



SABMiller plc

Investor relations

Quarterly divisional seminar series

Africa

March 2015



Forward looking statements

This presentation includes ‘forward-looking statements’ with respect to certain of SABMiller plc’s plans, current goals and expectations relating to its future financial condition, performance and results. 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 document. 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. The past business and financial performance of SABMiller plc is not to be relied on as an indication of its future performance.

All references to “EBITA” in this presentation refer to earnings before interest, tax, amortisation of intangible assets (excluding software) and exceptional items. EBITA also includes the group’s share of associates’ and joint ventures’ EBITA on the same basis. All references to “organic” mean as adjusted to exclude the impact of acquisitions and disposals, 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. References to “underlying” mean in organic, constant currency.

SABMiller – who we are

- One of the world's largest brewers, with total beverage volumes of 321 mHL
- Group net producers revenue* of \$27 billion
- EBITA* of \$6.5 billion
- 72% of EBITA from developing economies**
- 95% of lager volumes from No. 1 or 2 market share positions
- Strategic partnerships with Castel, CRE, Efes and the Coca-Cola Company; joint venture with Molson Coors in the US



** Including attributable share of associates and joint ventures for the twelve months to September 20, 2014

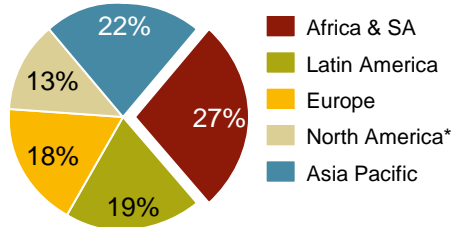
** F14



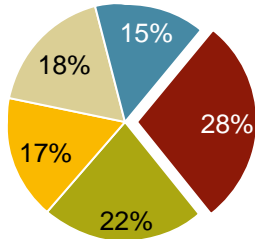
Africa is an important contributor to the SABMiller Group

Key metrics

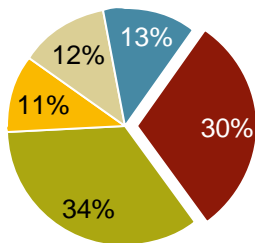
Total volumes
(318 mHL)^{*1}



Group NPR
(\$26.7 bn)¹

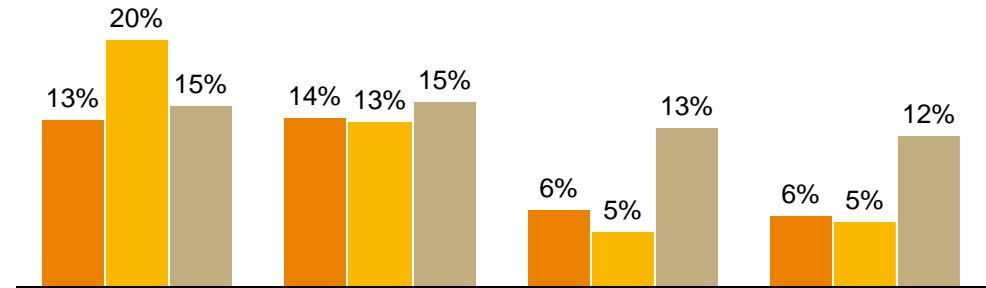


Group EBITA
(\$6.4 bn)¹

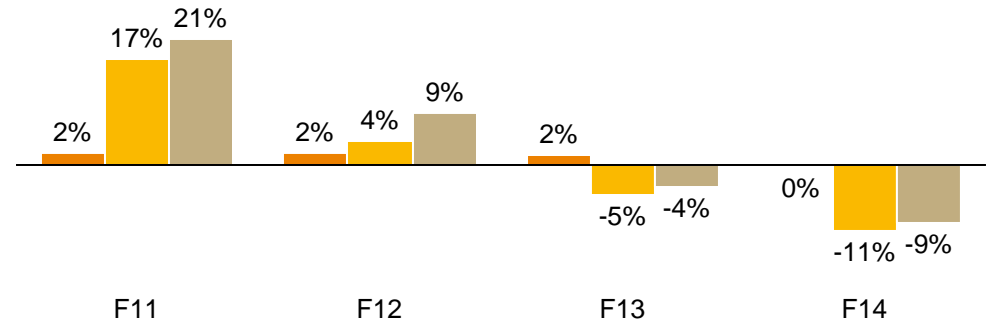


Africa (ex. SA) growth, % (reported basis)

■ Lager vol. ■ Revenue ■ EBITA



South Africa growth, % (reported basis)



1. As at 31 March 2014; *Excludes contract brewing, incl. soft drinks and other alcohol beverages; **Before corporate costs, excludes Hotels SA and exceptional items

Our speakers today



Jonathan Kirby (1992)

- 2011 Financial Director – SABMiller Africa
- 1998 Financial Director – SABMiller A&A
- 1995 Financial Director – KBL Botswana
- 1992 Joined SABMiller Africa



Mark Bowman (1993)

- 2007 Managing Director – SABMiller Africa
- 2006 Managing Director – SABMiller Poland
- 2003 Managing Director – ABI
- 1993 Joined SAB Ltd.

A man in a white polo shirt, safety glasses, and red gloves is working in a brewery. He is holding a clear plastic pitcher filled with beer and is adjusting a vertical metal rod on a piece of machinery. The background is a vibrant red wall with some faint, abstract patterns. On the left, there are large, vertical metal pipes or tanks. The overall scene is industrial and professional.

Jonathan Kirby

SABMiller Africa

Financial Director



Experience in managing short-term volatility in Africa

Falling crude price hits prospects for east Africa

[ft.com > world >](#)

LOW OIL PRICE MAY AFFECT AFRICAN PROJECTS



BBC
NEWS

Nigeria election: Vote delay 'a setback for democracy'

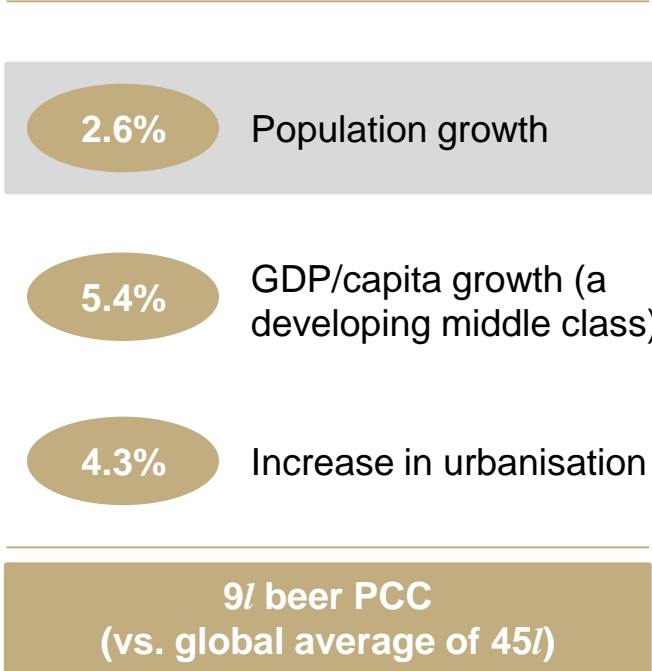
Rand falls victim to dollar strength

BusinessDay

- Oil price movements have positive and negative impacts
- GDP maintains momentum
 - Evidence of diversifying economies
- Strong US\$ remains a high probability

