



welcome

SABMiller plc
Quarterly divisional seminar series

Latin America

26 January 2010 (London)
28 January 2010 (New York)



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.

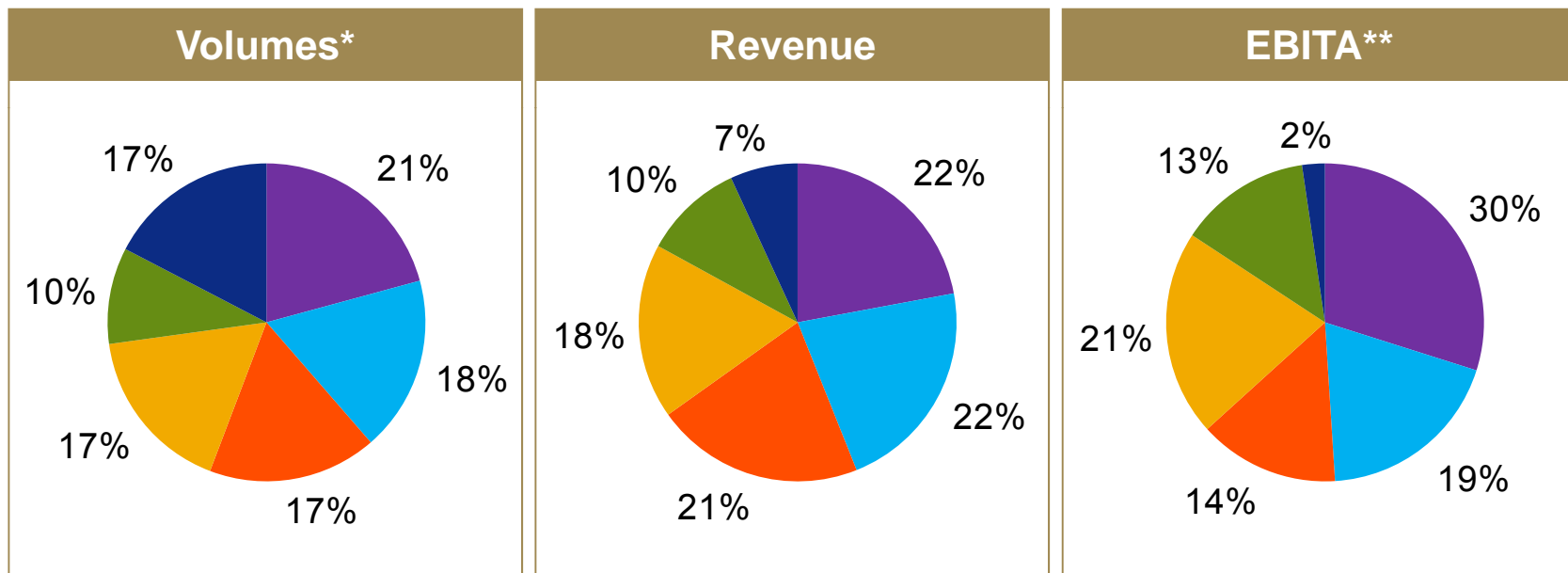


Latin America in context



Latin America – the largest contributor to group EBITA**

Twelve months to 30 September 2009



- Latin America
- Europe
- North America
- South Africa
- Africa
- Asia

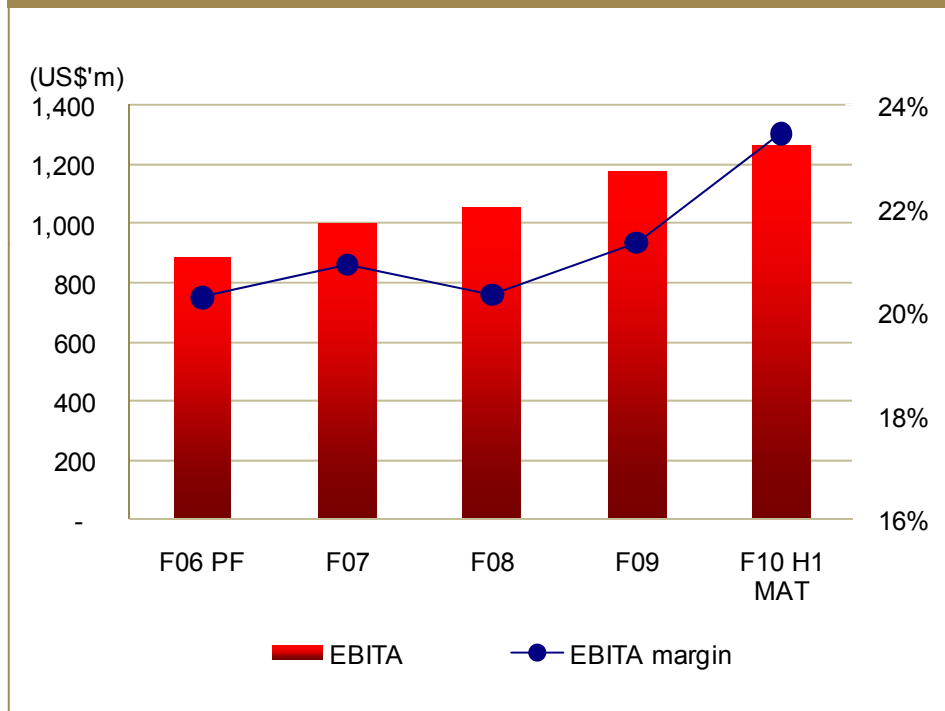
* Excludes contract brewing, includes soft drinks and other alcoholic beverages **Before corporate costs and excluding exceptional items and the amortisation of intangible assets (excluding software)



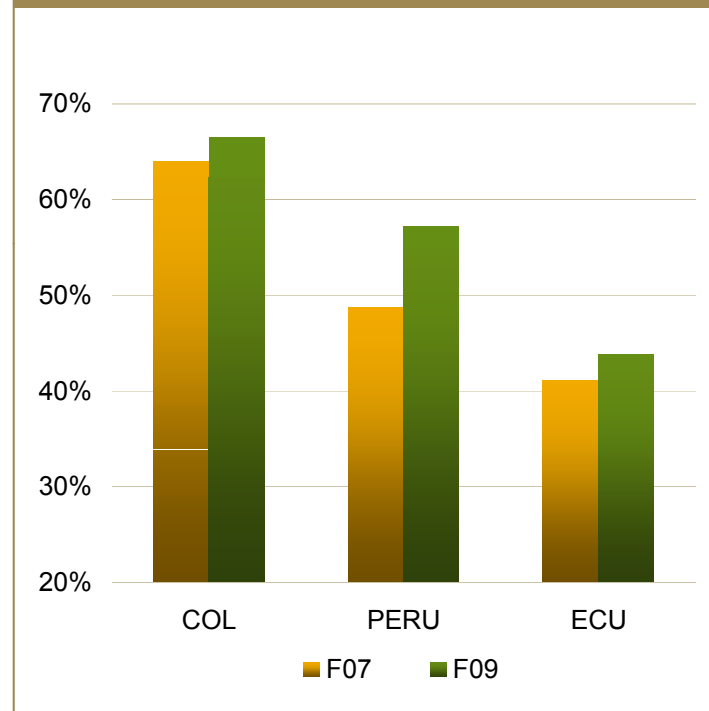
Strong progress to date in LatAm – operational & financial



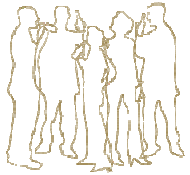
LatAm EBITA and EBITA margin*



Beer share of LAE



* F06 pro forma to F09 at constant F09 exchange rates



Our speakers today

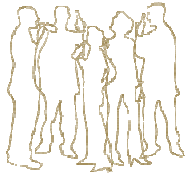


Barry Smith (1984)

- 2005 President, SABMiller Latin America
- 2002 Senior Vice President, Strategy - Miller Brewing Company
- 1997 Managing Director - SABMiller Poland
- 1984 Joined SAB South Africa

Randy Ransom (2006)

- 2008 Senior Vice President, Commercial - SABMiller Latin America
- 2006 Chief Marketing Officer - Miller Brewing Company
- 2004 Senior Vice President - Coca-Cola Trademark, North America
- 2000 Chief Marketing Officer - FEMSA Cerveza
- 1995 Coca-Cola Marketing - Global/ Asia/ Mexico



