



Welcome

SABMiller plc **Quarterly divisional seminar series** **South Africa**

Norman Adami

Chairman & Managing Director SAB Ltd

John Ustas

Managing Director ABI

Harald Harvey

Strategy Director SAB Ltd

Ian Penhale

Marketing Director SAB Ltd

Gary Leibowitz

Senior Vice President Investor Relations

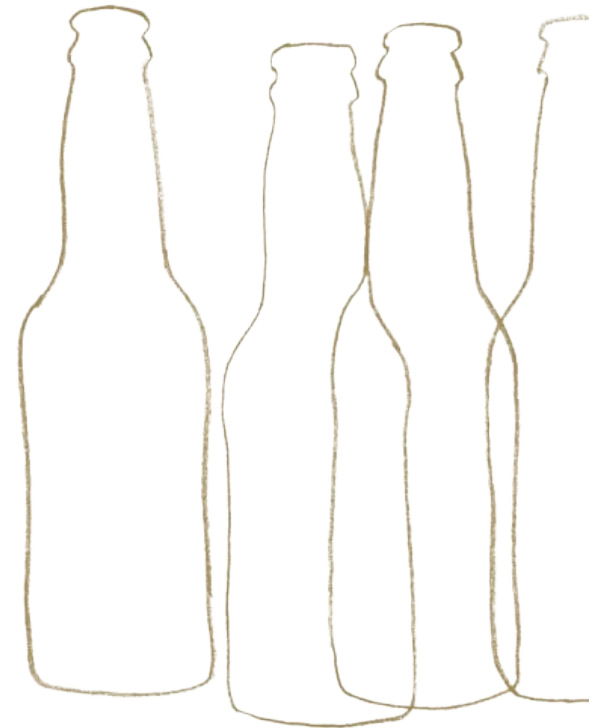
Wednesday, 26 May 2010

26 May 2010 (London)



Gary Leibowitz

Senior Vice President Investor Relations





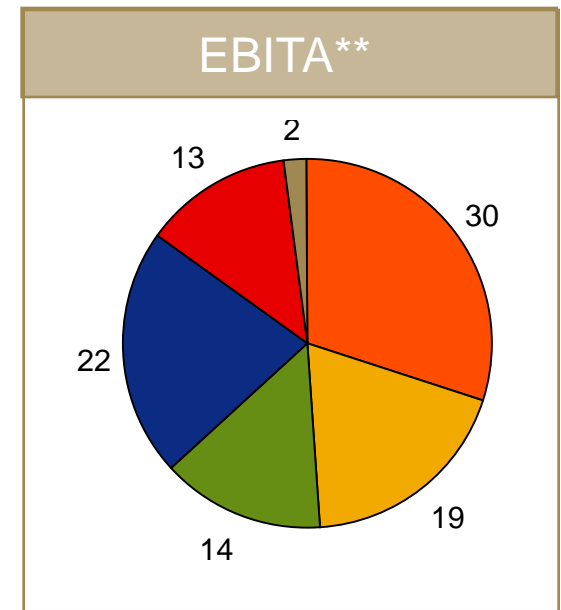
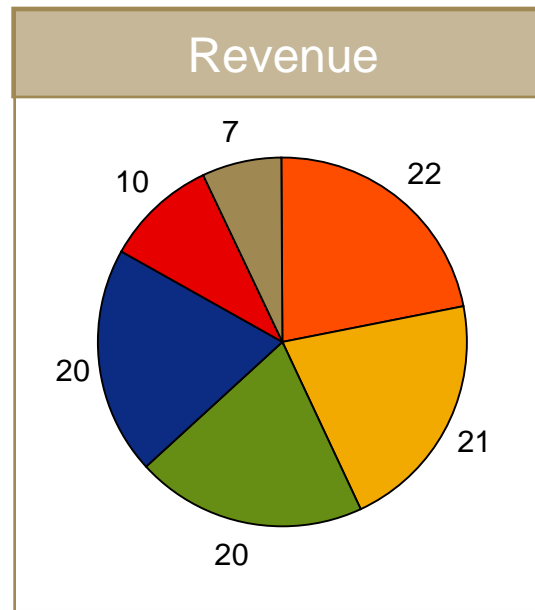
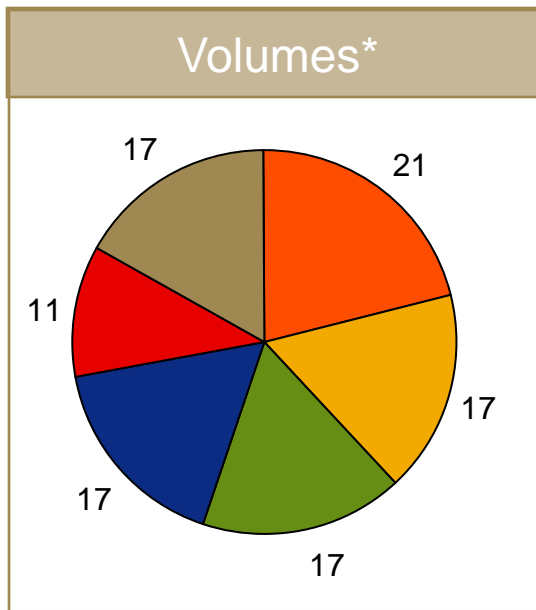
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This presentation includes “forward looking statements”. These statements contain the words “anticipate”, “believe”, “intend”, “estimate”, “expect” and words of similar meaning. All statements other than statements of historical facts included in this 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.



SA % contribution to the group

Twelve months to 31 March 2010

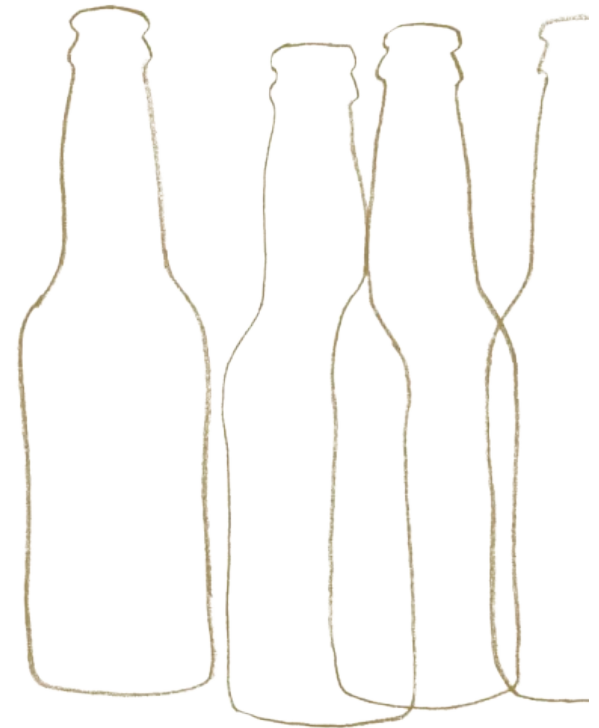


*Excludes contract brewing, includes soft drinks and other alcoholic beverages ** Before corporate costs and excluding exceptional items and the amortisation of intangible assets (excluding software)



