positioning has undermined the brand

## Owning the Moments that Matter

- Celebrating Australia's finest



## Reinforce Quality Credentials

- Focus on unique lagering process
- Time as the 5th ingredient

## Premium Resonance

- Consistent premium cues
- Crown Ambassador





## Optimise premium opportunities



- More focused portfolio led by Peroni

- Build on current growth of 25%\*
- Leverage global assets



- Expand Miller Genuine Draft

- Position as the international beer of the night
- Leverage global assets and experience

- Extend distribution of Miller Chill



\* 11 months to Nov-11 vs prior year



# Continue explosive growth in cider and craft



## CIDER

- Category growth rate of 38% p.a.
- Opportunity to grow volume and incremental margin
- Use Strongbow to recruit new drinkers into the category
- Accelerate explosive Bulmers growth in premium international space



## CRAFT

- Category growth rate of 25% p.a.
- Leverage Matilda Bay credentials
- Innovate behind accessible craft offerings – Fat Yak, Beez Neez and Dirty Granny
- Cascade – Australia's first brewery



Source: AC Nielsen Dec-11 MAT





# Positioning innovation as a growth driver



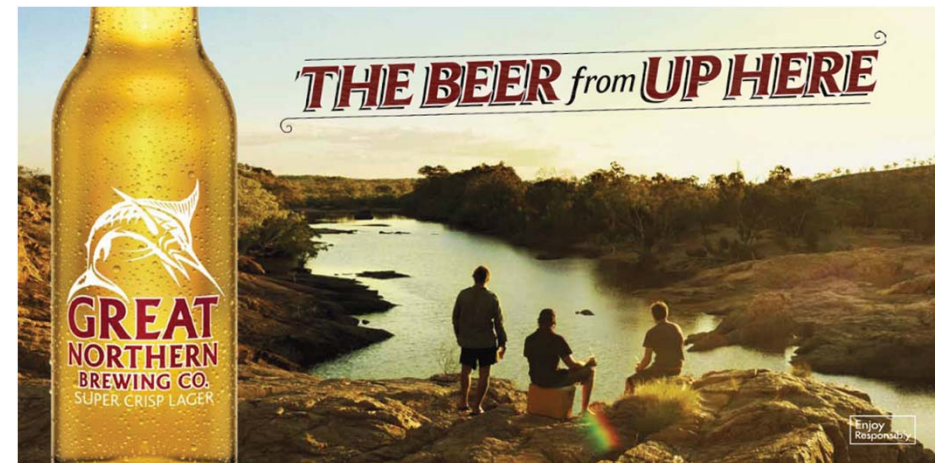
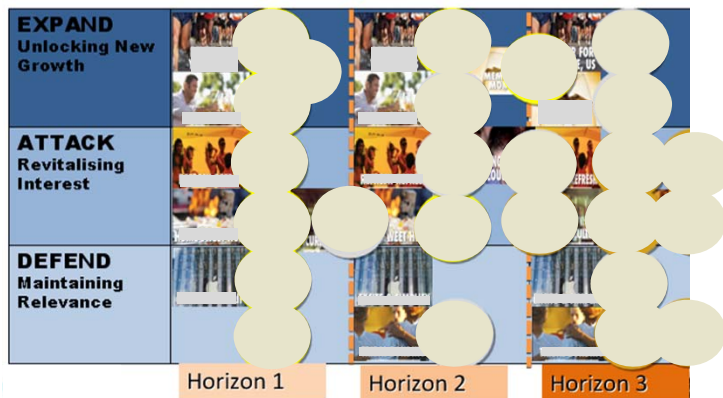
- Insights
  - Portfolio strategy to identify market gaps
  - Distinct innovation routes to address the potential
- Establish SABMiller process
- Clearly prioritised pipeline

## Example: Great Northern Brewing Company



### WINNING THE INNOVATION BATTLE

#### Innovation Strategy Horizon Map





## Marketing spend effectiveness



- Simplify agency rosters
- Implement world class testing and tracking process
- Greater accountability around media buying and production
- Leverage Trinity to procure merchandise & POS
- Use efficiencies to re-invest in growth drivers – digital, packaging



**MEDIACOM**  
People First ▶ Better Results



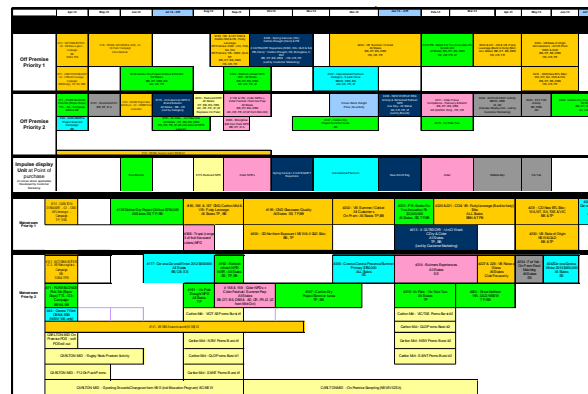


# Integrated activity planning



- Fewer, bigger, better execution of activities
- Alignment across channels, regions and through-the-line execution
- Clear picture of success with accountability
- Clearly defined activation by customer and outlet aligned to strategy