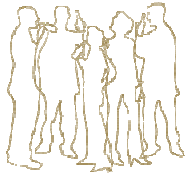
Agenda



1. Regional snapshot
2. How are we doing in LatAm?
3. Looking forward
4. Medium term outlook

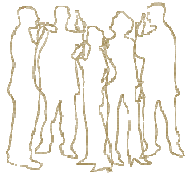
Q&A





1: Regional snapshot

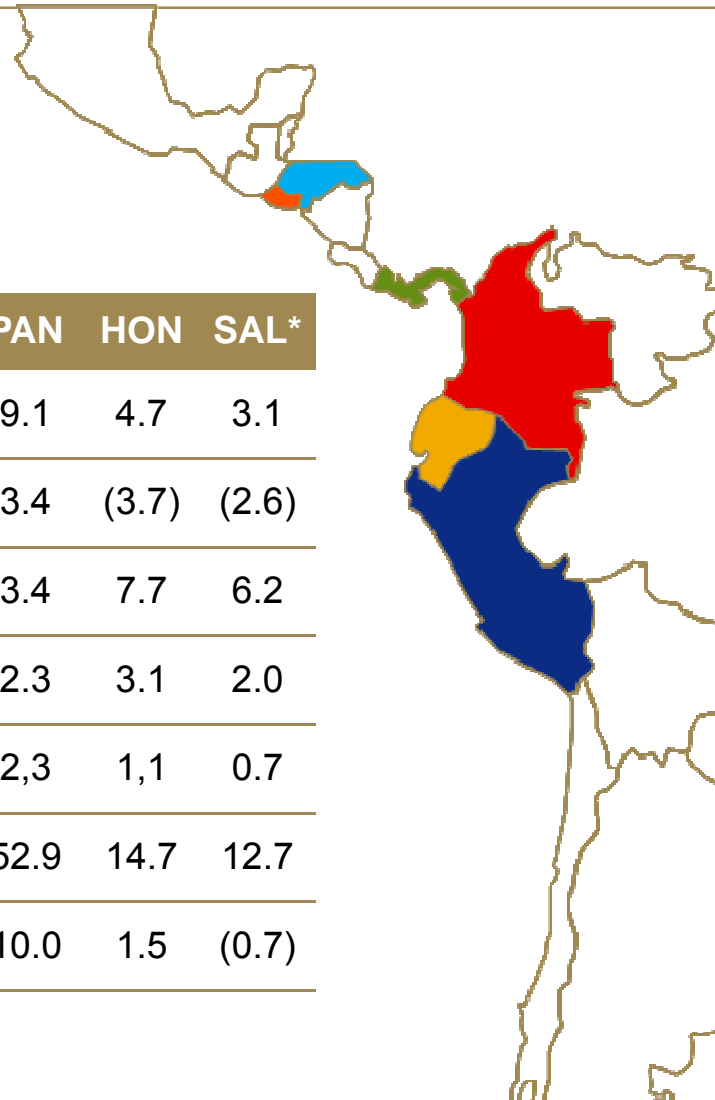




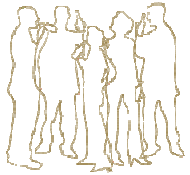
Emerging markets with good fundamentals



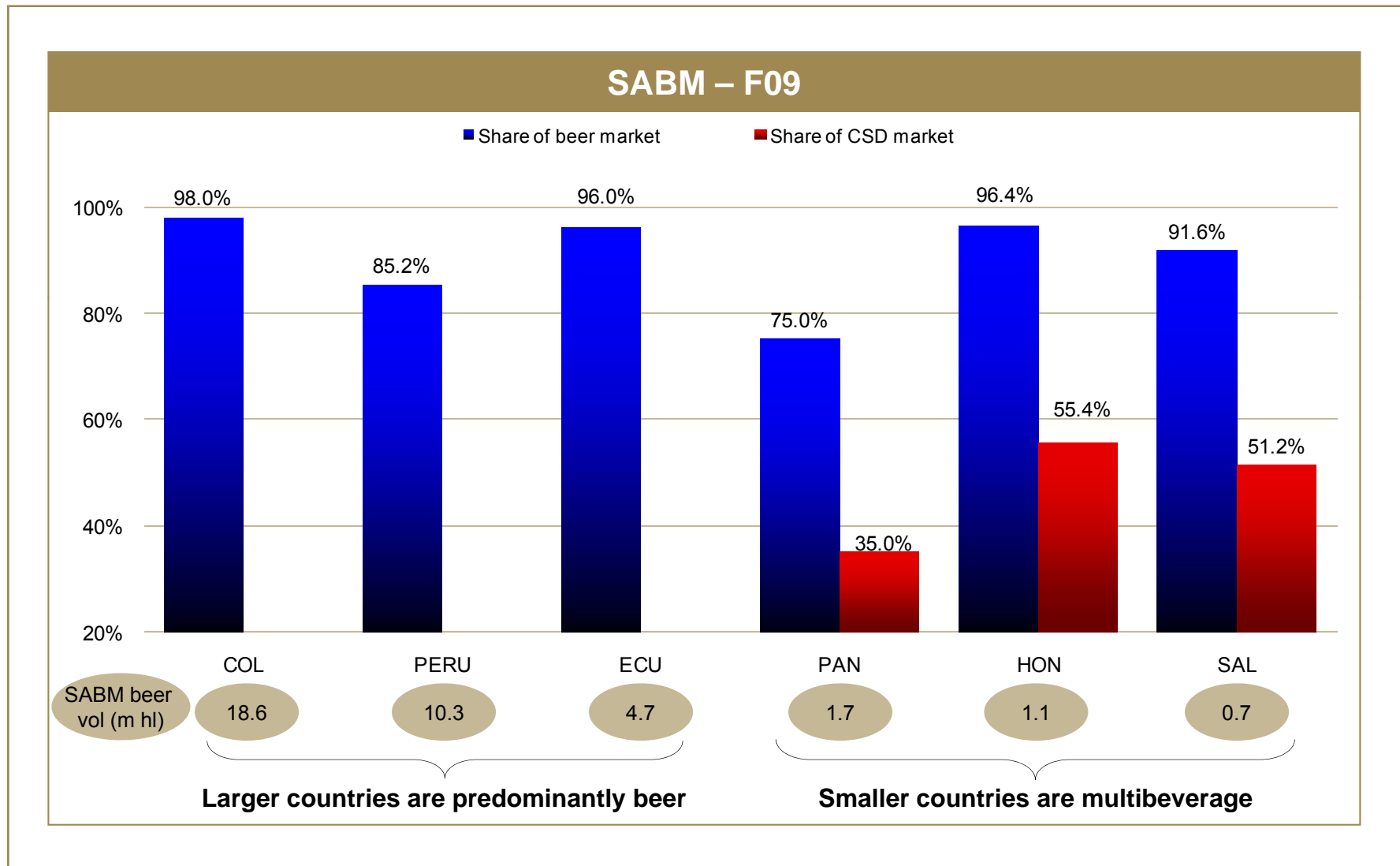
		COL	PER	ECU	PAN	HON	SAL*
Real GDP CAGR F06 -F09	%	5.1	8.8	3.9	9.1	4.7	3.1
Real GDP growth 2009	%	(0.4)	2.0	0.0	3.4	(3.7)	(2.6)
Population F09	m	45.0	27.8	13.8	3.4	7.7	6.2
LDA pop. growth CAGR 05-10 ¹	%	2.2	2.2	2.0	2.3	3.1	2.0
Total Beer market F09	m hl	18.9	12,1	4,9	2,3	1,1	0.7
PCC Beer F09	ltrs	42.1	42.3	35.6	52.9	14.7	12.7
Beer CAGR F06 – F09	%	3.0	14.6	10.5	10.0	1.5	(0.7)



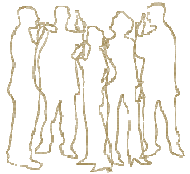
Source: Various local and global independent sources, e.g. BMI, World Bank
 * SAL = El Salvador



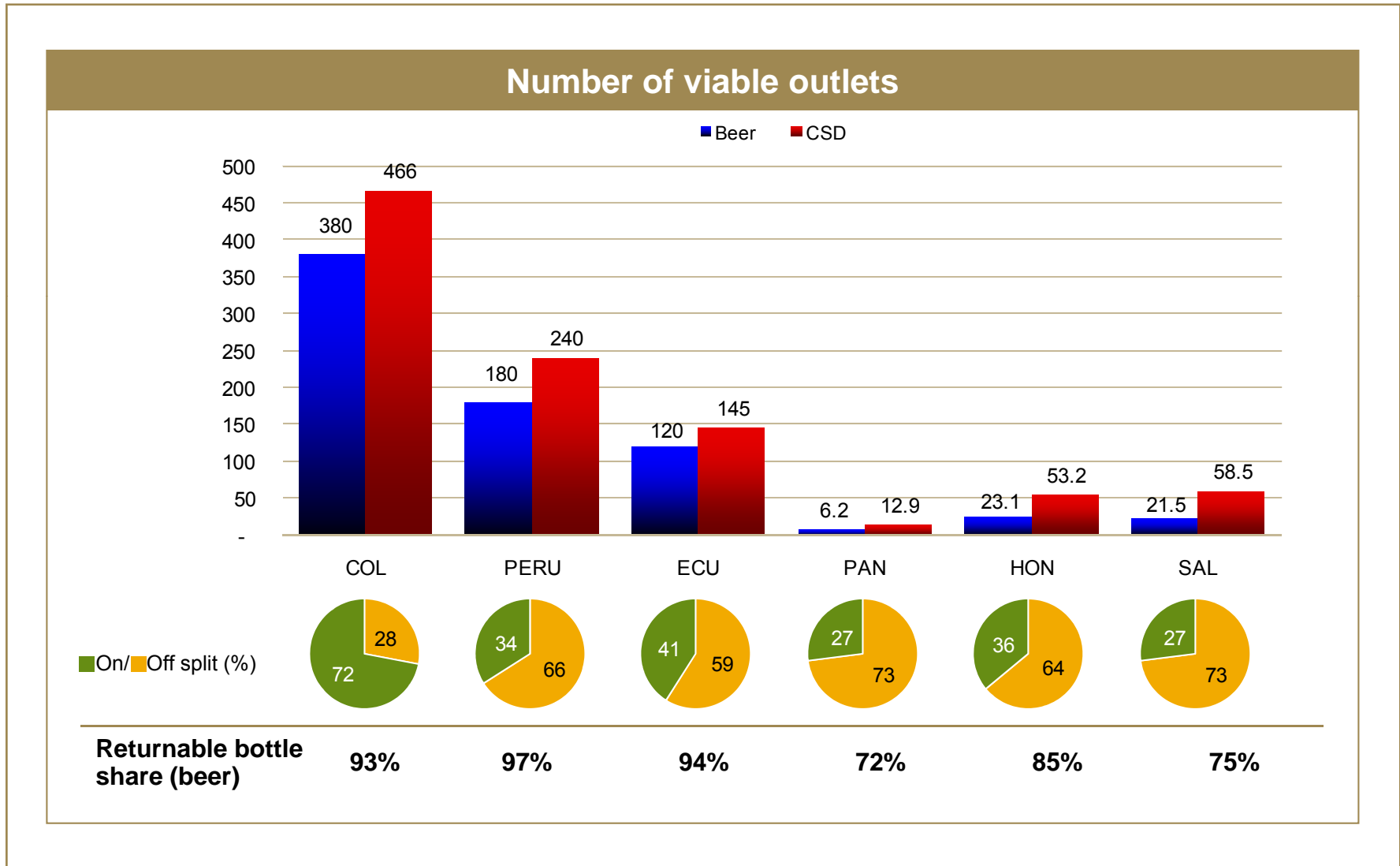
Leading beer positions in all markets



Source: Internal F09 and recent market data



The retail environment is challenging

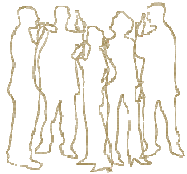


Source: Internal F09 and recent market data



2: How are we doing in LatAm ?