Norman Adami

Chairman & Managing Director, SAB Ltd





Our speakers today



John Ustas

- **2009 Managing Director – ABI**
- 2008 VP Supply Chain Development, The Coca-Cola Company, USA
- 2005 CEO Hindustan Coca-Cola Beverages, India
- 2000 CEO Coca-Cola Drikker, Norway
- 1989 COO Great Plains Coca-Cola Bottling Company, USA

Harald Harvey

- **2009 Strategy Director – SAB Ltd**
- 2000 Partner and Africa Managing Director – Monitor Group
- 1997 Deputy Director-General – Dept. of Transport, South Africa
- 1990 Deputy General Secretary – T&GWU, South Africa

Ian Penhale

- **2006 Marketing Director – SAB Ltd**
- 2005 Marketing Director - SABMiller Europe
- 2000 Marketing Director - SABMiller Czech Republic & Slovakia
- 1994 Joined SAB South Africa



Agenda

1. Soft drinks
2. Beer division
 - Is our strategy working?
 - Are we “ensuring key brands resonate?”
3. Medium-term guidance



Soft drinks*



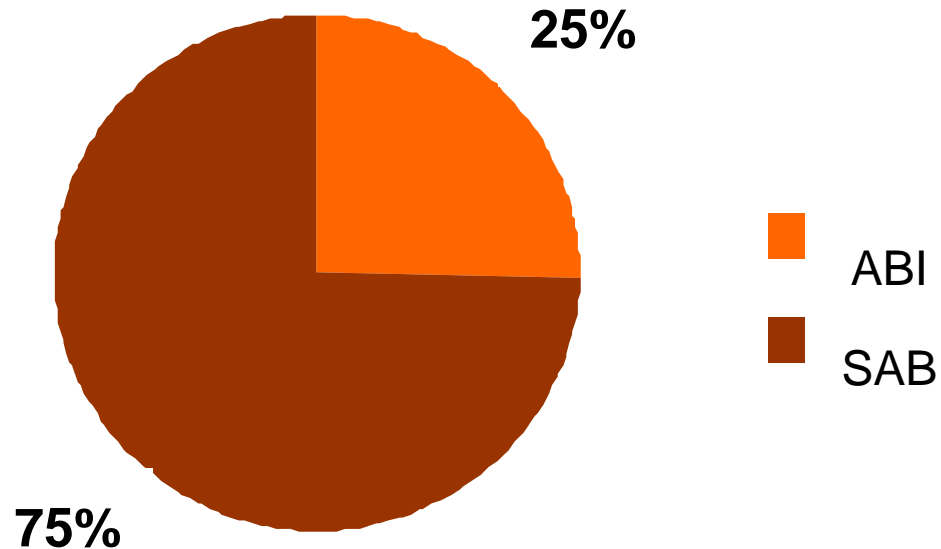
***SAB's soft drinks division:
Amalgamated Beverage Industries (ABI)**





Soft drinks are important to SAB Ltd

EBITA contribution F10



Source: SAB Ltd F10 Results



5 questions for soft drinks in South Africa

1. What is our reality?
2. What are our objectives?
3. What is our strategy?
4. How are we converting strategy into action?
5. What have we accomplished?



What is our reality?

■ Long term margin erosion

■ Strong growth opportunity

- Per Capita Consumption (current) ~ 286 8 OZ Servings
- Sparkling volume growth ~ 6% CAGR
- Still volume growth ~ 20% CAGR
- 100m unit case opportunity
- Requires substantial investment



What are our objectives?

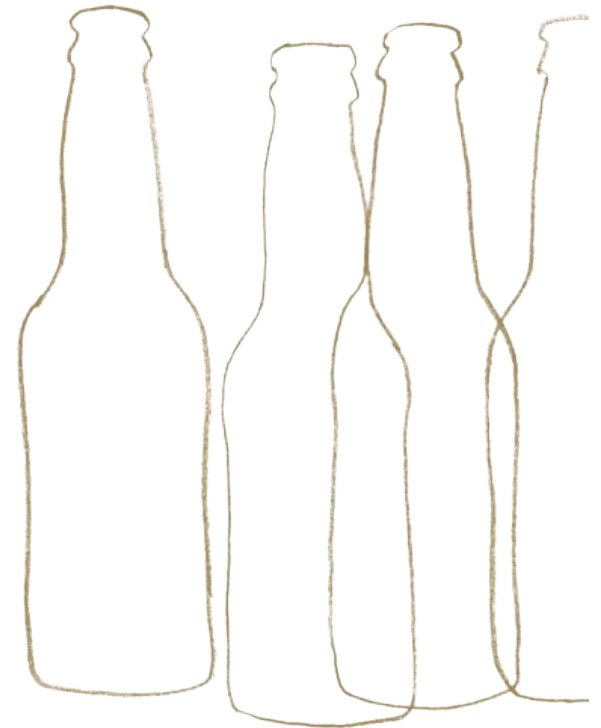
1. Restore operating margins
2. Invest for accelerated growth
3. Alignment with TCCC and bottlers