## Historical Activity Plan



## Moving to ...

### Clear Principles

- Fewer, Bigger, Better
- Align scale activities
- Customer investment to align with marketing investment

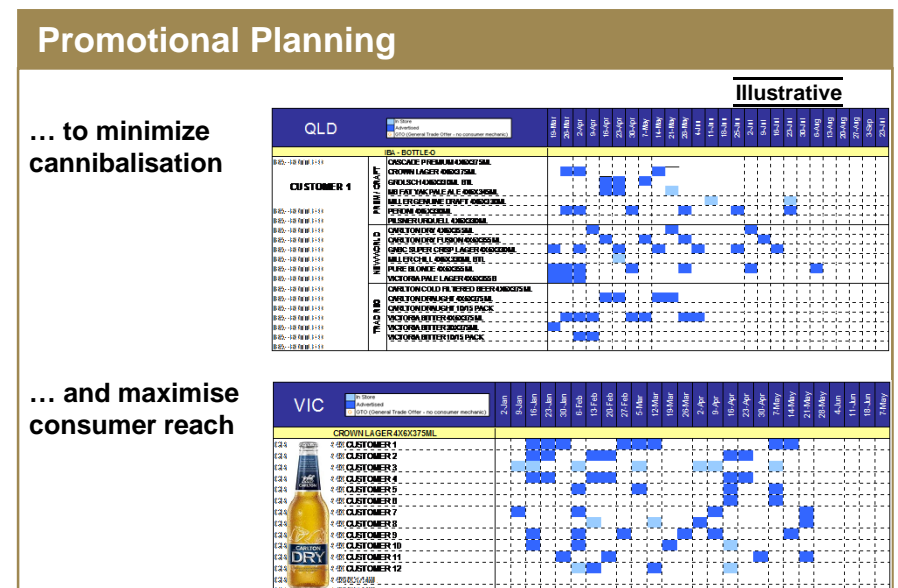
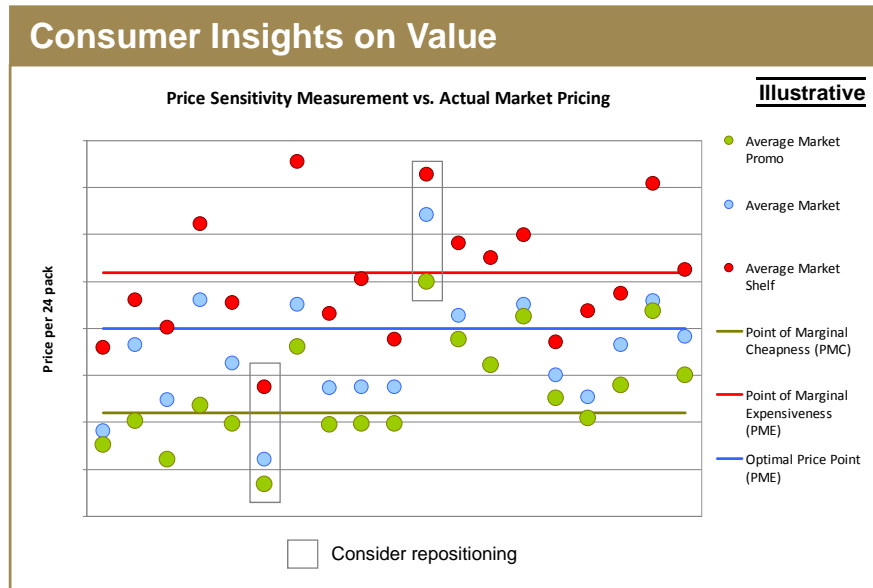




# Revenue management – process



- Improve insights
- Develop overarching revenue management strategy
- Shift culture to Profitable Revenue Growth Management
- Improve the process





## Cost of Debt

- Acquisition debt cost lower than planned
  - Average US\$7 b bond cost of c. 3.4%, well below expectation and prevailing Group interest rate
- Material fall in Australian RFR (100-150bps)

## Tax impacts

- 1%+ reduction in Group ETR
- Value specifically related to project

## Portfolio and market dynamics

- Corona, Asahi, Stella and other non-owned brands
- Forward focus on owned brands
- Underlying market conditions weaker than expected