Strategic themes & focus areas



	Strategic themes	Focus areas
Commercial Strategy	Market development & brand building	<ul style="list-style-type: none"> Category development Portfolio development Brand building Consumer price optimization
	Winning at the point of sale	<ul style="list-style-type: none"> Segmented channel marketing Sales execution Retail price management Route to market
Operational Platform Strategies	Cost leadership & productivity	<ul style="list-style-type: none"> Fixed cost productivity Variable cost management Capital investment optimization World class manufacturing Marketing investment effectiveness
	People & organization	<ul style="list-style-type: none"> Performance management Organization development Strategic People Resourcing Competencies and skills



1. Market development & brand building

Beer category development



- Enhancing category appeal to grow share of alcohol
- Leveraging alcohol category insights for:
 - Portfolio development and premiumisation
 - Brand building / image enhancement
 - Innovation



		COL	PER	ECU	PAN	HON	SAL
% Beer share of LAE	F07	64	49	41	62	39	29
	F09	67	57	44	64	41	28
Beer PCC ltrs	F06	40	29	28	52	15	12
	F09	42	42	36	53	15	13



1. Market development & brand building

Portfolio development



- Over 80% of premium opportunity is local brands
 - Sell at 120 index vs. mainstream
 - Puts brand-led aspiration within reach

- Latest premium mix reaches 8.8%* almost double F07
 - Primary focus on low/ middle class consumers
 - Selective outlet reach
 - Packaging innovation



		COL	PER	ECU	PAN	HON	SAL	LATAM
Premium % of portfolio	F07	2	2	3	1	49	6	5
	F09	4	11	8	2	53	6	8

* 12/09



1. Market development & brand building

Brand building



- 89% of volume is mainstream
- Significant history and provenance
- Phase I: Brand and pack upgrades
 - Containers
 - Labels
 - Liquid quality
- Phase II: Portfolio strategies and precise brand positionings
 - Strategies by brand/ pack/ channel
 - Positionings tied to distinct targets
 - 360° activation
 - Merchandising & consumer promotions





1. Market development & brand building

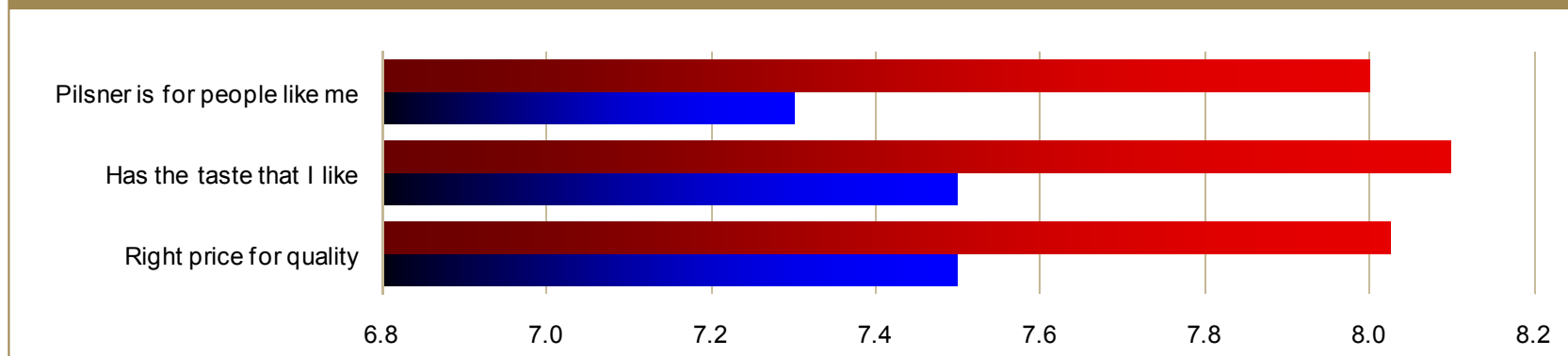
El Salvador: case study results summary

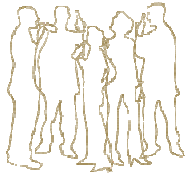


- Volume trend turnaround
 - F09 Q1 -6.0%
 - F10 Q1 +5.2%
- Market share gains
 - Before relaunch: 39%
 - After relaunch: 43%
- Brand equity gains with primary focus on “The Beer”



Pilsener – brand equity scores (before & after)





Consumer price optimization



FROM:

- National pricing architectures
 - Brand pricing consistent with positioning
 - Pack pricing consistent with utility

TO:

- Pricing to maximize profitable revenue
 - Geographic and channel pricing
 - Broader packaging portfolio for varied consumption occasions
 - Margin analytics to ensure greater revenue delivers greater profit

Peru – brand pricing strategy





Peru case study



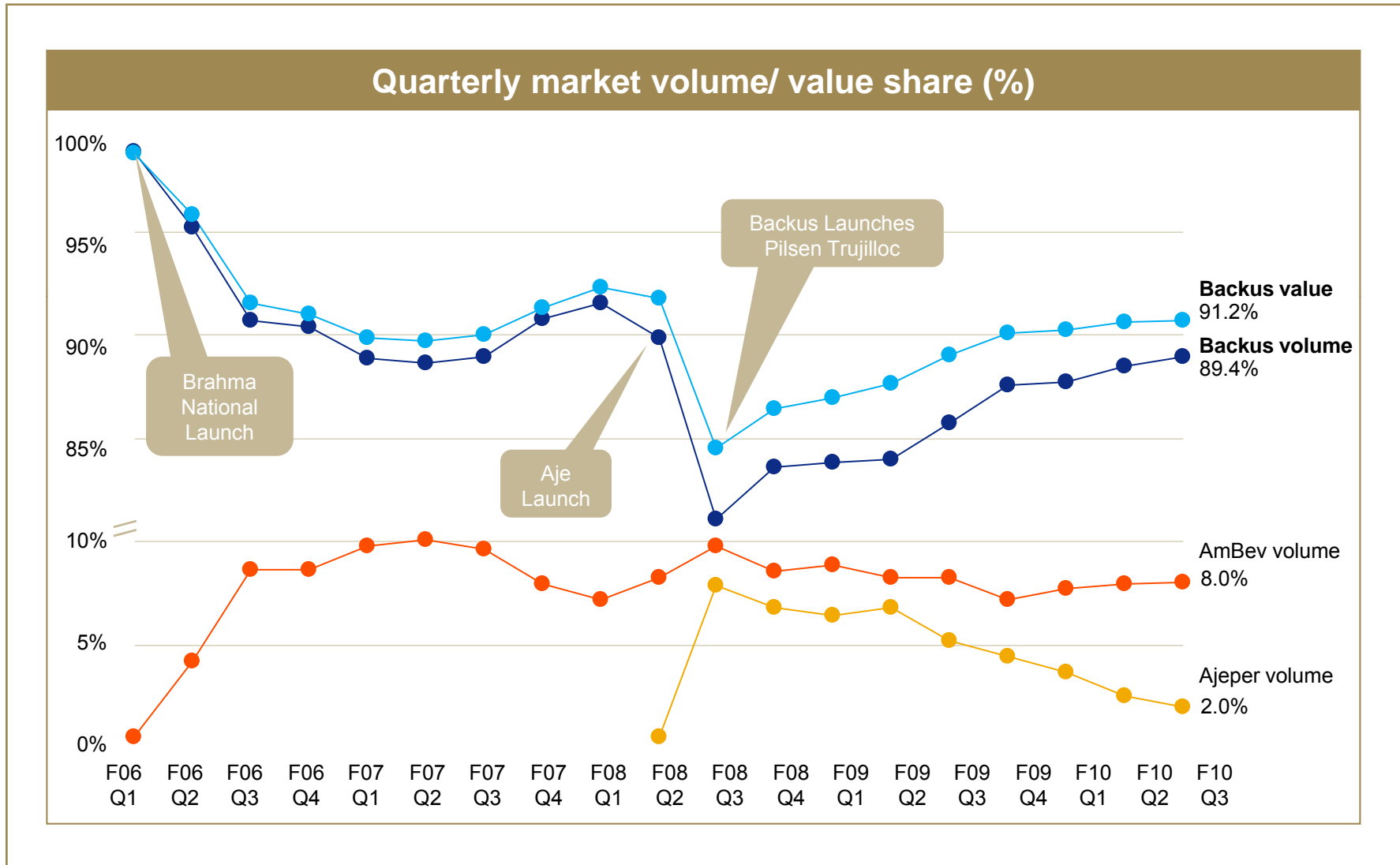
- AmBev entered Peru in August 2004 and Ajeper in September 2007
 - AmBev pricing tactics and Ajeper discount entry legitimized the economy segment
- Portfolio solution implemented which included:
 - Strengthening our mainstream brands, Cristal and Pilsen Callao
 - Developing our local worthmore brand, Cusqueña
 - Repositioning Pilsen Trujillo nationwide in the Economy segment as ‘Accessible Quality’
- Result
 - Economy segment grew to 30% of the market before lapsing to 21%
 - Backus volume market share has recovered from 82% to 89% (91% pre Ajeper entry)
 - Peru has maintained NPR per hl through compensating increases in the premium share of the portfolio





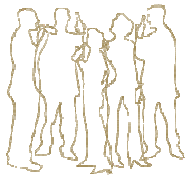
1. Market development & brand building

Peru case study: re-gaining volume and value



Source: CCR Latin America.