John Ustas

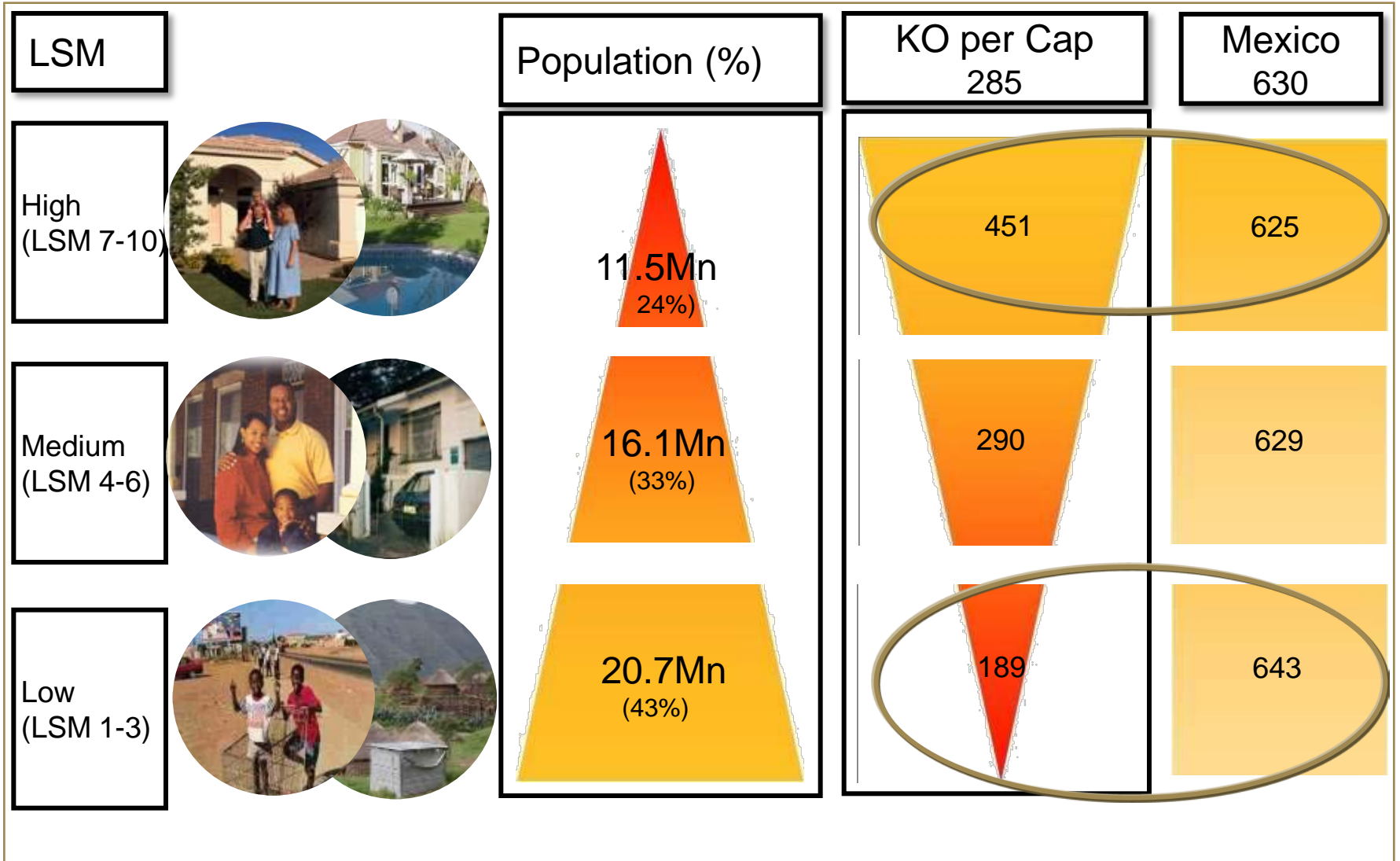
Managing Director, ABI

- **The opportunities**
- **Our strategy**
- **Converting strategy to action**
- **Accomplishments**





Growth opportunities through existing customers and new customers





Overall shift in business model to expand market potential

FROM LOW GROSS MARGIN, LIMITED REACH

- Low gross margin, low market-facing operating expense
- High concentrate and packing costs
- Low Customer base and limited Investments
- High back office & non-market-facing OPEX

TO HIGH GROSS MARGIN, HIGH SERVICE AND REACH

- Higher gross margin, higher customer service and market-facing expense
- Lower COGS, concentrate and revenue management
- High efficiency, high intensity CAPEX
- Efficient back office & non-market-facing OPEX



What is our strategy?

High Aspirations

- Restore operating margins
- Invest for accelerated growth (+6% in Volume)
- Alignment with TCCC and bottlers

Fortify the Foundation & Achieve Operational Excellence

Grow Existing Outlet Base

Market Development & Expansion

Build Market-facing Organization and Capabilities

Engage Key Stakeholders to Drive a High Performance System



How are we converting strategy to action?



Growing existing outlet base

Revenue Growth Management

- Focus on RGM through growth in IC packages (500ml PET, 300RGB, 1 Litre). Improved discount management.

Outlet Activation

- Grow the business through existing outlet activation and outstanding customer service.

KO System Alignment

- Align CCSA marketing focus with ABI's executional focus: drive profitable brands and packages.





How are we converting strategy to action?



Market Expansion

Activation Opportunities

- Current servicing 30,000 outlets out of a universe of 200,000.
- Doubling per capita consumption in Townships.
- Major investments in cold drink equipment, direct marketing and service capabilities.





How are we converting strategy to action?

Example: Fortify the foundation and achieve operational excellence

- Eliminate out-of-stocks and improve order fill rate – 96%
- Substantially increase manufacturing flexibility (ME from 70% to 80%)
- Eliminate non productive SKU's (30% reduction)
- Decisive action to reduce COGS (up to R72m)
- Pursue cost saving opportunities in “operations” (up to R200m)



How are we converting strategy to action?



“Fortify the Foundation” and achieve operational excellence

‘Leaning’ the Supply Chain for improved margins & flexibility – R200 million savings in F11

- Warehousing
- Order Picking
- Bottle Sorting
- Distribution
- Fleet Management
- Account Management





What are our accomplishments?



Enablers

- Restructured Soft Drinks organization to gain focus.
 - Strategic alignment engagements with The Coca-Cola Company
-

Fortify the Foundation

- Instituting Global Best Practices – Benchmarking; Leaning the Supply Chain; Packaging Savings
-

Grow the Existing Outlet Base

- Dramatic improvements in Customer Service Performance – solid foundation for this year's growth efforts.
 - Revenue growth management practices established
-

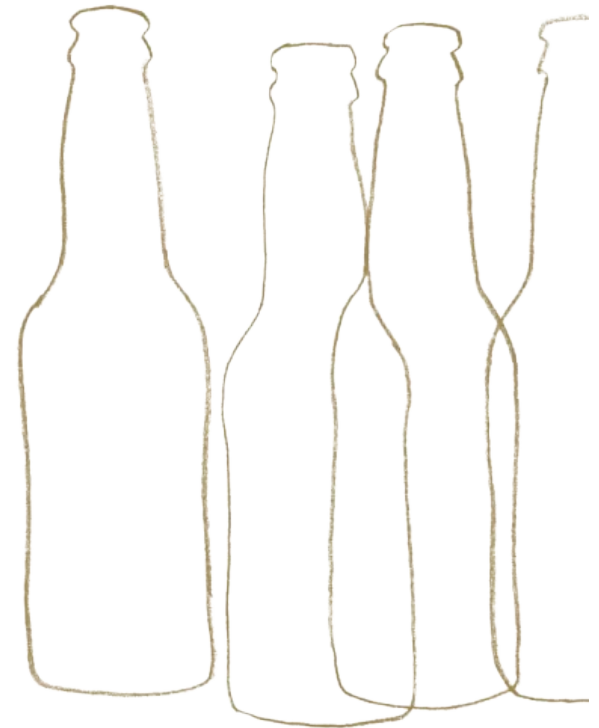
Market Development

- 'Model Market' development in Townships to gain expertise in market expansion

Beer Division

Norman Adami

Chairman & Managing Director, SAB Ltd





Objective:

Sustain SAB's role as strong cash flow provider

Over the 5 year horizon

- Deliver solid EBIT growth, coupled with tight balance sheet management
- Create reduction in “non marketing” cost base
- Grow total portfolio volumes and mix



How have our realities evolved?