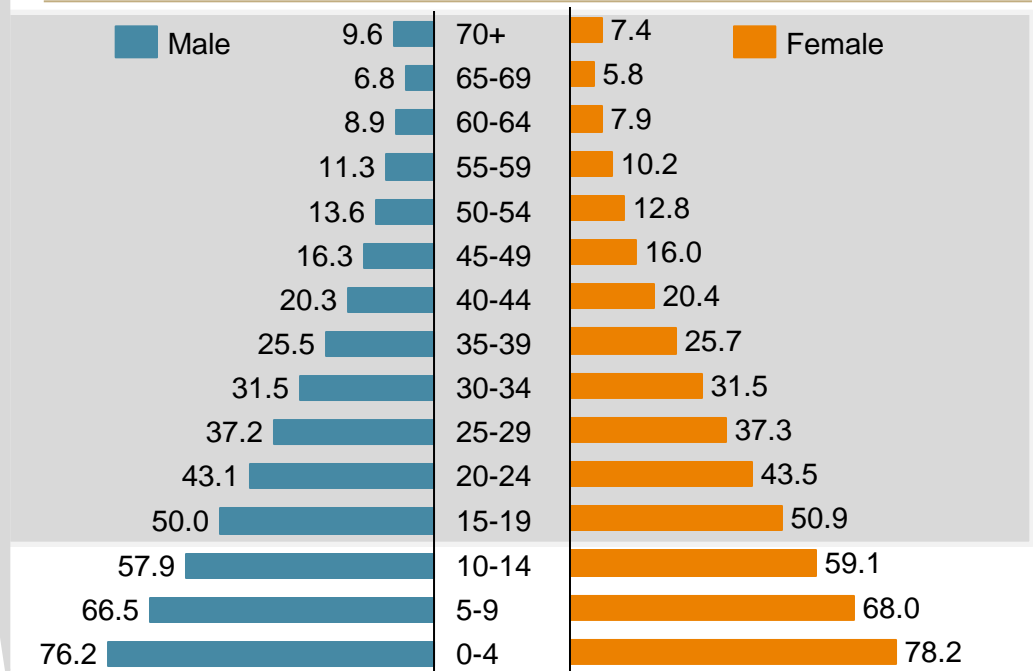
The Africa growth fundamentals are compelling

2015 Annual growth %



A young and fast growing consumer base

Number of people, millions



Source: Canback and Co, United Nations and Plato Logic

An African brewer built on local insights...



... nurturing powerful local and regional brands



Regional brands



With Castel, we are strongly positioned across Africa

Market position
Beer volume share...

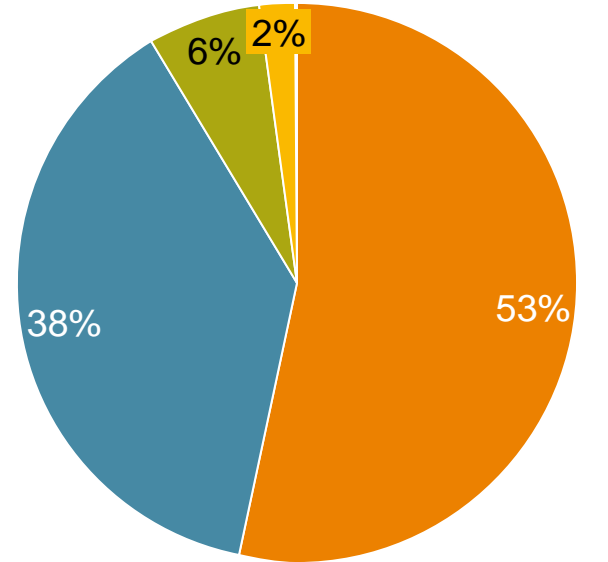


#1 player

#2 player

#3 player

...with our multi-beverage portfolio
90 mHL, %



Beer

Opaque beer

Soft drinks

Spirits

Investing significantly in capacity

Nigeria expansion

US\$120m



Expansion underway

Namibia greenfield

US\$40m



Commissioned Sept 2014

Zambia opaque

US\$30m



Commissioning now

Mbarara greenfield

US\$90m



Commissioned 2013

Ghana upgrade

US\$100m



Commissioned Oct 2014

Alrode Maltings

US\$80m



Commissioning June 15



Transformative beer growth in key markets...



Mozambique

2000: 5 litres per capita

2014: 10 litres per capita

+92%



Tanzania

2000: 6 litres per capita

2014: 9 litres per capita

+61%



Uganda

2000: 5 litres per capita

2014: 11 litres per capita

+116%



Zambia

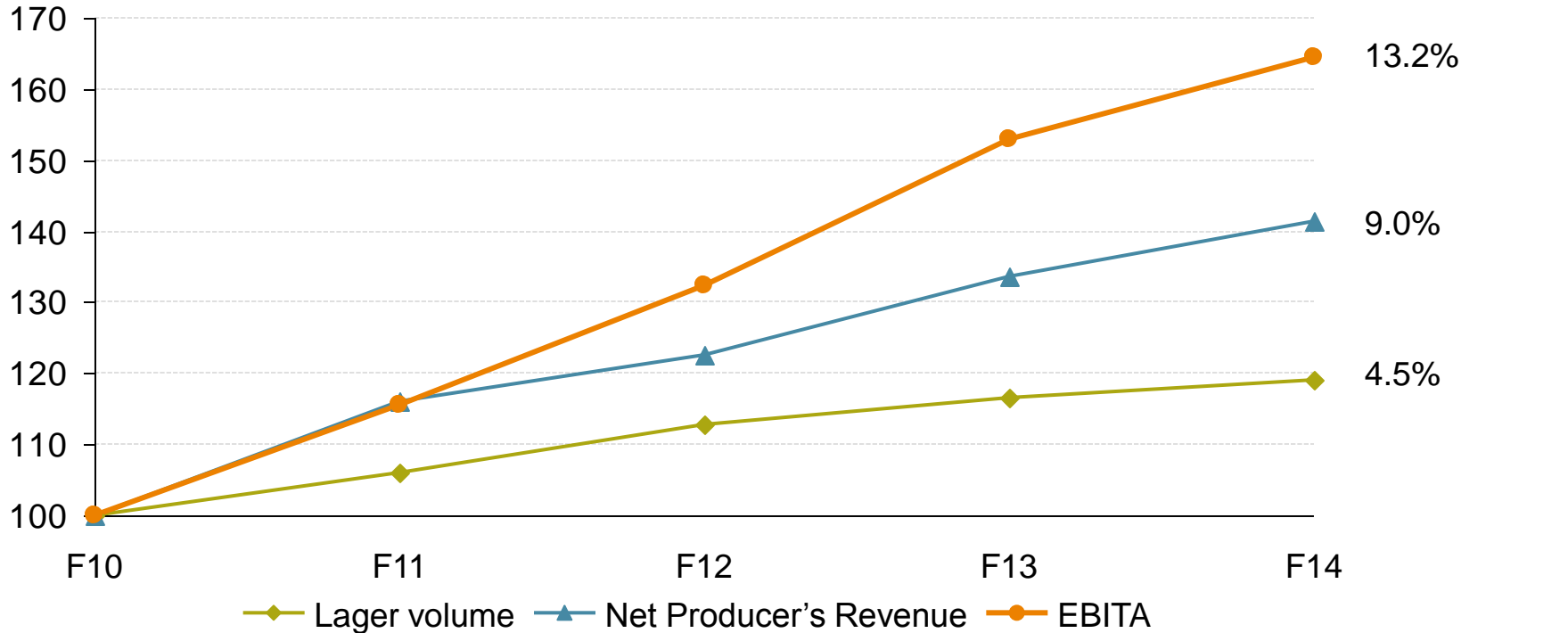
2000: 5 litres per capita

2014: 9 litres per capita

+70%

...to deliver value

Africa growth (key metrics)
F10 index = 100, Constant currency





SABMiller Group strategic choices

1. Drive topline growth
 2. Liberate resources to win in market and reduce costs in an integrated organisation
 3. Shape global footprint to contribute to growth
-