Note: 1) Represents average market share for the quarter, rather than quarter-end market share for the month 2) F10Q3 does not include December measure



2. Winning at the point of sale

Segmented channel marketing



FROM:

- Consumer based channel segmentation
 -the right brand
 -in the right pack
 -at the right price
 -in the right channel
 -with the right communication

TO:

- Occasion based segmentation integrating insights
 - Consumer
 - Shopper
 - Retailer

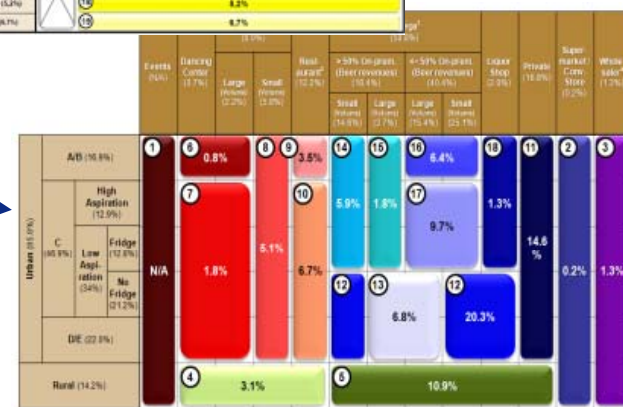
Consumer

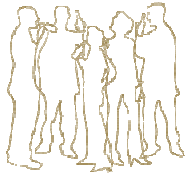
Occasion	Out of Home				At Home	
	Worked (last Sat)	Day (last Sat)	Week (last Sat)	Weekend (last Sat)	Weekend	Weekday
Consumer	1	2	3	4	5	6
AB	7	8	9	10	11	12
Male	13	14	15	16	17	18
Female	19	20	21	22	23	24
Urban	25	26	27	28	29	30
Rural	31	32	33	34	35	36

Shopper



Retailer





Segmented channel marketing



Event management in Peru

■ Social events

- An integral part of local social fabric
- 10% of beer volume
- 30,000 events per annum
- Three main sub channels
- Specific marketing and service bundles

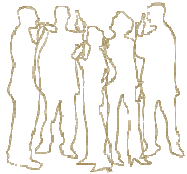
■ Growth strategies defined by type

- Traffic generation
- Incidence building
- Cold beer serving logistics
- Brand / Pack portfolio strategy & plan

EVENT TYPE	Number of events ²	% mix of total event volume ¹
Sports/ Large & Small	3,418	8.3%
Musical/ Large	2,515	14.2%
Community/Small	26,815	77.5%



Note: 1) % of total Q3F10 MAT volume 2) Comprises events from Jan to Nov 09



Making beer more accessible and delivering a quality drinking experience

- Improved beer availability:
 - c.80,000 incremental beer outlets in past 24 months
- Enhanced consumer drinking experience (cold culture)

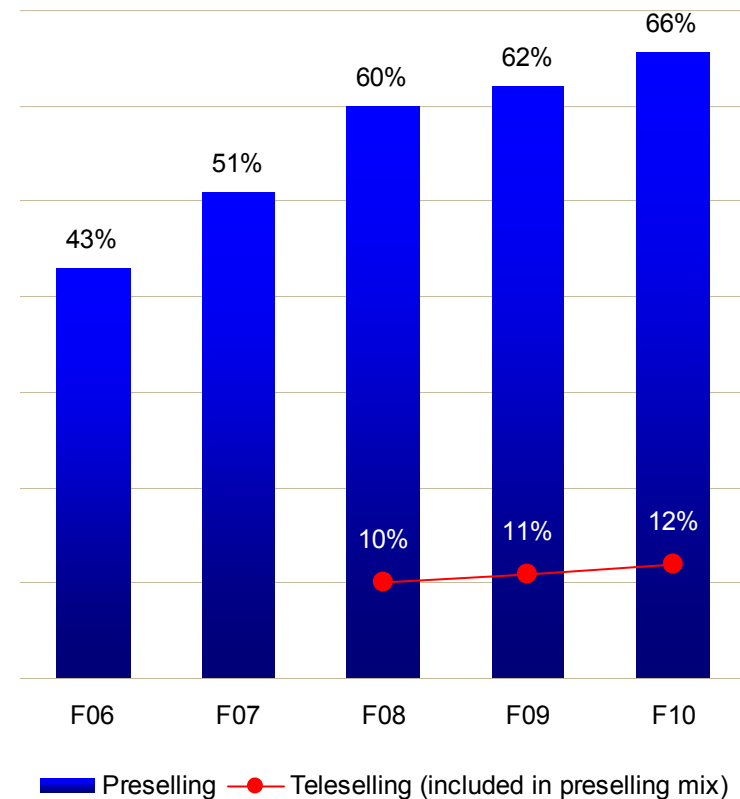
		COL	PER	ECU	PAN	HON	SAL
Beer outlets serviced	F07	308k	134k	92k	4.8k	16.1k	21k
	F09	336k	153k	116k	6.2k	23.1k	21k
SABM cooler penetration*	F07	20%	22%	n/a	78%	22%	23%
	F09	22%	28%	20%	79%	28%	31%



Sales service model in Colombia

- Increase direct servicing of every retailer
- Move to telesales and presales, minimize third party order taking
- Single relationship manager for accountability
- 300+ Market developers to focus on developing the channel

National preselling and teleselling volume mix





RTM in Colombia

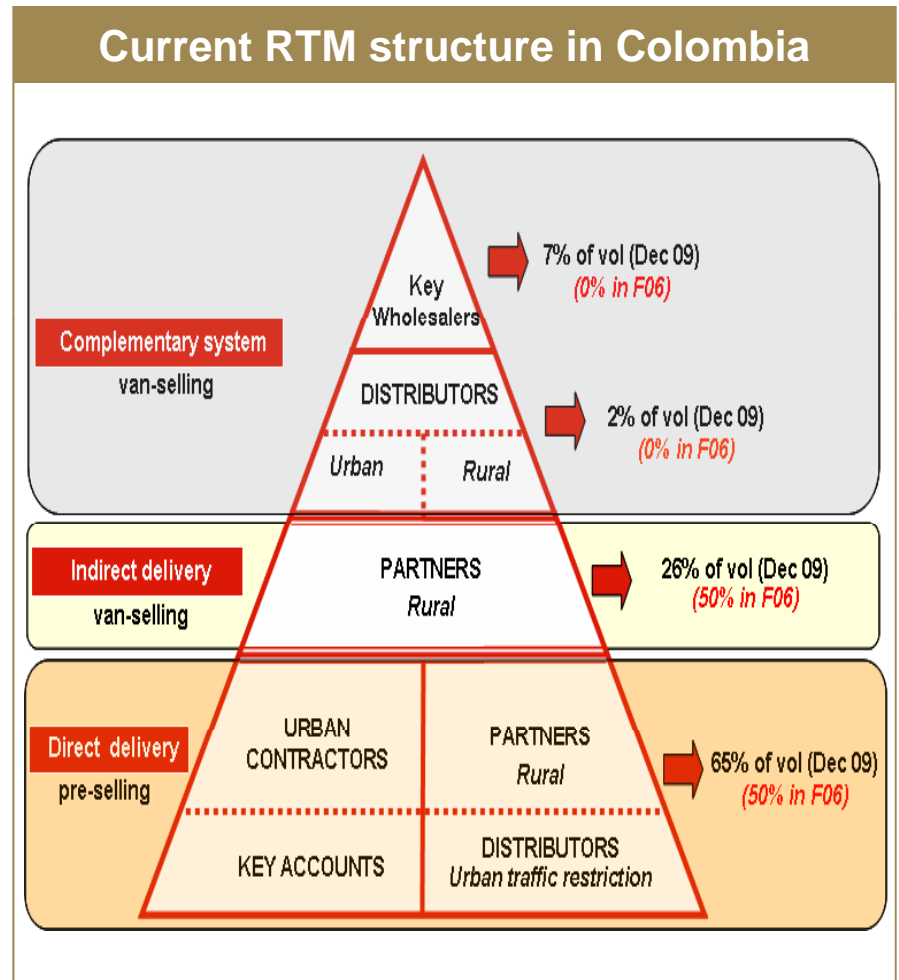
■ Objectives

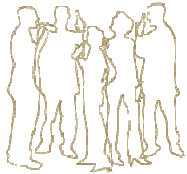
- Driving both efficiency & effectiveness
- Ensuring reliability & quality of supply
- Streamlining of operations

■ Key initiatives

- Control of outlet delivery, quality of service and relationship
- Optimisation of depot network
- Consolidate fragmented distributor base
- Enhancements in routing/ scheduling
- Clear distributor performance incentives
- Emergency deliveries