Evolution of our realities

March 2009 – 5 new realities

1. Significant economic slowdown
2. Step-change in dollar-based input costs
3. Emergence of competition
4. Major shift in retail dynamics
5. Accelerated socio-political change

May 2010 – 5 evolved realities

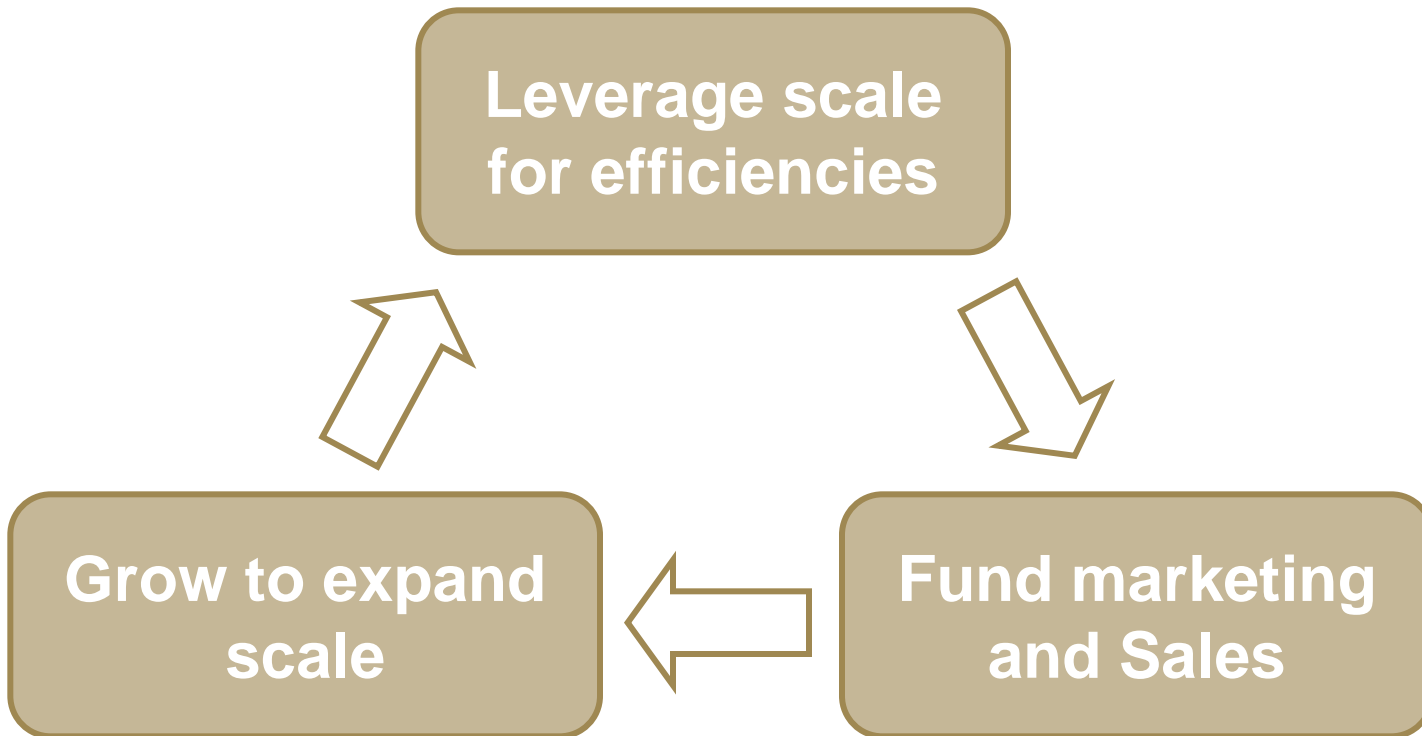
- Slow return from economic bottom
- Input costs stabilising
- Increased competitive intensity
- Continued retail shifts
- Socio-political & regulatory uncertainty persists





Beer division business model

5 year Horizon





5 strategic thrusts

1. Fortify the foundation, and strengthen productivity edge
2. Engage the competitor
3. Ensure key brands resonate
4. Shape superior routes to market
5. Ensure societal leadership



Strategy – early indicators

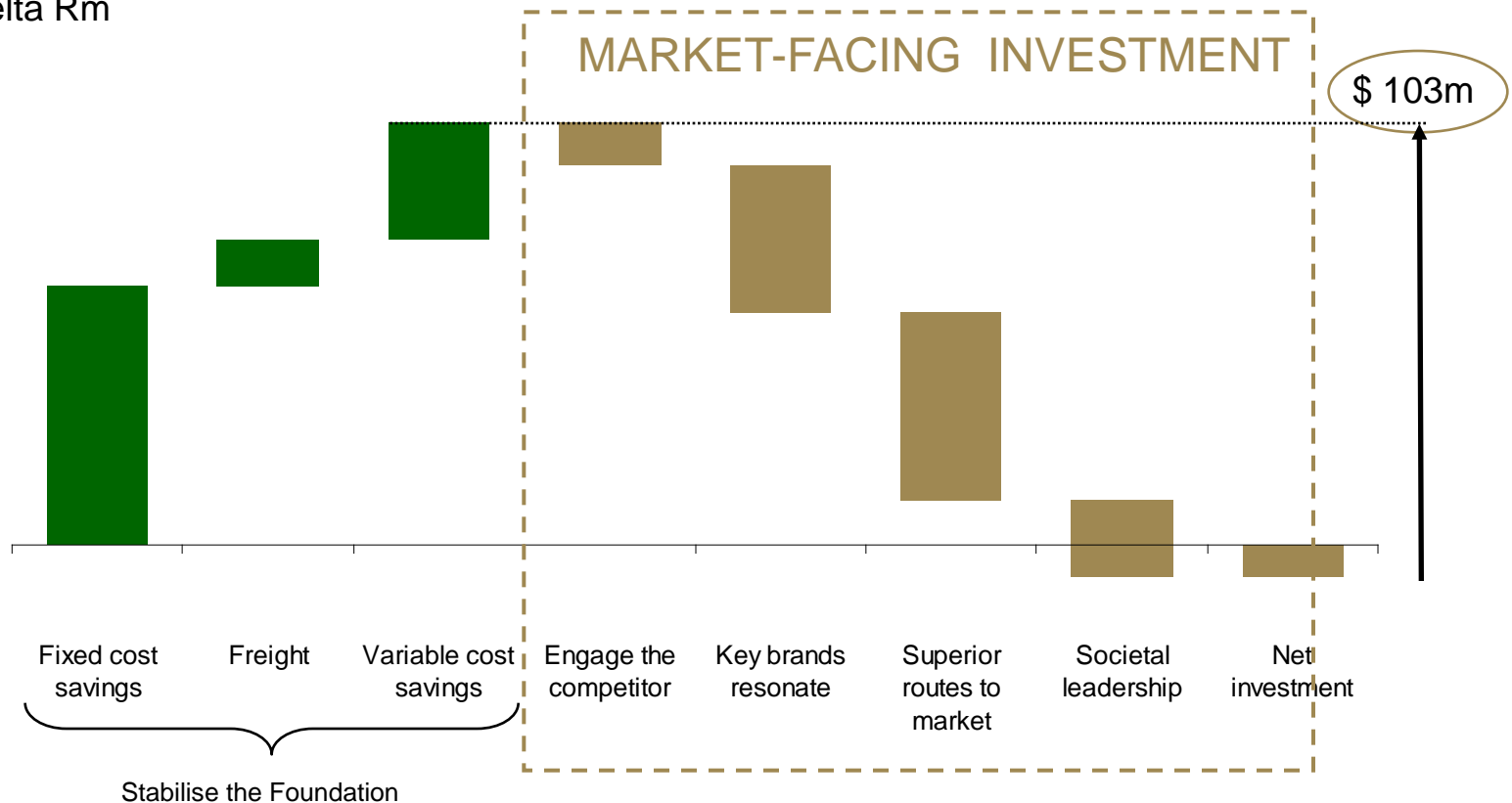
- Our operational performance significantly improved
- Our retail execution step change
- Our power brands have started to perform.
- Demonstrating societal leadership on key issues