Castel – a partnership for Africa

Shape footprint to contribute to growth

SABMiller and Castel footprint in Africa



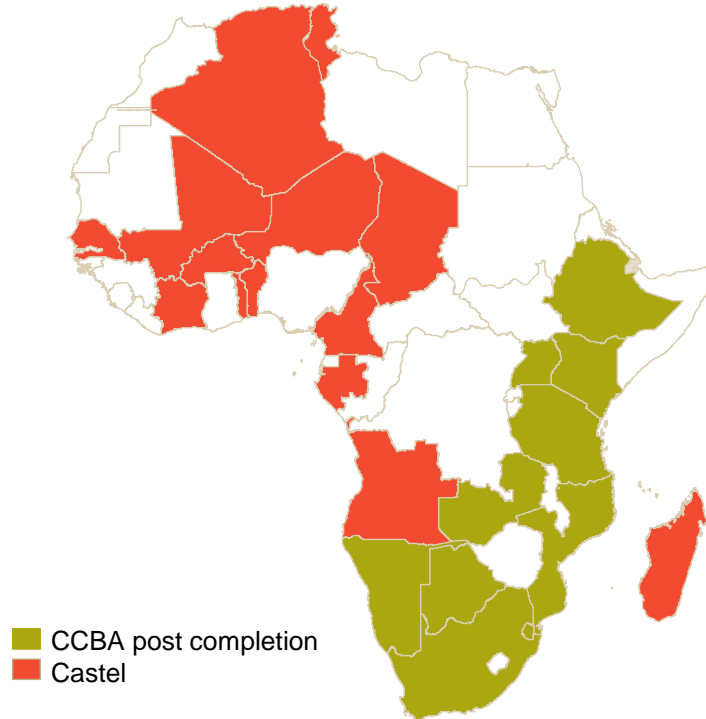
- Collectively in 38 markets
- More than \$200m incremental EBITA post alignment of Nigeria and Angola operations
- Enduring partnership

Creating the largest African Coke bottler

Shape footprint to contribute to growth

- Investment to accelerate CSD growth
- Close alignment with The Coca-Cola Company
- Castel are Coca-Cola bottlers in a further 14 markets

Coca-Cola Beverages Africa (CCBA) overview



40%
Coke volumes in Africa

10th largest bottler, globally

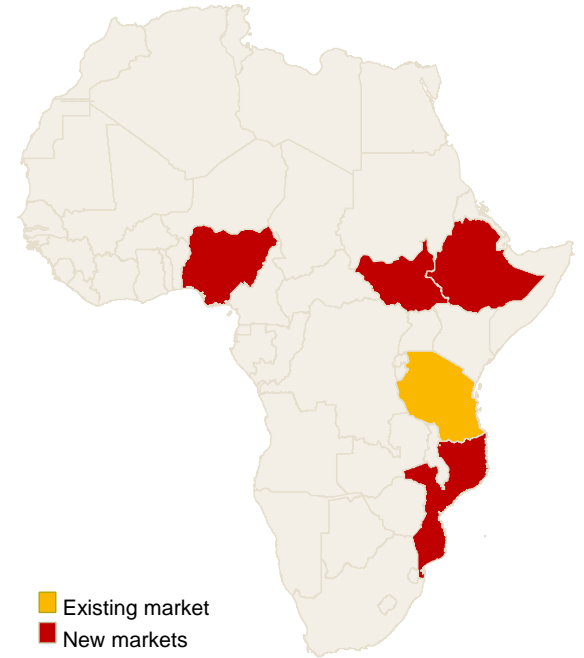
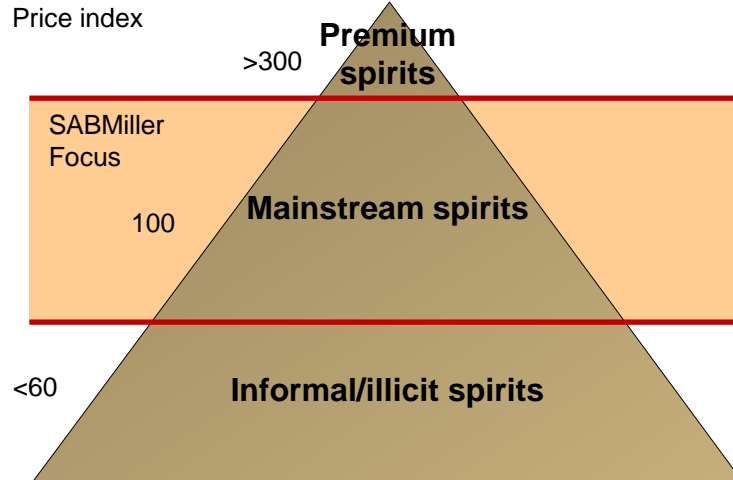
\$2.9bn
Proforma revenue

We believe mainstream spirits present an opportunity

Shape footprint to contribute to growth

- Fast growing category
- Participate in formalising the spirits industry
 - Also beneficial for the beer category

Mainstream spirits expansion



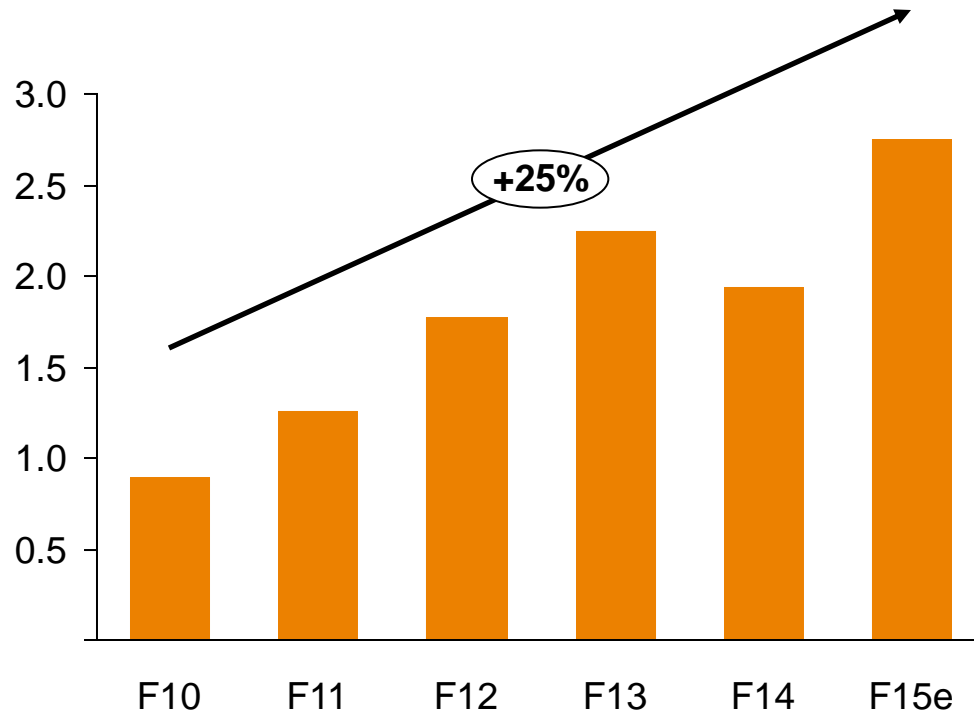
Konyagi: building a mainstream spirits brand