Current RTM structure in Colombia





2. Winning at the point of sale

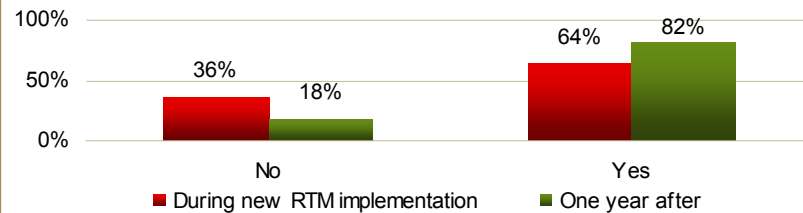
Route to market



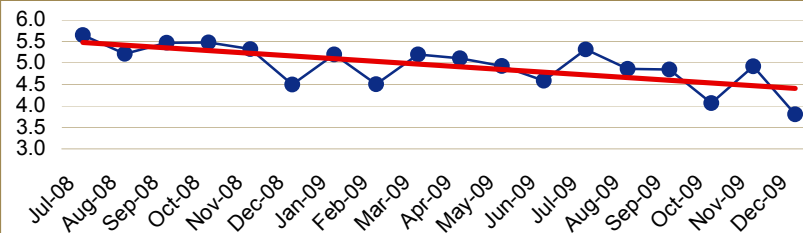
RTM results in Colombia

- Direct delivery 50% → 65%
- Third party operators : 729 → 328
- Non delivered orders : 16.6% → 0.2%
- Stockout levels : 5.6% → <4.0%
- Customer Satisfaction: 64% → 82%
- Distribution costs: 100 → 94

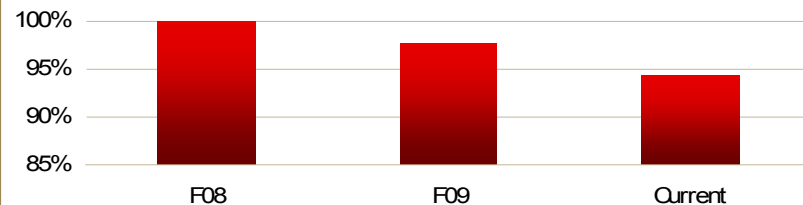
Improvements in service (Customer survey)



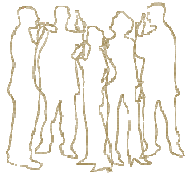
Trade stockouts



Total real distribution costs/ hl*



* Indexed against F08 (=100)

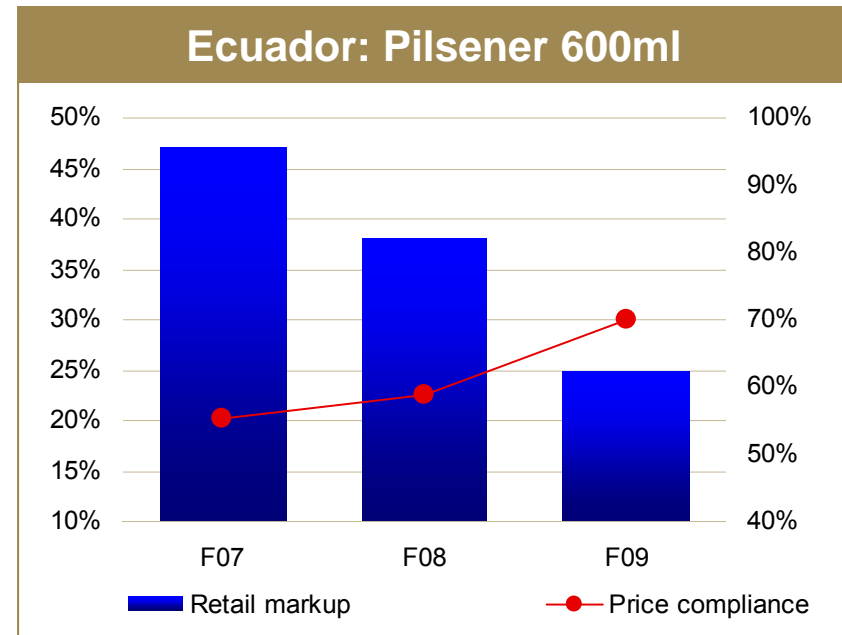


Retail price management



■ Price compliance / mark up management has improved significantly

- Increasing affordability
- Drives volume and value share
- Critical as markets become more sophisticated



RETAIL MARKUP	COL	PER	ECU	PAN	HON	SAL
F07	39%	18%	47%	30%	32%	39%
F09	32%	21%	25%	30%	27%	34%



Strategic themes & focus areas



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3. Cost leadership & productivity

Fixed cost productivity



- Regional and global benchmarking
- World class manufacturing driven by SABMiller best practices
 - LatAm consistently has 6 breweries in the SABM top 10
- Continuous improvement in marketing investment effectiveness
 - Initial high levels of expenditure in developing brand equities
 - Improved media negotiations/ media mix
 - Optimization of marketing mix elements

	COL	PER	ECU	PAN	HON	SAL ¹	
Real fixed cost productivity per hl CAGR F07-F09	(7.5%)	(6.8%)	(0.9%)	(5.3%)	(7.7%)	(5.8%)	
Marketing investment as % NPR	F07	10%	10%	7%	8%	6%	7%
	F09	8%	9%	7%	7%	6%	8%

¹ Excluding water



3. Cost leadership & productivity

Variable cost management



- Variable production costs influenced by
 - Volatility in raw materials costs
 - SABMiller product quality standards
 - Packaging upgrades
 - Currency movements

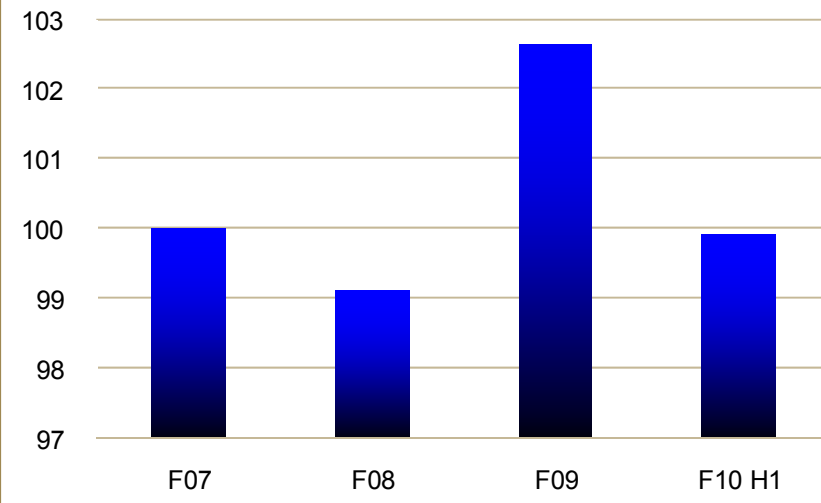
- Centralised procurement
 - 83% of raw materials purchased
 - 50% of total purchases managed
 - Further benefits to be realised via SABM Global Procurement

per hl CAGR F07 – F10H1

Variable production costs	0.0%
Variable distribution costs	-5.0%

* At constant F07 currency and excluding inflation

Real variable production cost/ hl productivity*



* Indexed against F07 (=100)

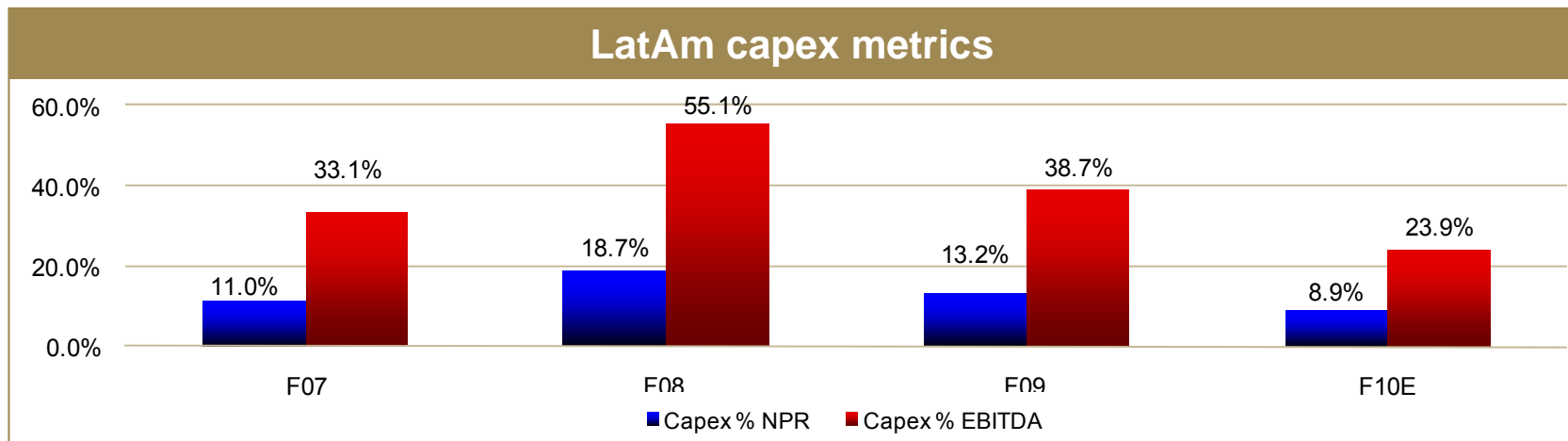
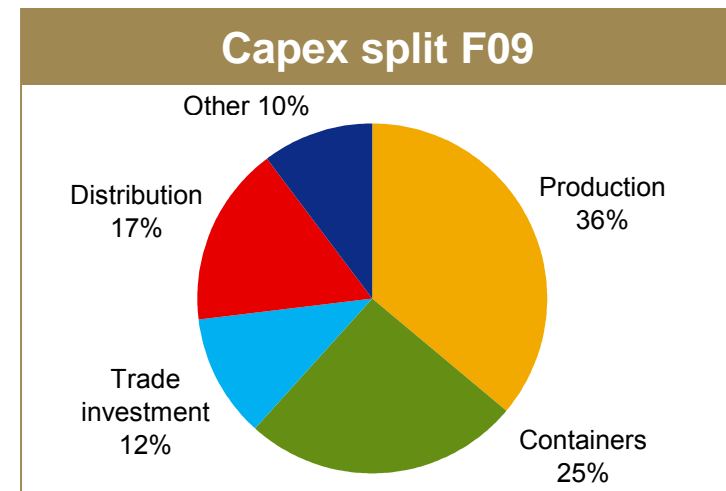