- Translating into improved financial performance
- Clear priorities and focus going forward



F10 virtuous cycle delivered

Reallocation of Costs
Real Delta Rm

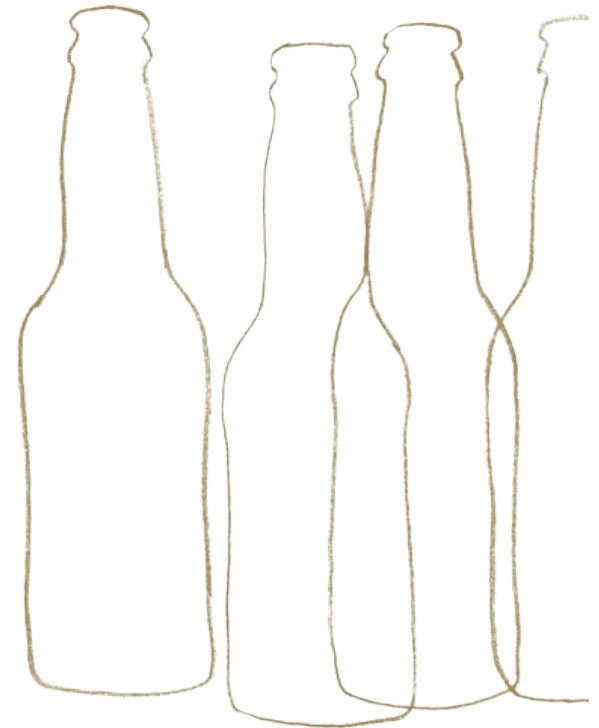




Review of the 5 thrusts

Harald Harvey

Strategy Director, SAB Ltd





Thrust 1: Fortify the foundation & ensure the productivity edge

Strategic intent

Ensure our scale advantage translates into (a) economic advantage and (b) market execution advantage.

Imperatives

- Eliminate out-of-stocks
- Strengthen the productivity edge
- Address critical skills issues



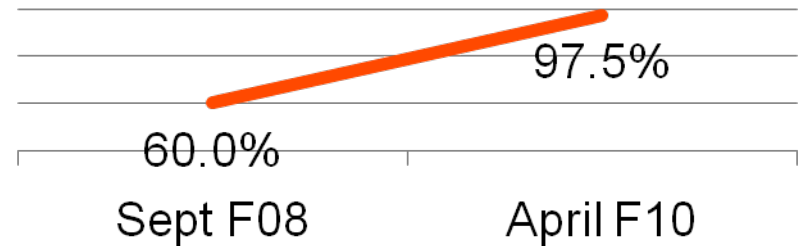
Thrust 1: Fortify the foundation



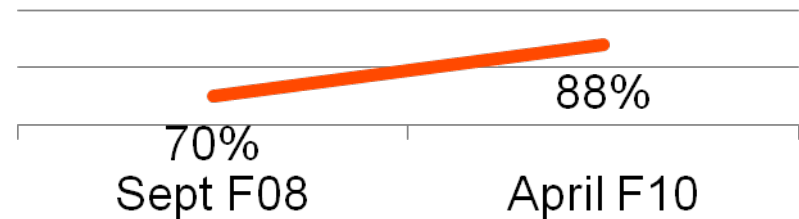
Accomplishments

- Out-of-Stocks eliminated
- Improved 4D of WCM performance
- \$ 75m (R 600m) in cost savings
- \$ 129m (R 1bn) working capital improvement
- Labour turnover & vacancies down
- Competencies strengthened
- Upgraded capability and capacity in key areas
- Raw material model modified

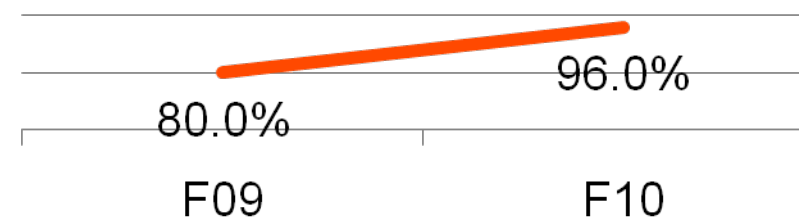
OTIF (On Day)



Brewing Quality



Brewing Reliability





Thrust 1: Fortify the foundation

Priorities

- Further cost reduction
 - General spend – all cost categories
 - Non-market facing headcount
 - Manufacturing usages
 - Key raw material procurement models
- Tight balance sheet management
 - Working capital reduction & capex reduction
- Underpinning focus on WCM
- Continued focus on critical skills and capabilities



Thrust 2: Engage the competitor

Strategic intent

Ensure we are driving the dialogue, making sure the competitive game is played based on our strengths and the competitor's weaknesses.

Imperatives

- Execute our strategy well
- Play to our strengths
- Hit key opportunities



Thrust 3: Ensure key brands resonate

Strategic intent

Create the portfolio we need to win now and over the long term by strengthening our large “power brands” while properly seeding our premium brands for the future.

Imperatives

- Strengthen four “power brands”
- Establish premium brands
- Sustain “contributor” brands
- Improve through-the-line activation
- Upgrade revenue growth management capability
- Resource & build organizational capacity and capability



Thrust 3: Ensure key brands resonate

Accomplishments

- Strengthened power brands
- Premium brands refocused, and SBU created
- Through-the-line activation on stream
- Upgraded revenue management capability
- Marketing organisation restructured
- Marketing pressure increased and sustained



Thrust 3: Ensure key brands resonate

Priorities

- Sustained power brand focus and investment
- Establish international premium brands for the long term
- Contributor brand focus
 - Including FAB portfolio & brand renovation
- World class TTL execution
- Revenue growth management
- World class marketing organisation



Revenue management

Imperatives

- Exploit current opportunities

- Renovate price architecture
 - Restore “steepness” of price ladders
 - Build new brand/pack/CoT/geography “rungs” into price ladders



Thrust 4: Shape superior routes-to-market

Strategic intent

Create the sales capability required to (a) capitalize on the current market structures and (b) out-execute the competitor.