Shape footprint to
contribute to growth

- Recognised as the truly Tanzanian spirit, *'The Spirit of the Nation'*
- Exported to 5 countries



Annual volume, million unit cases



Integration of Africa and South Africa

Liberate resources
and reduce costs

- Leveraging SA scale for Africa's benefit
- Cost synergies

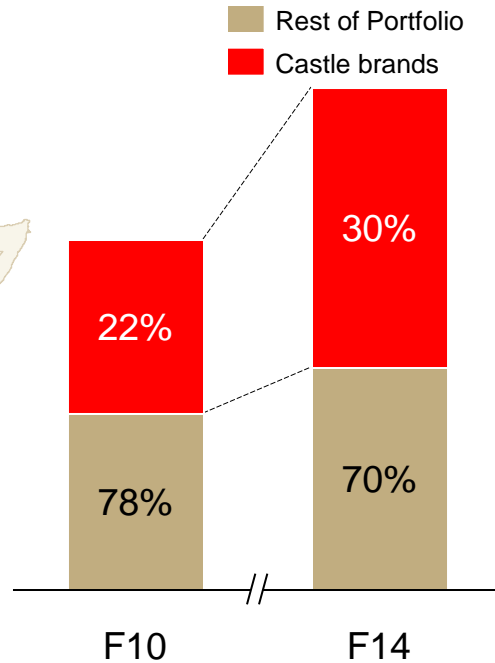


Castle brands: a regional approach to drive growth

Liberate resources
and reduce costs

Castle brands % of beer portfolio

Innovating with Castle Recent innovations

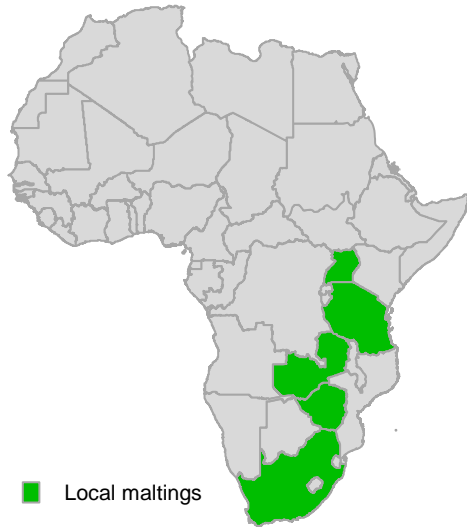


Growing
~1.2 x
faster

Creating value through integration

Liberate resources
and reduce costs

Integrated Maltings & agriculture programmes

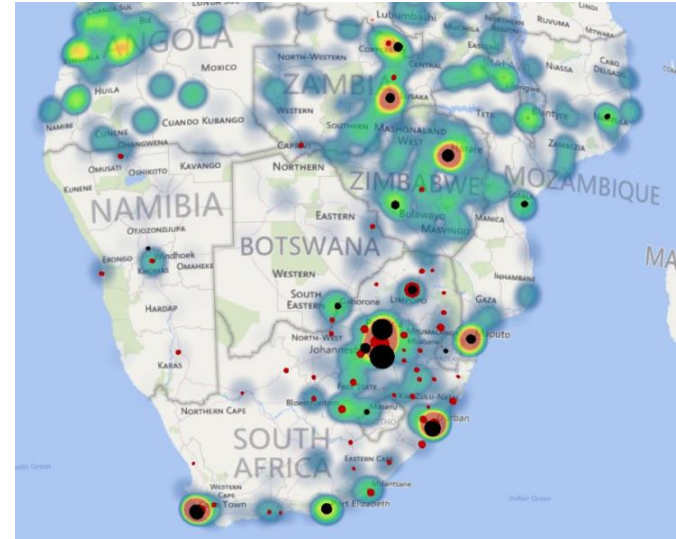


\$120m
Investment in Zambia and
SA Maltings expansion

~75%
Local sourcing of
grains and adjuncts

- Business unit to manage all malt for African 'grid'
- Improved capability to lower local malt costs
- Expand local grain agricultural programmes

Southern African grid opportunity



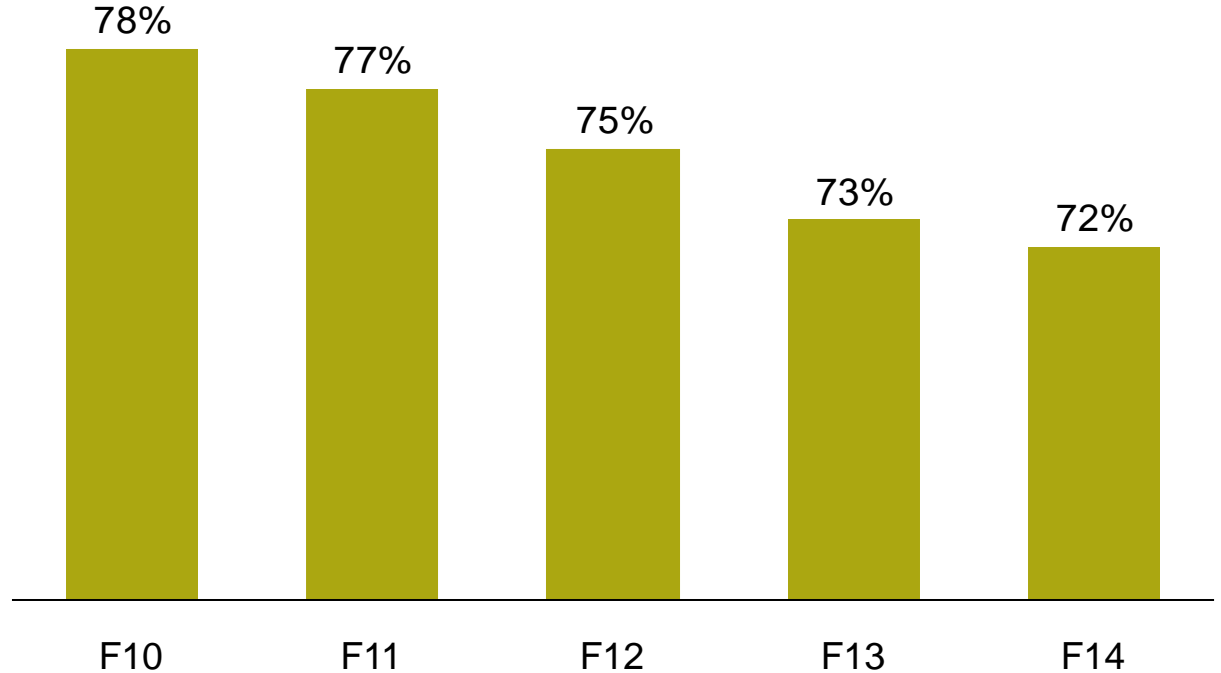
- Supply grid optimisation over Southern Africa Customs Union