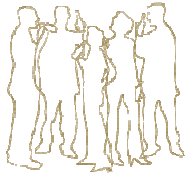
3. Cost leadership & productivity

Capital expenditure optimisation



- Historic capital investment has been high due to:
 - Increased capacity to meet demand
 - Alignment of production facilities to SABMiller quality standards
 - Upgrading of returnable containers in all countries



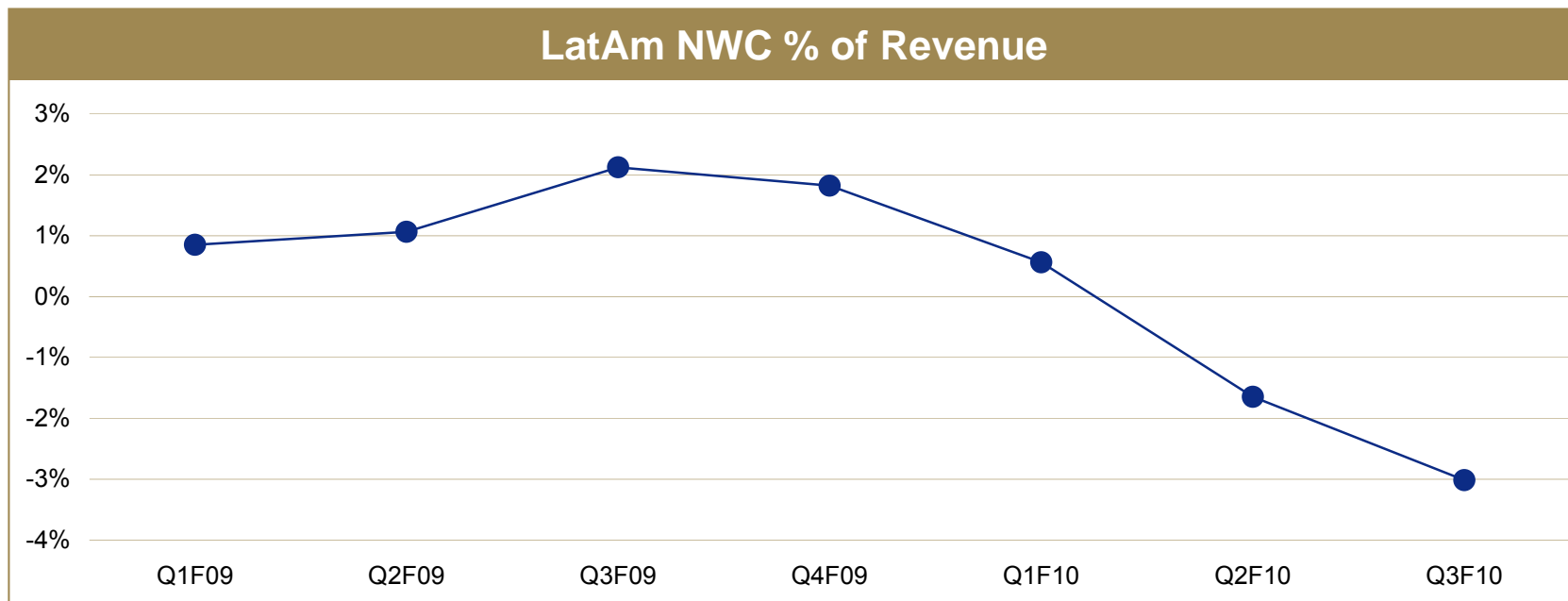


3. Cost leadership & productivity

Focus on cash generation



- Increased focus on working capital management
 - Significant improvement over the last 12 months
 - Initiatives in all elements of working capital have improved the cash conversion cycle by 12 days*
 - Further improvements to come



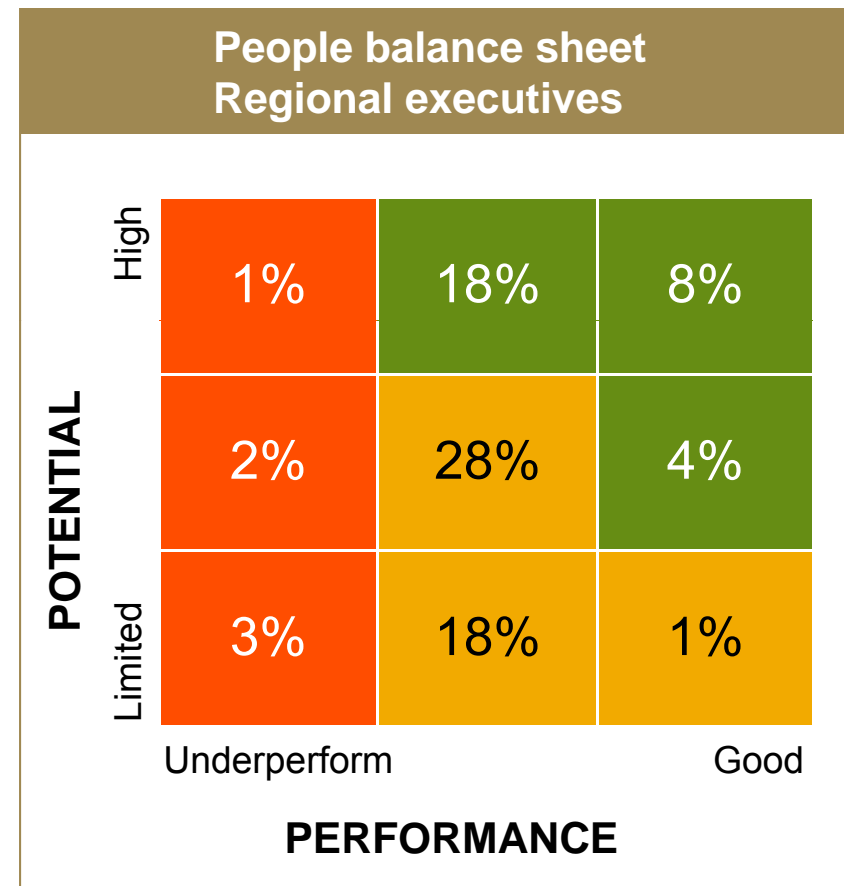
*as at September 2009

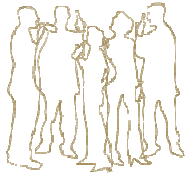


4. People & organization



- **Organizational development**
 - Capability and capacity of commercial, HR & corporate affairs functions enhanced
- **Performance management**
 - Down to supervisory level on all countries
- **Strategic people resourcing**
- **Learning and development**
 - Customized executive leadership program at INCAE University
 - Average training days per full time employee is 7.5 days per annum





3: Looking forward





The opportunity: beer consumption per capita

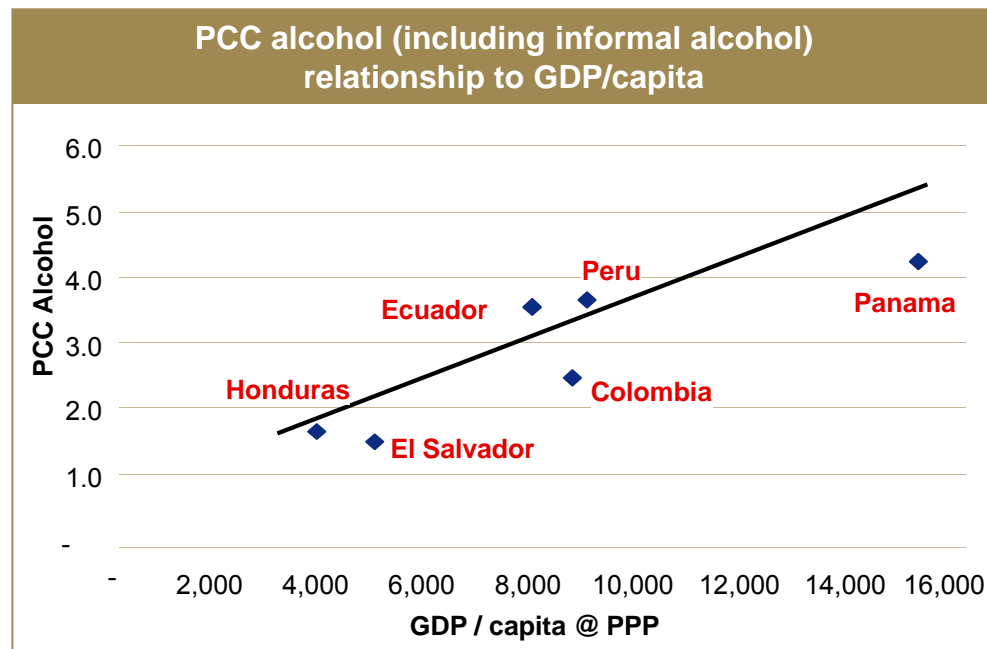


- Beer consumption is well below regional benchmarks
 - LatAm average PCC > 50 litres vs. our 38 litres