Imperatives

- Win in 4 Key Classes of Trade (COTs)
- Adopt a “hybrid” bi-modal distribution approach
- Implement demand-creation planning process & TTL
- Grow share where competitors source disproportionate share
- Grow organisational capacity and capability



Thrust 4: Shape superior routes-to-market

Accomplishments

- Designed & executed competitive service packages in 4 key CoTs
 - Tailored Service Packages
 - Increased sales service intensity
 - Expanded reach & penetration
- Re-engaged IRDs/URDs with competitive service package
- Increased marketing-facing heads and investment
- Step change in TTL execution

	SERVICE GAPS TO COMPETITOR			
	SALES		DISTRIBUTION	
	Feb 08	Feb 10	Feb 08	Feb 10
Taverns	6	17	7	16
Informal On	11	29	-	-
Formal On	1	28	8	17
IRD	4	28	4	15

(Source: SAB-owned survey, carried out by Markinor)



Thrust 4: Shape superior routes to market

Priorities

- Widen our competitive lead in retail execution
 - Fine tune selected elements of 6 levers
 - Customise service packages at outlet level
- Invest for further reach and penetration
- Integrated regional brand plans
- Invest for world class brand execution TTL
- Continued fridge penetration & new draft reach
- Sustain investment to further grow capabilities



Thrust 5: Ensure societal leadership

Strategic intent

Create a positive operating environment by converting our two major societal liabilities into clear strengths.

Imperatives

- Reverse vulnerabilities – BBBEE and alcohol
- Re-establish CSI platform for grassroots impact
- Best-in-class function
- Manage competition regulation



Thrust 5: Ensure societal leadership

Accomplishments

- Black economic empowerment
 - SAB Zenzele - 40,000 new shareholders
- Alcohol Responsibility
 - Innovative programme
 - 6 alcohol evidence centre
- Improved relationships with key government stakeholders
- CSI initiatives underway
- Full corporate affairs team in place

Priorities

- Entrench SAB Zenzele & alcohol strategy
- Extend government partnerships
- Drive CSI for grassroots impact
- Focus on water neutrality within sustainable development programme
- Roll-out of world-class competition compliance programme



Summary: Strategic priorities driving value growth

- Leverage our scale & drive productivity edge
- Investment in our brands and build our portfolios to drive profitable growth
- Drive retail execution
- Leverage and build key mix/revenue growth opportunities
 - Brand, pack, class of trade, geography
- Ensure our license to trade



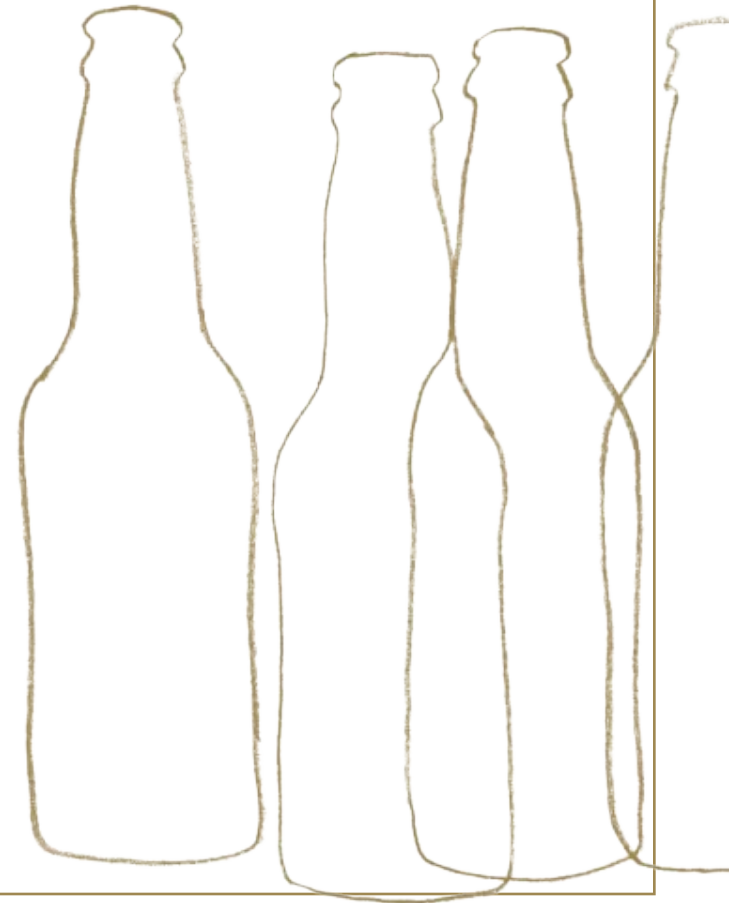
5 strategic thrusts

1. Fortify the foundation, and ensure productivity edge
2. Engage the competitor
3. Ensure key brands resonate
4. Shape superior routes to market
5. Ensure societal leadership



Ian Penhale

Marketing Director, SAB Ltd





**Are we “ensuring key brands
resonate”?**

**Can we sustain power brand
growth?**

**How long before premium brands
contribute?**



Power brands

It all comes together
with a **CASTLE**
LAGER



Not for Sale to Persons Under the Age of 18.



Power brands – our convictions

- Business growth drivers
- Scale offers leverage
- Big ideas & bold actions unleash brand energy





Power brands – big ideas

- **Carling Black Label** – Real men deserve an award-winning taste
- **Hansa** – Brewed with the Kiss of the Saaz Hop to be refreshingly different.
- **Castle** – Guys make a plan – and it all comes together with a Castle
- **Castle Lite** – Unleash Extra Cold refreshment



Not for Sale to Persons Under the Age of 18.



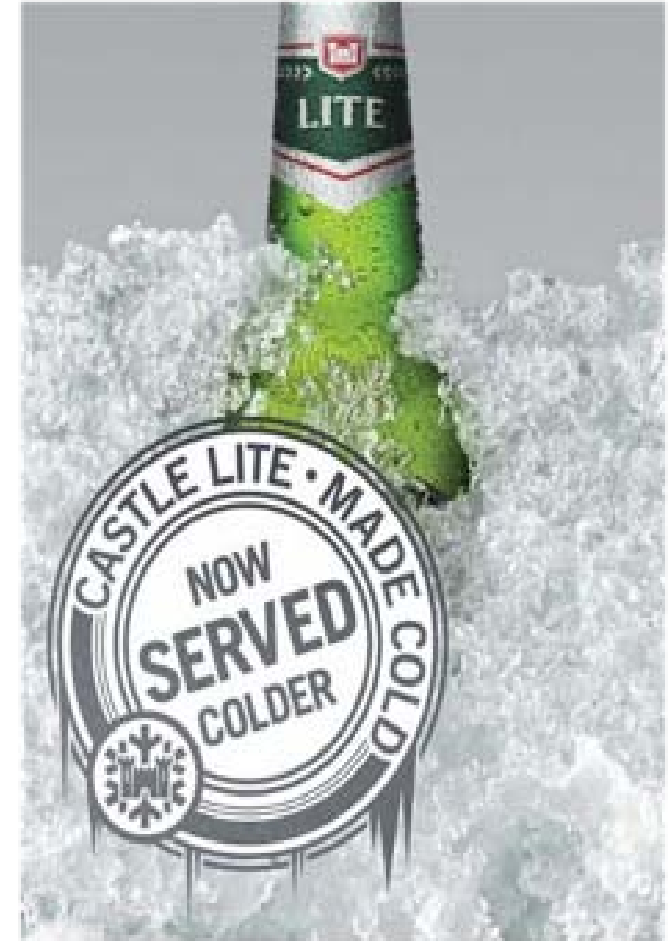
Power brands – bold actions

- **Carling Black Label** – refreshed take on SA masculinity
- **Hansa** – Amplify exclusivity of “Kiss of the Saaz Hop”
- **Castle** – Leverage sponsorship of national teams & spirit of SA supporters
- **Castle Lite** – intensify focus on “cold” and build premium cues