Focusing on efficiency gains

Liberate resources
and reduce costs

- Global Business Services
- End-to-end Supply Chain
- Regional procurement centre
- Integrated Africa/South Africa synergies

Total costs *% NPR*



People: building capability, operating at global standards

Mbeya Brewery, Tanzania

- Commissioned in 2012, situated in a remote location in rural Tanzania
- Local staff recruited and trained as artisans and managers
- Implementation of 'SABMiller Ways'
- Robust performance management processes

#1

brewery in
manufacturing efficiency
in SABMiller globally



Prosper: improving livelihoods and building communities



A Thriving World



Enterprise development

- “Kickstart”
- Retailer development

A Sociable World



Alcohol responsibility programmes

A Resilient World



Water partnerships

A Clean World



Recycling of post-consumer waste

A Productive World



Farming

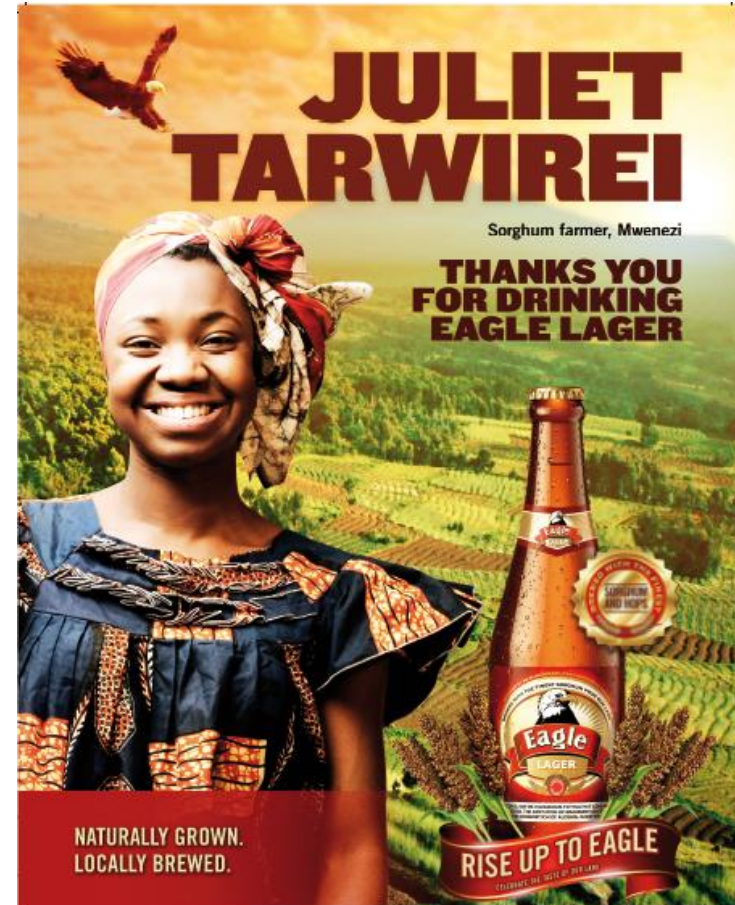
- Small-holder
- Barley farming

Progress in farming

- Development of economically viable small-holder farmers
- On-going development of sorghum and maize
- Innovation in use of cassava in beer
- Extension services to fund inputs and improve yields
- Partnering with NGOs and local farmer cooperatives