- Alcohol and beer consumption per capita directly correlated with GDP

- Beer will grow due to:
 - Growth in GDP
 - Increased alcohol consumption in undeveloped markets
 - Increased beer share of alcohol, displacing informal alcohol in particular

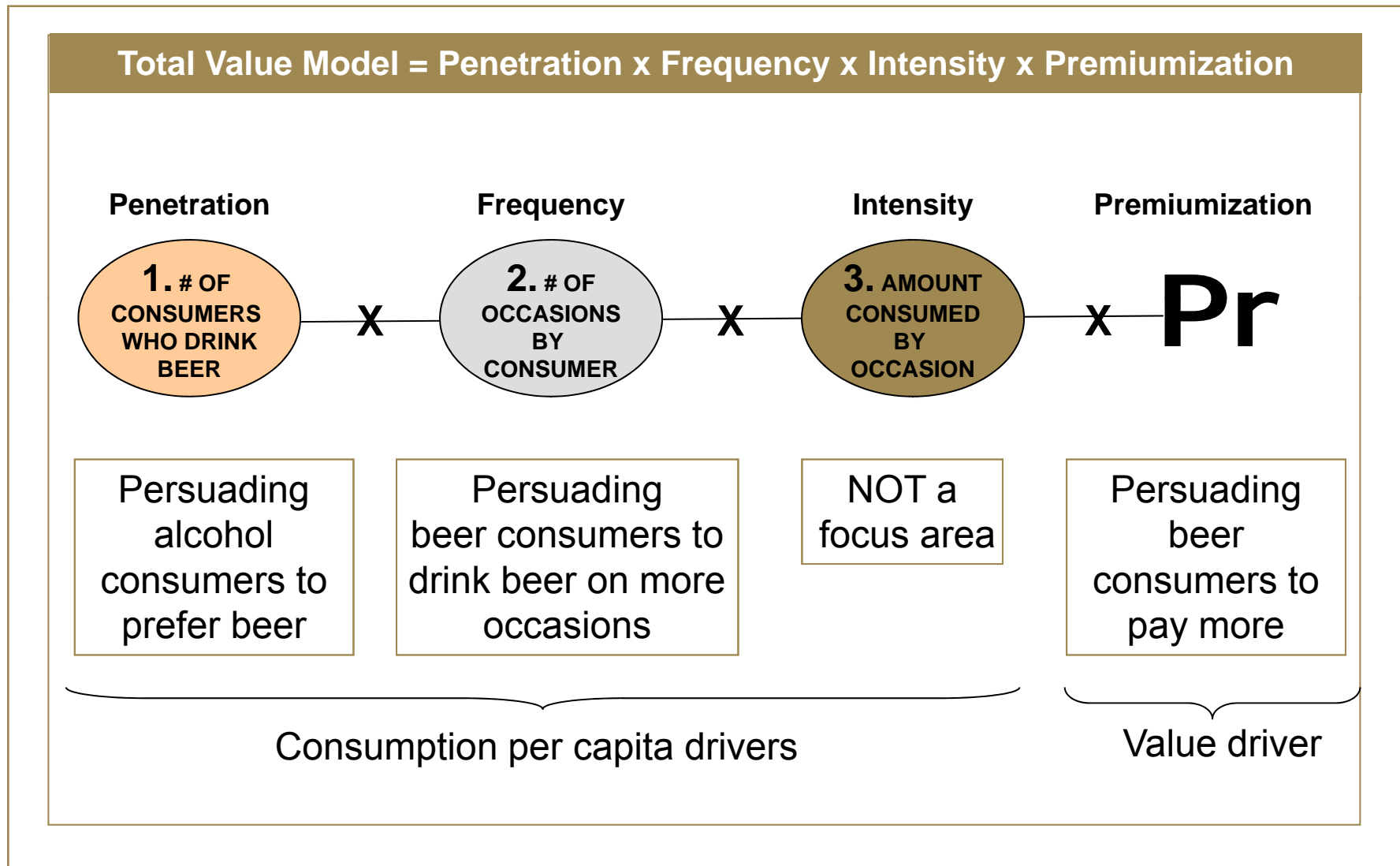
F09	COL	PER	ECU	PAN	HON	SAL
PCC Beer	42.1	42.3	35.6	52.9	14.7	12.7
PCC LAE alcohol	2.5	3.7	3.5	4.2	1.7	1.5
Beer share of LAE	66.5	57.2	43.9	64.0	41.1	27.8



Source: EIU, Internal, Canadean 2008P



The approach: Value growth model

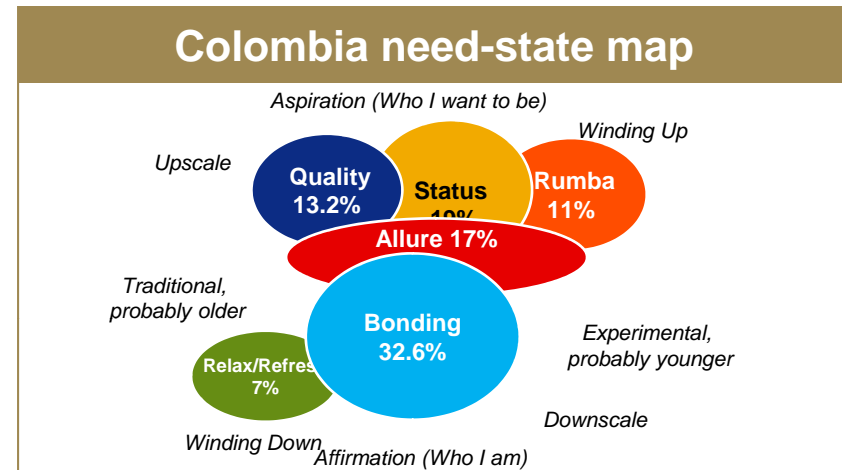




The approach: occasion based segmentation to complement consumer segmentation



- Previous focus has been on consumer segmentation
- Additional segmentation based on consumption occasions
 - Complementing learnings on consumer need states
- Peru and Colombia action segmentation complete
- All other markets analyzed by mid-2010



Colombia action segmentation

		National										
		LDA-24					25-34					
		SEL-4+		SEL-4+			SEL-4+		SEL-4+			
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Home	Food	29.9% / 8.4% / 23.8%										
	Mon - Thurs	5.2% / 2.5% / 6.2%										
Home	No food	5.8% / 6.2% / 3.7%										
	Fri - Sun	4.5% / 0.6% / 3.1%										
Mon - Thurs	Eating places	Before 6pm	2.2%	2.4%	0.6% / 3.2%	6.2%	2.6%	4.8%				
		After 6pm	0.4%	1.8%	10.7%	3%						
	Trendas	Before 6pm	17.6%	3.8%	2.9%	4.8%	4.8%					
		After 6pm	19.7%	4.8%	3%							
Out of home	Fri - Sun	Before 6pm	3.6% / 9.5% / 2%									
		After 6pm	4.8%									
	Eating places	Before 6pm	0.7% / 0.6% / 0.1%									
		After 6pm	8.1% / 27.0% / 0.9%									
Premium restaurants	0.7% / 0.6% / 0.1%											
Discos / Bars	8.1% / 27.0% / 0.9%											
Events	3.5% / 15.1% / 1%											

% Occasions
% Beer Volume
% Malt Volume



Case study: increasing market penetration



Redds in Colombia

- Addresses non-beer consumers within bars, discos, and entertainment venues
- Launch flavored beer beverage primarily at females when partying with friends
 - Penetration of females is 51% vs. 27% for beer
- 35% of volume from non beer
- Accounts for 23% of the premium beer segment
- Current growth rate at 100% per annum





Case study: increasing consumption frequency



Aguila Light in Colombia

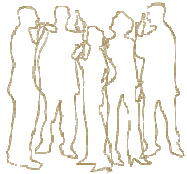
- Increasing frequency occasions to include at home with meals
- Utilize Aguila Light with “easier to drink” formulation
- Capitalize on equity of parent brand
- Home penetration for Aguila Light has increased 71% over the last year
- Currently growing at 45% per annum at an 8% price premium

**PASA FÁCIL
TUS COMIDAS
CON AGUILA LIGHT**

PÁSALA FÁCIL

PROHÍBESE EL EXPENDIO DE BEBIDAS EMBRIAGANTES A MENORES DE EDAD. EL EXCESO DE ALCOHOL ES PERJUDICIAL PARA LA SALUD.

The advertisement features a blue background with a white sunburst pattern. On the left, a large burger with a beef patty, cheese, tomato, and lettuce is shown. To the right, a bottle of Aguila Light beer is shown with a blue circular arrow around it, pointing towards the burger. The text 'PASA FÁCIL TUS COMIDAS CON AGUILA LIGHT' is written in large, bold, white letters on the left. Below the burger and beer, the text 'PÁSALA FÁCIL' is written in white letters on a blue background. At the bottom, a small white box contains the text 'PROHÍBESE EL EXPENDIO DE BEBIDAS EMBRIAGANTES A MENORES DE EDAD. EL EXCESO DE ALCOHOL ES PERJUDICIAL PARA LA SALUD.'