Example 1: Castle Lite

- Extra-cold fridges - 12000 nationwide by F11
- Cold innovation
 - Temp sensitive ink
 - Extra cold draught
 - Extra cold alu-bottle
- Deliver ‘cold’ message through-the-line
 - Ice bars, igloos, golf
- Emotional engagement ATL



Not For Sale To Persons Under The Age Of 18.



Vanilla Ice TV Commercial



EXTRA COLD

CASTLE LITE

INSIDE

See The Extra Gold Zone

TINE BREWED ORIGINAL TASTE 40% alc/vol 340 ml

CASTLE LITE

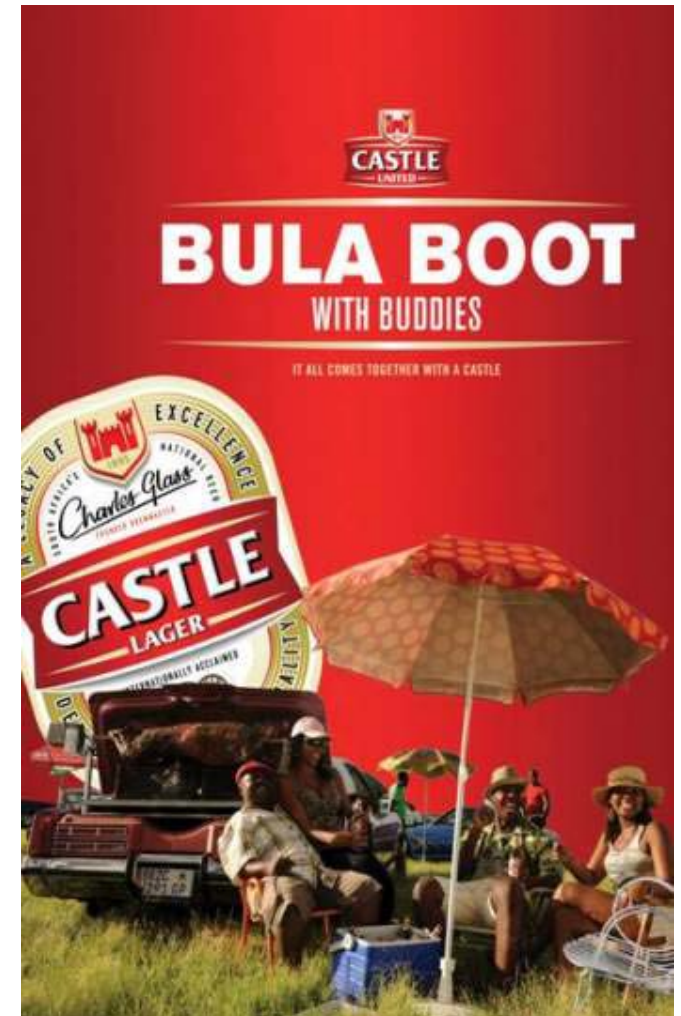
PREMIUM EXTRA COLD





Example 2: Castle Lager

- Leverage 2010
- Castle Soccer Kingdoms
- Innovation
 - 2010 Alubottle
 - Superfan cans
 - Speed bars
- Through the line
 - Castle SuperFans
 - BulaBoot





Superfans TV Commercial



Bulaboot TV Commercial





Hansa TV Commercial



Power brands momentum

Carling Black Label



- Arrested 3-year decline
- Re-established commitment in core Western Cape Market

Hansa Pilsener



- High single digit growth in F10
- Broad based national success
- Brand equity scores up with core up-market consumers

Castle Lager



- High single digit growth in F10
- Gaining momentum F10 Q4
- Younger urban black coastal franchise adopting

Castle Lite



- Sharp reversal of decline mid F10
- 25%+ growth exiting F10
- Rate of sale growth 12% in “extra-cold” outlets
- Exceptional TTL impact



Premium brands





Premium brands – context & convictions

- Amstel exit left unbalanced portfolio

- New convictions
 - There are no short-cuts.
 - Power brands provide stability & room for flexibility
 - We market brands, not segments





Premium strategy

- Invest behind Castle Lite momentum to leverage “local premium” sweet-spot
- Focused, deliberate investment to establish differentiated international premium brand positions
 - Create, build, expand
- Grow into powerful portfolio to win in fragmenting top-end market