80,000

Farmers within our
value chain



A diverse and growing portfolio

Drive topline growth

Extending
refreshment
occasions



Ensuring
affordability



‘Romancing’ core lager



Improving
premium mix





Mark Bowman

SABMiller Africa
Managing Director



Growth levers to address consumer needs



1 Increasing access to formal alcoholic beverages

2 Tapping into local pride

3 Unlocking aspirations of the middle class

Film: Understanding local consumers in Africa

Our portfolio of products is designed to meet consumer needs

Unlocking aspirations of the middle class

Premium beer

>\$1.20



Tapping into local pride

Mainstream beer and spirits

\$1.00



Increasing access to formal alcoholic beverages

Affordable & commercial opaque beer

\$0.75

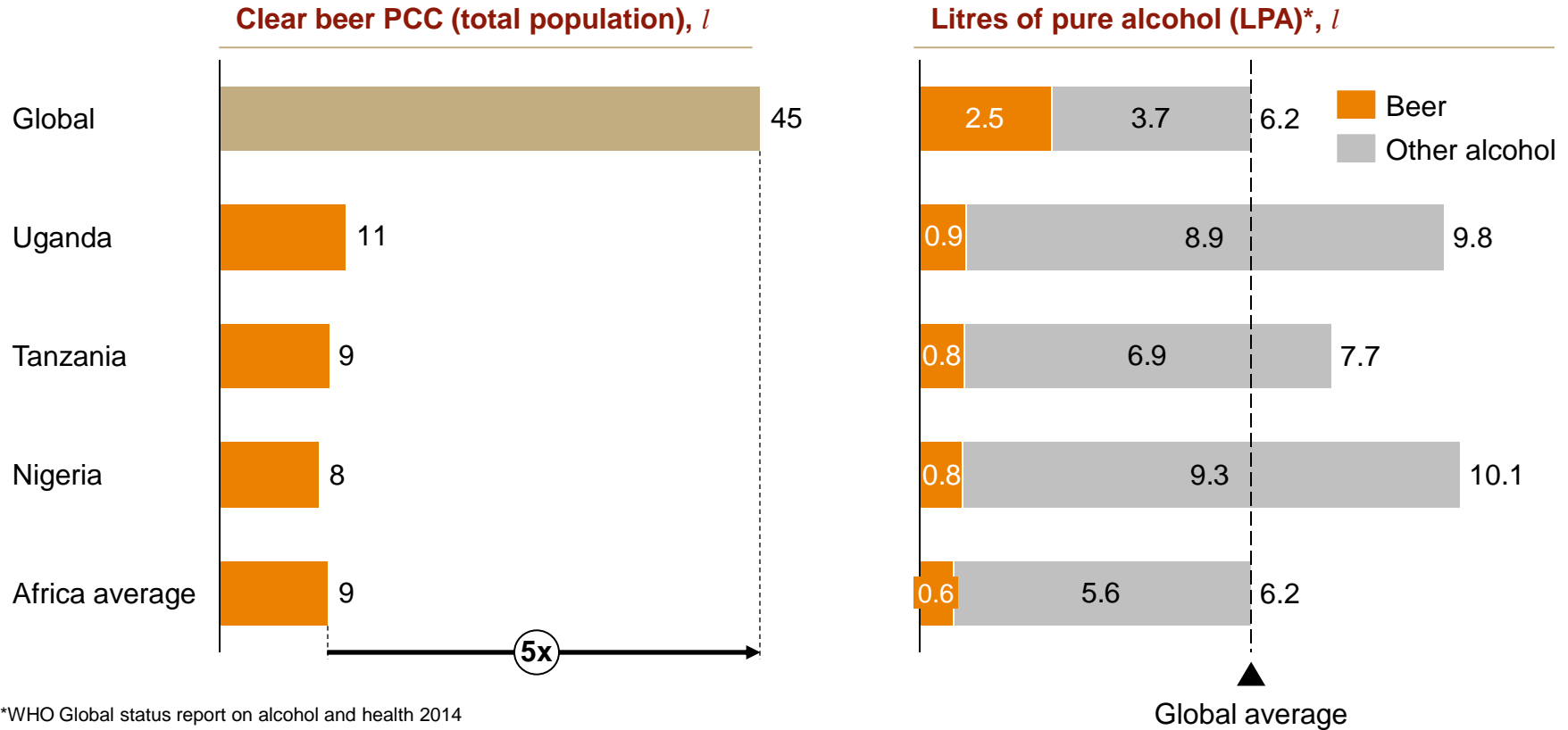


Homemade brews and local spirits

<\$0.50



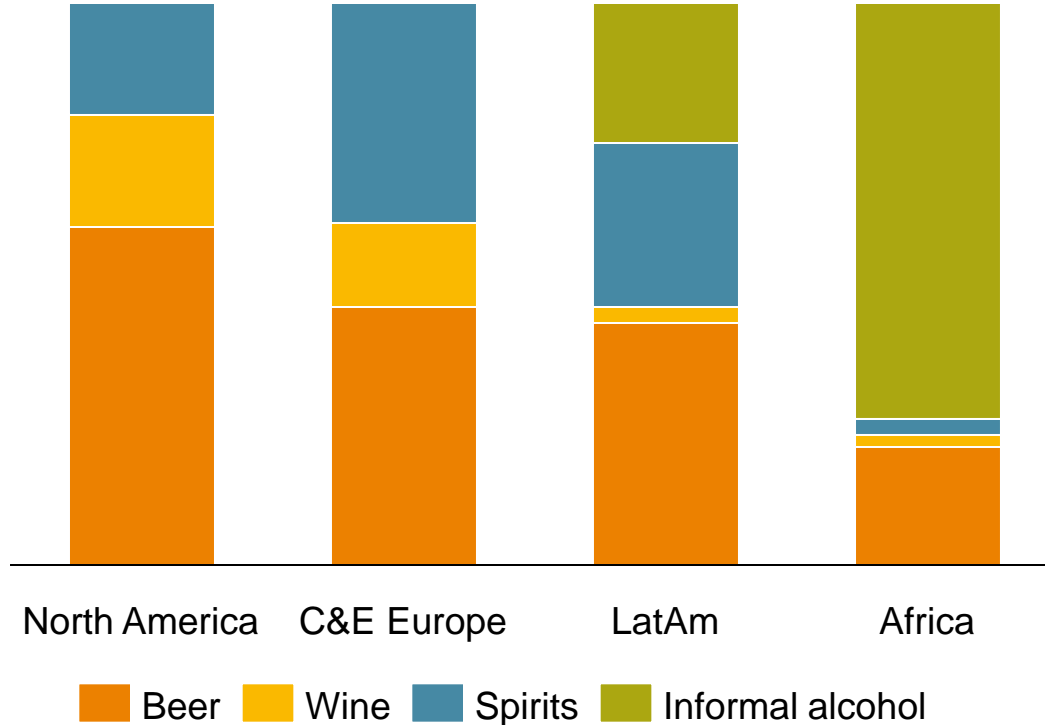
Opportunity to increase beer share of total alcohol



*WHO Global status report on alcohol and health 2014

In Africa, the majority of alcohol is informal and untaxed

Size of the alcohol market, est., %



In Africa, beer is highly aspirational but relatively expensive

Time taken to work for a beer in Africa

4 hours

vs 8 min in Europe



Beer price moderation

Measured price increases and price-point targeting to make beer more affordable

 Mozambique



“
...the price of my beer [2M] has been
the same for some time now... ”

 Mozambique



“
...If I have 100 meticais I can buy 4
Impalas to enjoy with my friends... ”

Beer price moderation

- A shift to lower pricing regimes
- Accelerate opportunity for consumers to enter beer category
- Delivers incremental volume and NPR growth

Mozambique



Holding attractive price points

+17%
Volume growth

- Strong NPR and EBIT growth

South Africa



Not for Sale to Persons Under the Age of 18.

Entry price for consumers

~110

Profitability index to 750ml RGB

- Lower volume trade off

Consumers are looking for local brands that meet their needs



Nigeria



- Local brand – “Hero is a drink for the Igbo”
- Connecting with others – “Every Igbo must take Hero”
- Relaxing with friends watching soccer at the bar



Mozambique



- Local brand – “2M is Mozambican, no doubts on that”
- Refreshment – “2M is the first thought when you get into the sun”
- Enjoyment – “Friday’s youth love to go out”



Tanzania



- Local brand – “Balimi is for us here in the Lake region”
- Reward – after a hard day’s work with friends
- Provenance – “My father used to drink this beer, even before I was born”

'Romancing' mainstream core lager to win in market

Hero lager, Nigeria



- High quality at a fair price
- Consumer insights to develop relevant local positioning
- Customised route-to-market
- 1mHL within 2 years of launch

Club lager, Ghana



- Pride in national identity – 'Truly Ghanaian'
- Creating consumer love for the brand ("Charlie", one of us)
- Driving Ghana beer market share from 28% to 48% over 5 years

Truly Ghanaian

Enjoyed by Real People since 1931

Bringing consumers into the category

Affordable alcohol alternatives: Opaque beer and clear beer from sorghum, cassava



Zambia



“ ...I can still manage to have a drink because it's affordable... ”



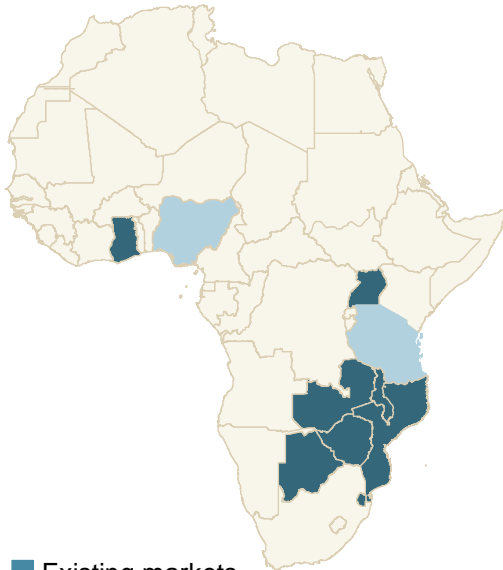
Tanzania



“ ...I used to drink local brews and illicit alcohol but now I drink Eagle... ”