Case study: increasing penetration & frequency



Aguilita in Colombia

- Launch 225ml Aguilita in coastal region of Colombia
- For consumers seeking refreshment but limited by transaction price
- Increase frequency in warm climates by maintaining cold liquid
- 29% of incremental volume sourced from outside the beer category
- Aguilita brand share in the region increased from 40% to 57% in one year





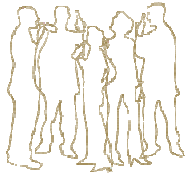
Case study: increasing premiumisation



MGD in Panama

- Attract the urban status seekers
- Seeded 3 years ago at super premium price with limited but focused distribution
- Positioned as the icon of “Urban Cool”
- Currently growing at 200% per annum accounting for 4% of the sales mix
- #1 premium brand by value in Panama

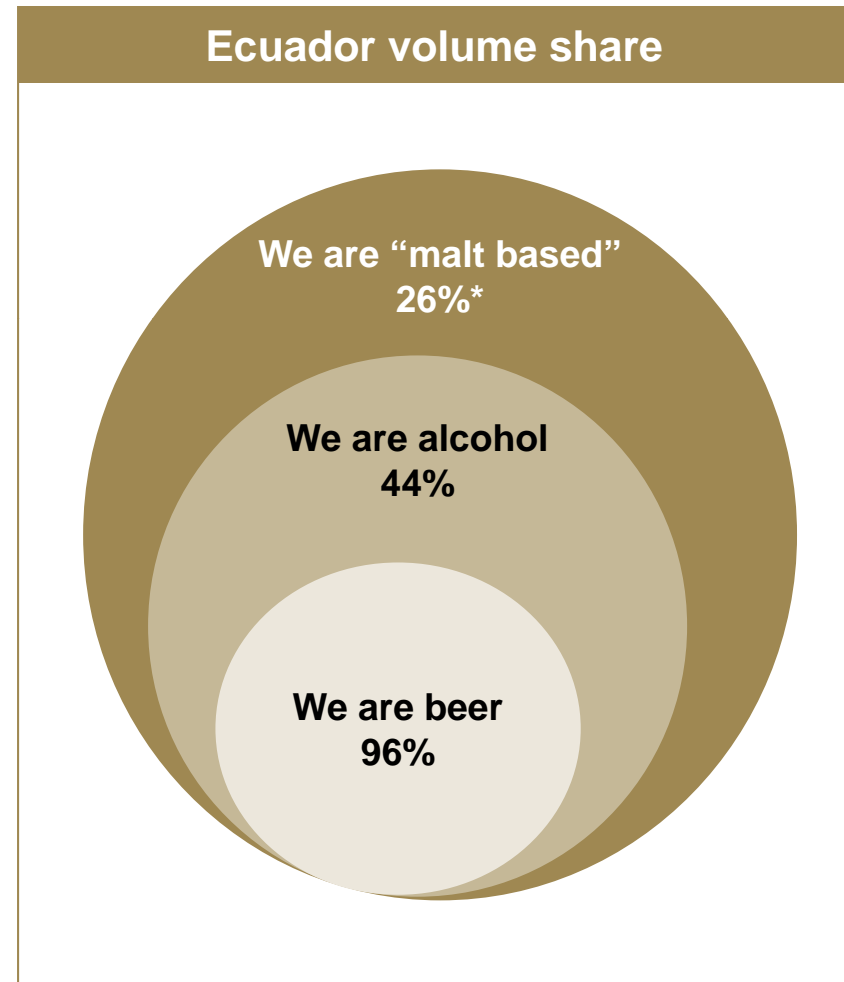




Growth opportunities beyond alcohol and beer



- Initial focus on increasing share of beer market
- Subsequent focus was on increasing share of the alcohol market addressing:
 - Consumer needs and occasions
 - Discriminatory taxes and relative affordability
- Current vision has expanded to a “malt based” beverage company



*26% of RTD market



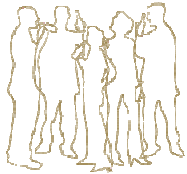
Case study: Non-alcoholic malt beverages



Malta Vigor in Panama

- A mature 70 year old non alcoholic malt brand
- Relunched mid 2009 on nutrition and refreshment positioning in new and expanded packaging
- Gross margin equivalent to beer and favorable to CSDs
- Currently growing at 16% and equivalent to 10% of beer volume
- #3 brand in combined CSD and malt market with 9% share

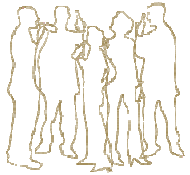




Evolving management emphasis



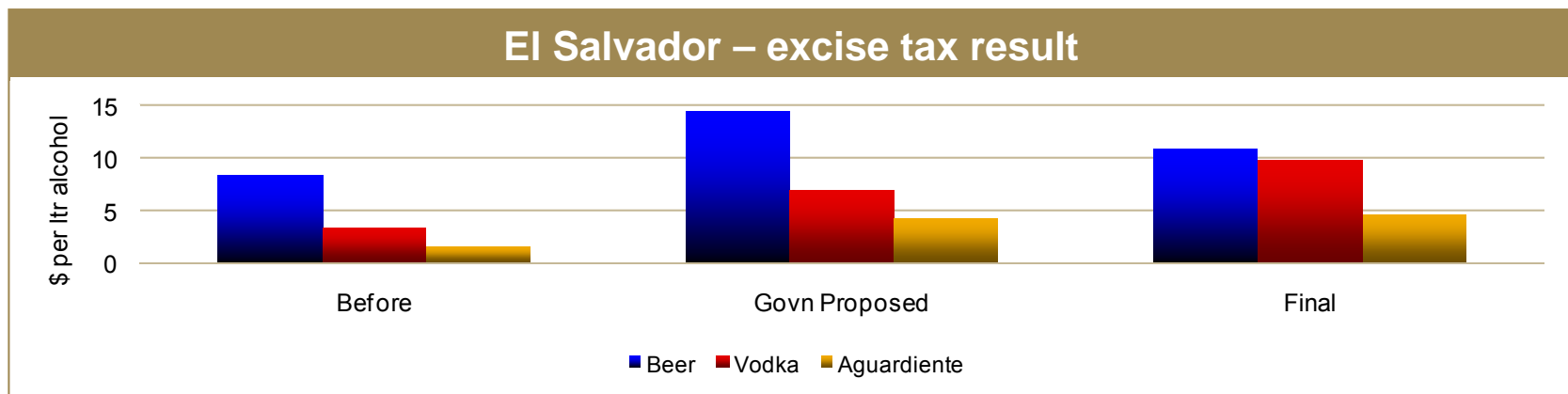
	Strategic themes	Focus areas
Commercial Strategy	Market development & brand building	<ul style="list-style-type: none"> Category development Portfolio development Brand building Revenue growth management
	Winning at the point of sale	<ul style="list-style-type: none"> Segmented channel marketing Sales execution Retail price management Route to market
Operational Platform Strategies	Cost leadership & productivity	<ul style="list-style-type: none"> Fixed cost productivity Variable cost management Marketing investment effectiveness Cash flow optimization Business capability
	People & organization	<ul style="list-style-type: none"> Performance management Organization development Strategic People Resourcing Competencies and skills
	Corporate affairs	<ul style="list-style-type: none"> License to trade Consumption tax Sustainable development

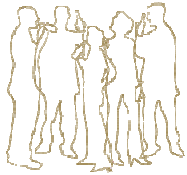


Protecting our value: consumption taxes



- Establish tax equity where unfavorable treatment exists
- Reduce evasion by competitors (particularly informal liquors)
- El Salvador case study: effective 1 Jan 2010
 - Proactive lobbying and dialogue with government resulted in
 - Introduction of ad valorem tax on all alcoholic beverages similar to other beverages
 - No increase on specific excise tax for beer
 - Net result: ratio of total consumption taxes on beer over aguardiente reduced from 5.5x to 2.4x





Consumption taxes in Colombia



- **Social emergency decree to address health service deficit**
 - Response to Constitutional Court judgment of July 2008
 - Social emergency declared 23 December 2009

- **VAT increased from 3% to 14% effective 1 February 2010**
 - Minimal increase in taxation of spirits

- **Implications**
 - Price increase of 8% - the minimum price point increment
 - First price increase since October 2008
 - Modest impact on sales volumes
 - Mitigating actions to reduce costs and preserve profit growth



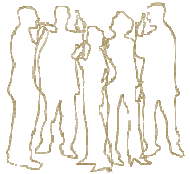


Our corporate social contribution



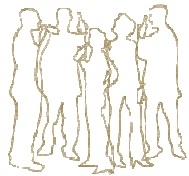
- Our businesses contribute extensively to society in each of our countries
 - For example in Colombia the beer industry contributes:
 - 2.8% of GDP
 - Employs some 167,000 people
- Corporate social responsibility
 - Corporate social investment programs averaging 1% of NOPLAT
 - Responsible alcohol consumption
 - Ethics
- Sustainable development
 - Cereal and local farmer programs (Colombia Barley = 100,000 new jobs)
 - Small business development
 - Conservation projects





4: Medium term outlook



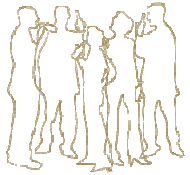


Medium term guidance



Medium term value driver outlook

Outlook from F'10 base	Latin America
Beer volume CAGR	4% to 6%
Revenue / hl CAGR	3.5% to 5.5%
EBITA margin % growth	60 to 100 basis points



Conclusion



- Attractive prospects for continued growth
- Moving beyond beer and alcohol to a malt based beverage market
- Solid foundation upon which to build
- Strategic themes and focus areas remain intact
- Increasing importance of Corporate Affairs
- Opportunities play to SABMiller strengths