## Current performance update



	<b>Jul-Dec 11</b>	<b>Change % vs prior year</b>
<b>Volume (mhl)</b>	4.965	-4.5%
<b>Revenue (AUD'm)</b>	1782	-4.4%
<b>EBITA margin (%)</b> <b>- on net revenue excl. excise</b>	36.4%	+10 bps
<b>EBITA margin (%)</b> <b>- on Revenue incl. excise</b>	23.5%	+11 bps

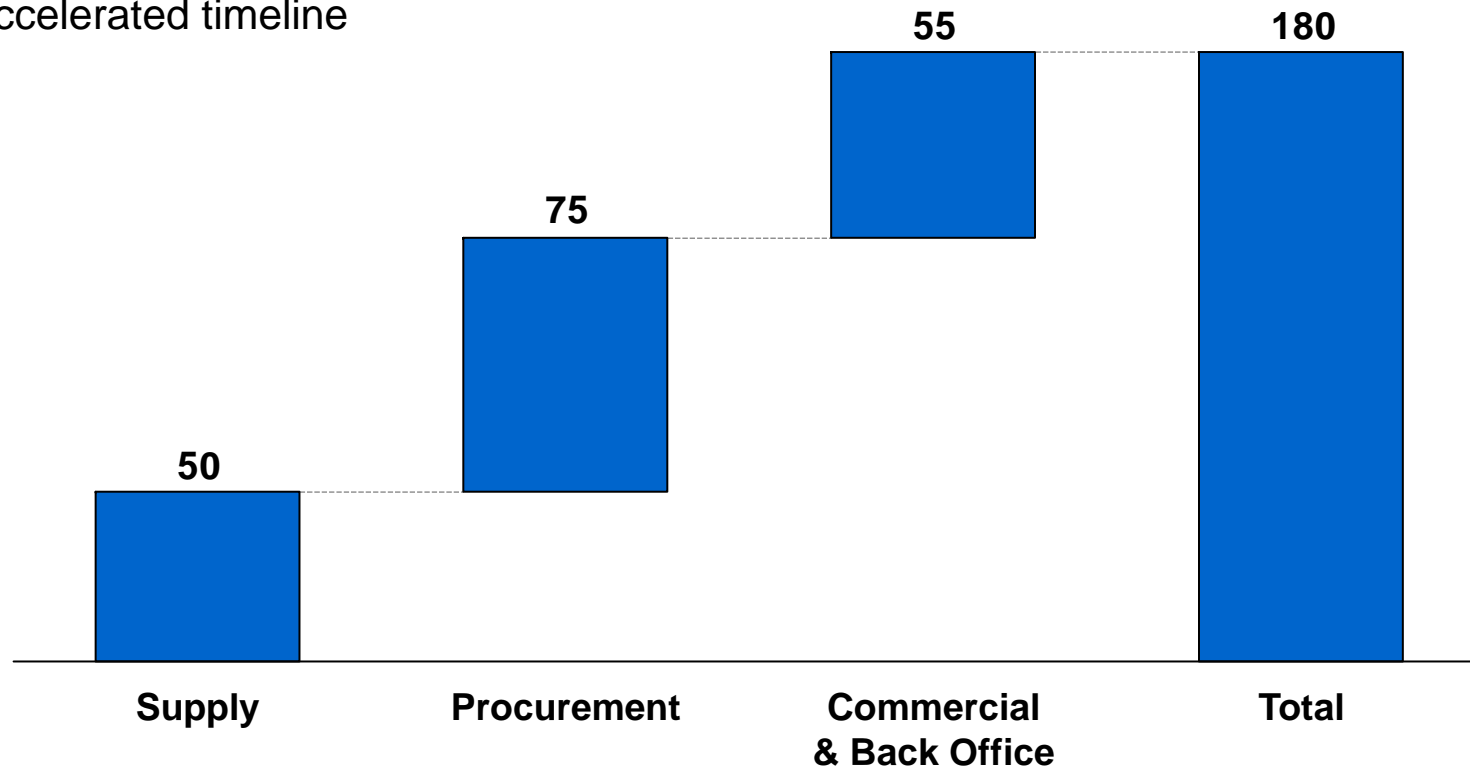


# Cost and best operating practice synergies



## Cost synergies – year 4 annualised EBITA impact (\$m)

- Better than pre-bid expectations
- Accelerated timeline





## Medium term outlook



- Volume growth of 1-3% p.a.
- NPR per hl growth of circa 120-150% of CPI supported by price, promotional management and mix improvement
- Margin expansion before synergies of 60-80 bps p.a.
- Cost synergies of A\$180m by year 4





## Summary



- Fundamentally attractive economy and beer industry
- More positive opportunities to enhance the business than expected
- Integration on track
  - Strengthen the core, complemented by distinctive premium portfolio
  - Revenue growth opportunities
  - Cost and best operating practice synergies of AUD180m



## Questions and Answers



Thank you