Creating a price ladder in opaque beer

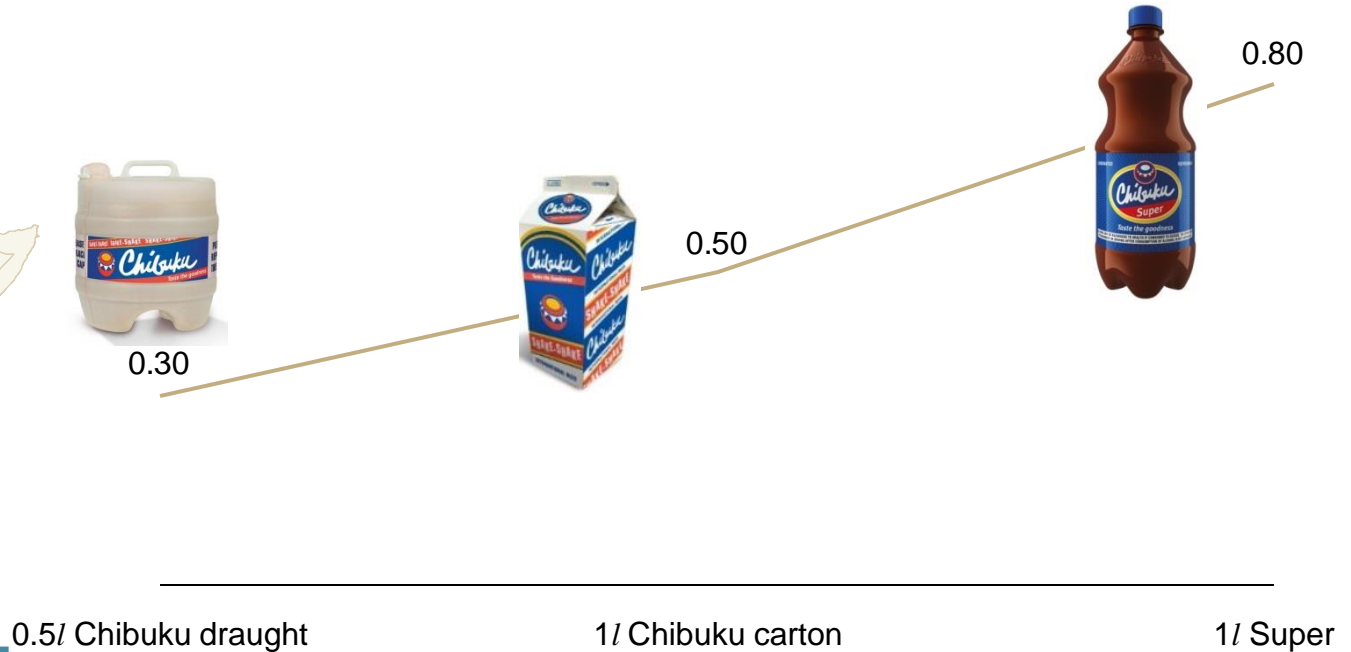
Chibuku footprint



- Existing markets
- New markets

Available in 10 markets

\$ price per serve

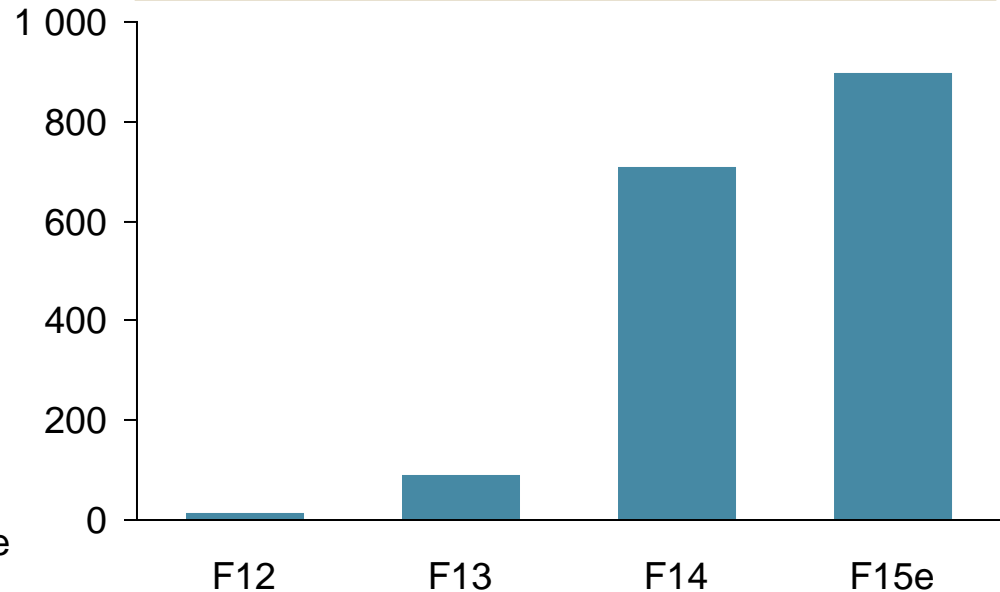


Innovation to target new occasions and price points



- Trading up – good quality at affordable price
- Take home opportunity with sealed container
- Margins double that of carton

Chibuku Super annual sales, kHL

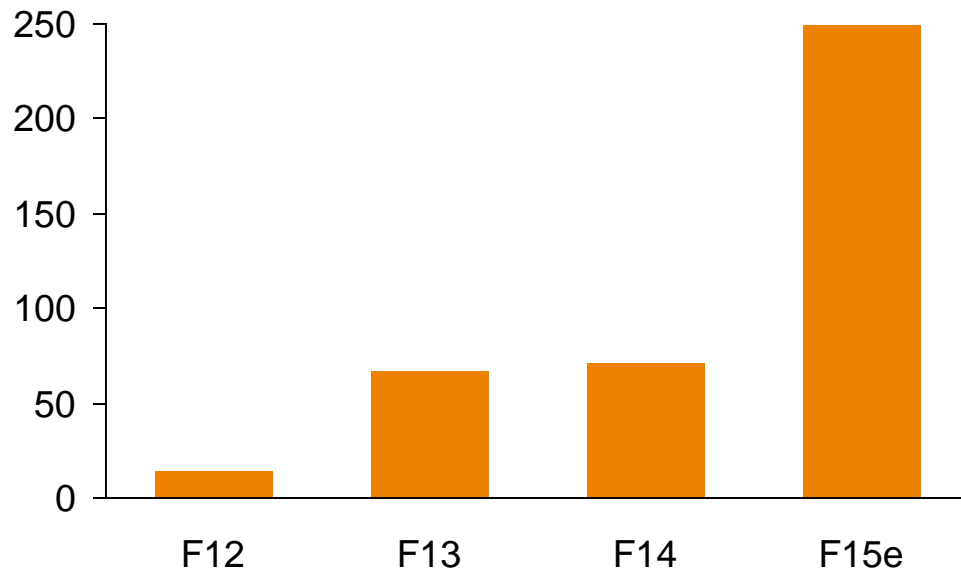


Innovating in affordable clear beer



- Pricing 75% of mainstream lager
- Volume gains incremental to mainstream
- Margins maintained through negotiated lower excise

Mozambique Impala annual sales, *kHL*



10% of mix
Since launch in F12

Cassava farming in Mozambique: a win-win-win

Farmers



- 3,800 smallholder farmers engaged to date

Government



- Incremental revenue from excise through new category
- Support of agricultural sector and rural development strategy

SABMiller



- Lower excise rate
- Goodwill generated with local stakeholders and consumer allegiance

Unlocking the aspirations of the middle class

Building a premium brand



Zambia



- **Castle Lite** – *“is a benchmark.”*
- **Status** – *“When someone is drinking a Castel Lite you’re saying I’m enjoying my drink and I’m in charge...”*
- **Socialising** *with friends and colleagues at home or at a bar*

Accessing mixed gender occasions



South Africa



- **Flying Fish** – *“is kind of like being a maverick and being out there”*
- **Status** – *“I like to hang out with the coolest people”*
- **Socialising** – *“with friends and colleagues after a long week at work or a nearby bar just to catch up”*