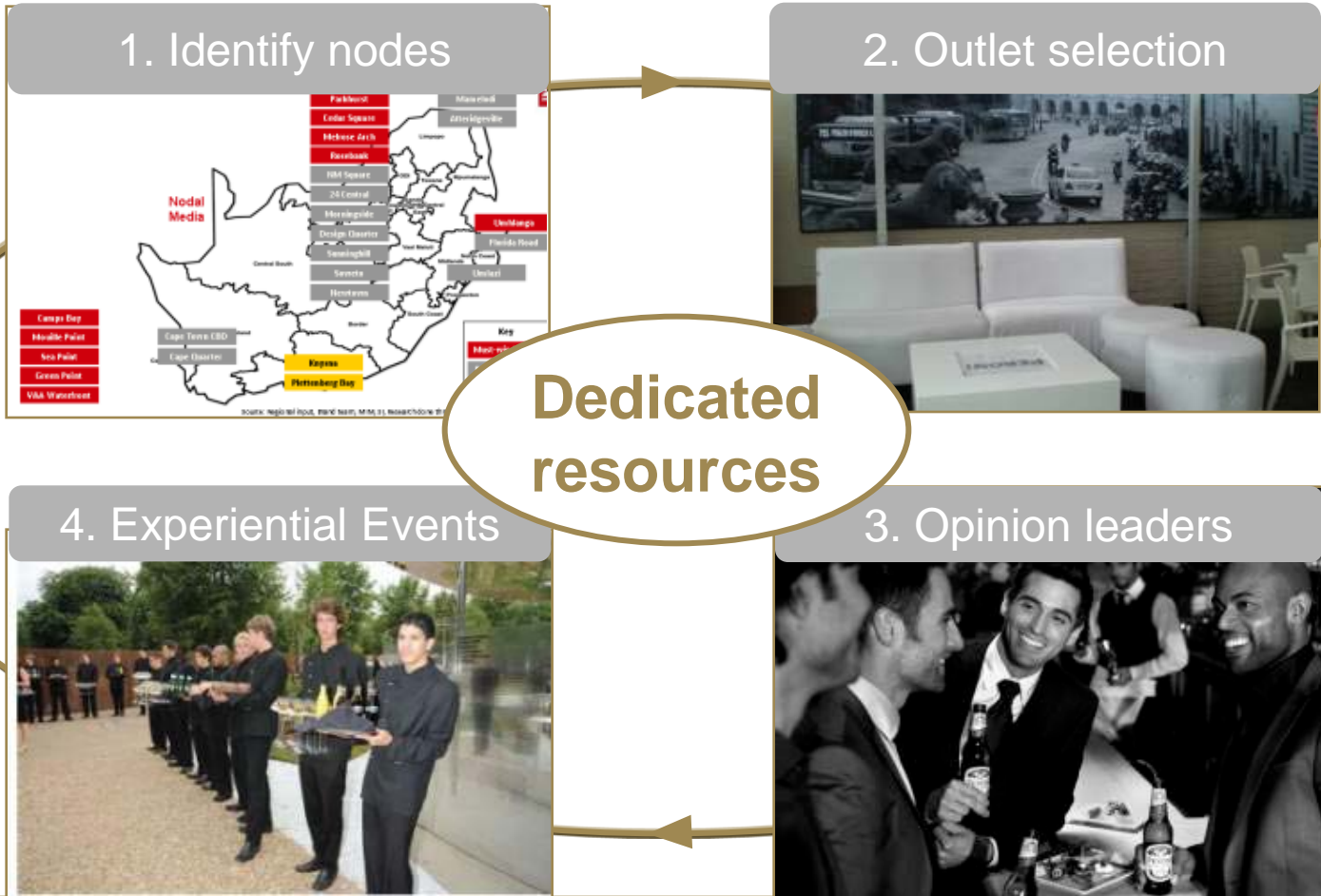
Power vs. premium brands

- Power brands = strength, scale, broad application
- International brands = precision, discipline, narrow focus
 - CREATE, BUILD, EXPAND



Create phase: disciplined seeding

PERONI





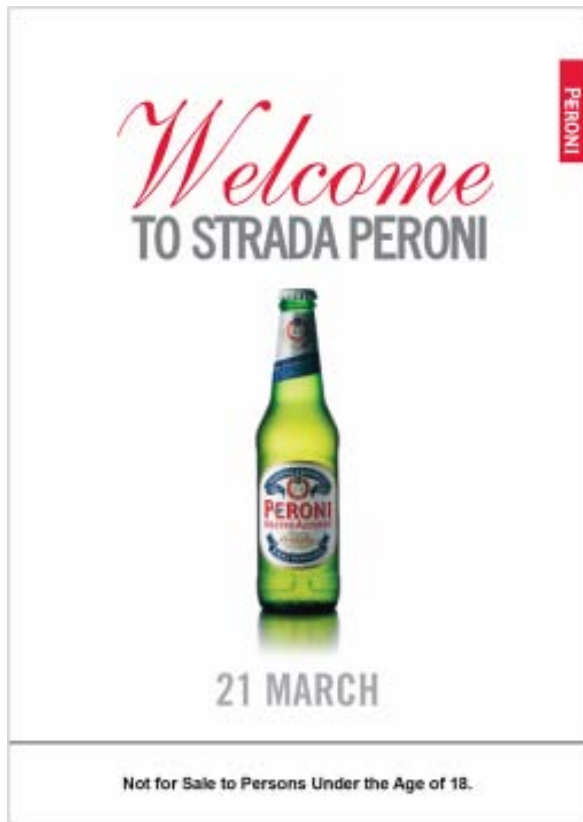
Create phase: What success looks like

- Brand execution standards achieved
- Rate of sale in targeted on premise outlets relative to lead competitor
- Strong brand reputation and adoption amongst opinion leaders and target market
- Premium pricing discipline
- Premium distribution quality





Premium – early successes



Outlet development

- F10 : 180 ; F11 300, 40% Gold

Peroni

- Rate of sale up 25% in targeted nodes.

MGD

- Consideration growing

Grolsch

- Narrow, exclusive footprint established



Premium – expectations

- International premium brands will deliver meaningful contribution within 3 year horizon
- International premium brands will be strongly positioned for sustained, long-term growth.





Overall conclusion





Overall conclusion (1)

- **F10 SA Beverages performance**
 - US\$ revenue up 21% (6% in Rands)
 - US\$ EBITA up 16% (2% in Rands)

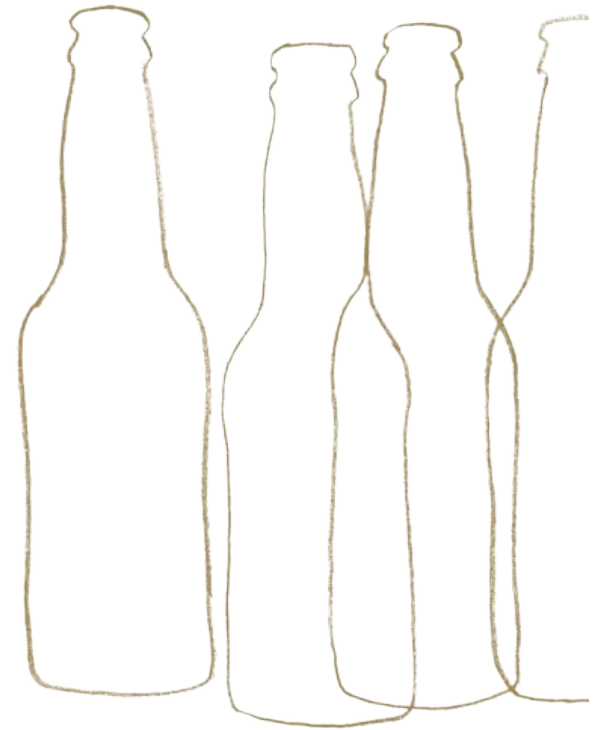
- **F10 Beer outperforms SA Beverages**
 - EBITA growth up mid-single digits (Rands)
 - % Gross Margin flat, % EBITA margin down 20bps
 - Cost-base restructured
 - >\$ 75m cost savings (R600m)
 - > \$ 100m invested in the market (R 800m)
 - >\$ 129m working capital improvement (R 1bn)
 - \$ 130m savings in capex (R 1bn)
 - 90% improvement in free cash flow (Rands)



Overall conclusion (2)

- Fundamental market characteristics favourable
- Strategies correct
- Rapid progress in beer starting to deliver
- Early meaningful accomplishments in ABI
- ABI poised for margin expansion and well positioned for volume growth
- Beer focusing on sustainable profitable growth
- In combination, beer and soft drink divisions well placed for improving performance

Thank you





SA Beverages medium term value driver outlook

Medium term outlook

Volume growth CAGR

Low single digits for both beer and soft drinks

Revenue per hl CAGR*

Mid single digits, around CPI for both beer and soft drinks

EBITA margin

Up c. 20-40 bps average per annum



*At constant local currency