The emerging middle class are seeking premium brands

Aspirations

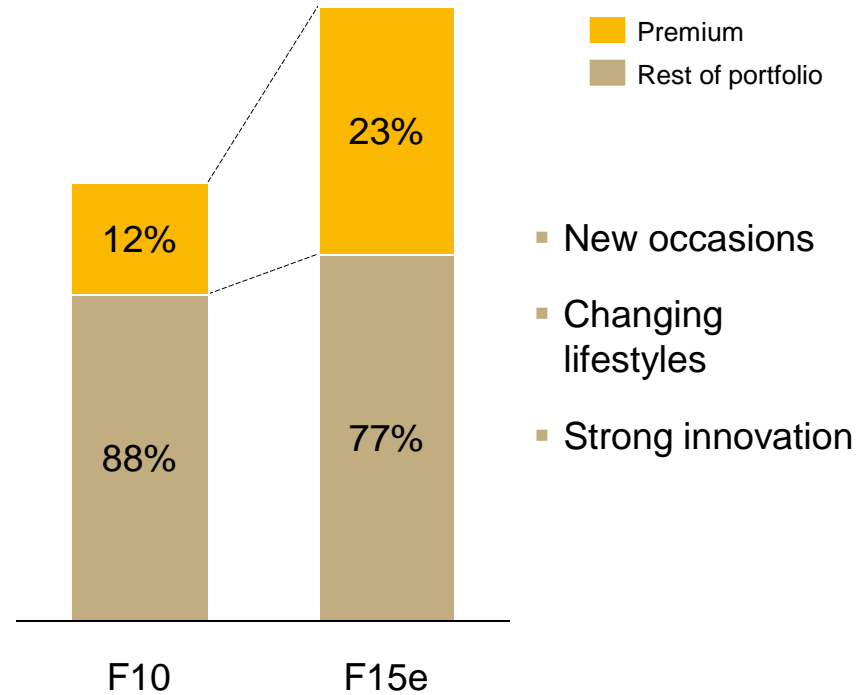


“ We are a different kind of couple, we love to travel, we’ve got big dreams... ”



“ Everyone’s goal is to move out of the hood into a suburb and earn good money, hang out with the coolest people... ”

Growth of premium portfolio, % mix



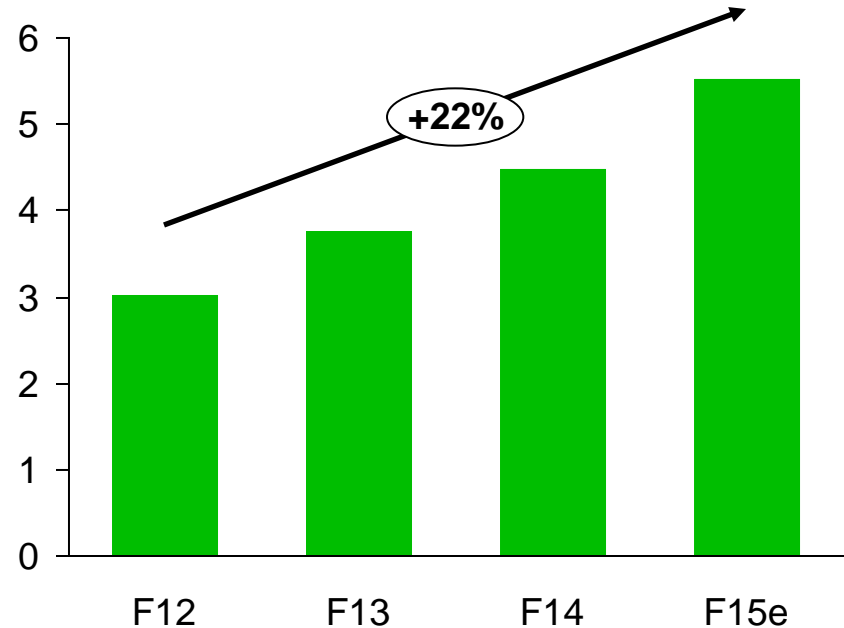
Castle Lite: meeting the lifestyle needs of modern African consumers

Castle Lite footprint



- Lower carb, lighter beer appealing to modern consumers
- Powerful marketing and innovation mix developed in SA and relevant for Africa

Africa Castle Lite volume, mHL



Appealing to women as well as men

Bringing women into the category...



“...I think what's changed recently is the stigma around females drinking beer...”

- Women have historically been “beer rejectors”
- Increasing female participation in social occasions outside home where alcohol is relevant

...through flavoured long alcoholic drinks

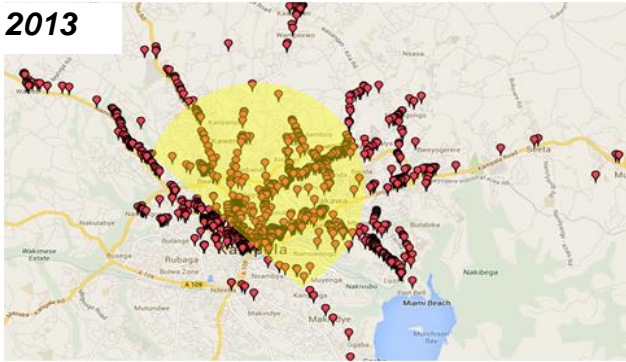
- Targeting women without alienating men
- Opportunities through sweeter taste profiles



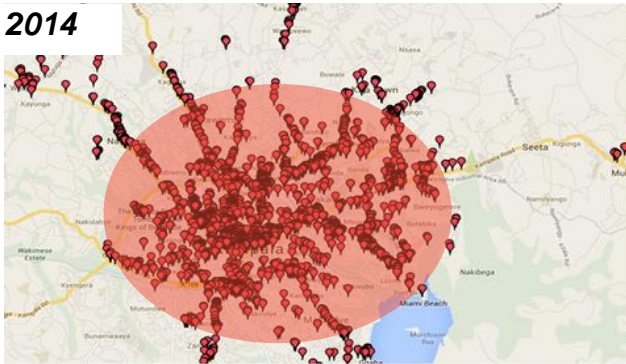
Expanding our sales footprint

Expanding outlet reach - Kampala

2013



2014



- Systematic approach to extend outlet reach
- Doubling sales reach over 2 years with cost-effective local area sales representatives
- Integrating distributors into our systems to provide direct retail sales line of sight
- SA telesales capability centre extended to Southern Africa

Winning in outlet execution

Volume uplift, %

Coolers

3-6%

TVs

11%

Furniture and sound

6%

Emphasis on outlet investment to improve consumer experience



Our core strategy is consistent and aligned to Group Strategic Choices



SABMiller Group strategic choices

1. Drive topline growth
2. Liberate resources to win in market and reduce costs in an integrated organisation
3. Shape global footprint to contribute to growth

Africa growth levers



1. Increasing access to formal alcoholic beverages
2. Tapping into local pride
3. Unlocking aspirations of the middle class

Our approach is centered on understanding consumers and their needs



Medium term guidance



Africa medium-term guidance

- NPR growth: targeting 10%+ (organic constant currency basis)
 - Volume growth: mid-single digits
 - NPR per HL: mid-single digits (organic constant currency basis)
 - EBITA margin: 10 – 40 bps
-

**A strong growth-oriented, ROIC-enhancing strategy
Profit to grow significantly ahead of invested capital**

- This presentation provides guidance for the 3 to 5 year period from the date of this presentation.
- This presentation does not provide guidance or constitute a forecast (or similar) for any one specific year, nor can it be used to interpolate backwards to imply a forecast for any specific year.
- The guidance provided on volumes and revenue is guidance for the CAGR between the date of this presentation to the future period referred to.
- The guidance on margin improvement is guidance for the average annual rate of improvement between the date of this presentation and the future period referred to.
- The guidance assumes constant currency at the date of this presentation

Q&A

