



Welcome

SABMiller plc
Quarterly divisional seminar series
South Africa

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John Ustas

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Gary Leibowitz

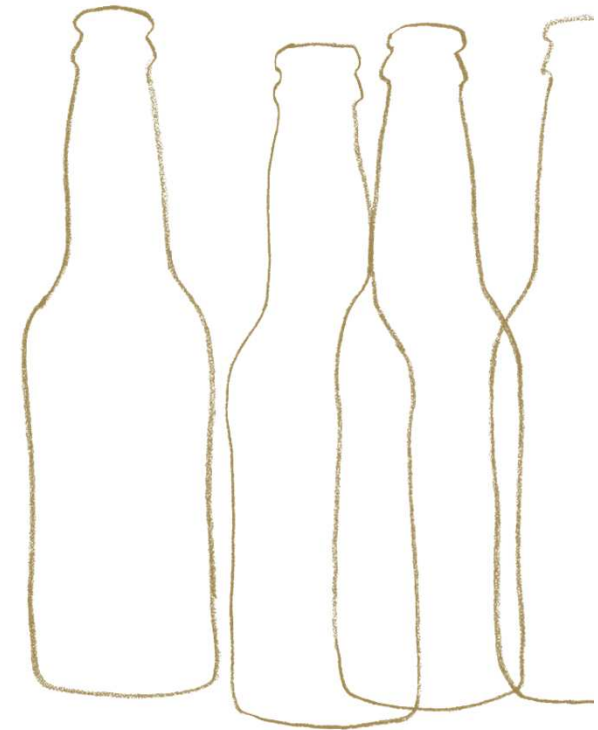
Senior Vice President Investor Relations

14 February 2012 (London)



Gary Leibowitz

Senior Vice President Investor Relations





Forward looking statements



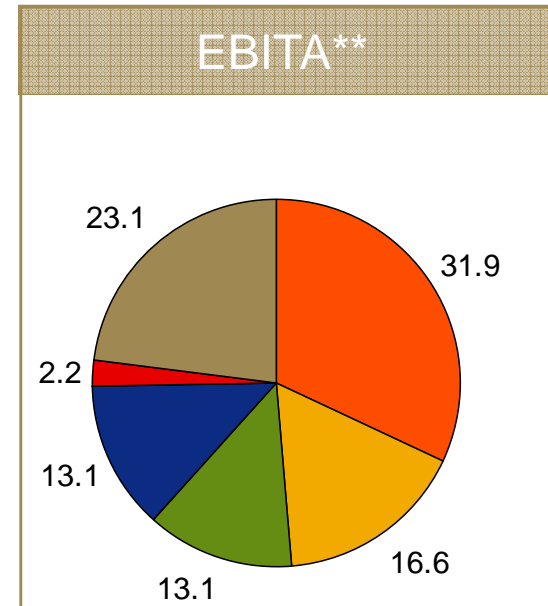
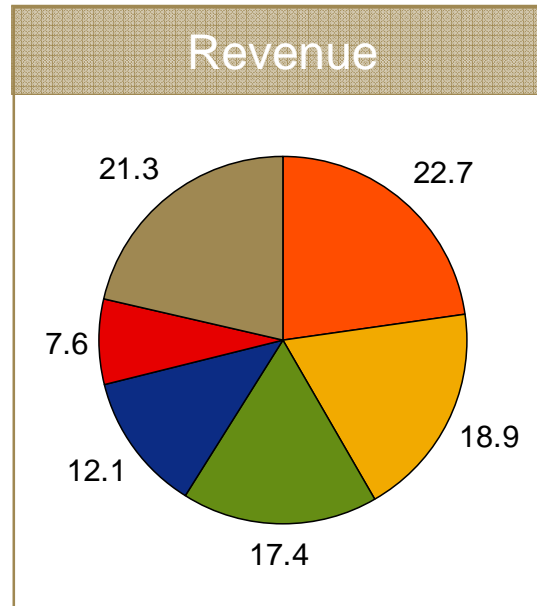
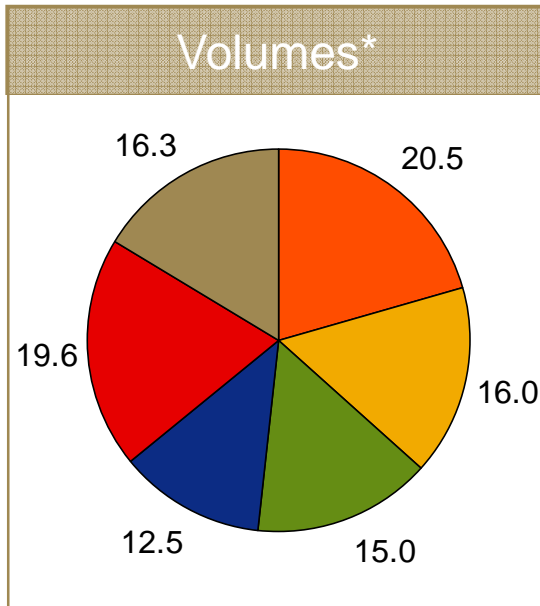
This presentation includes “forward looking statements”. These statements contain the words “anticipate”, “believe”, “intend”, “estimate”, “expect” and words of similar meaning. All statements other than statements of historical facts included in this presentation, including, without limitation, those 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.



SA % contribution to the group



Twelve months to 30 September 2011



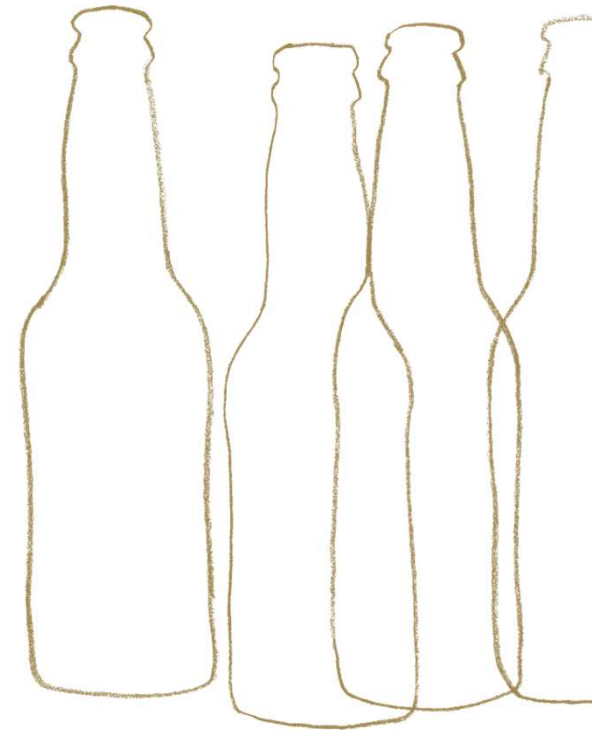
- Latin America
- Europe
- North America
- Africa
- Asia
- South Africa

*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

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. ABI - Soft drinks
2. Beer division
3. Medium-term guidance



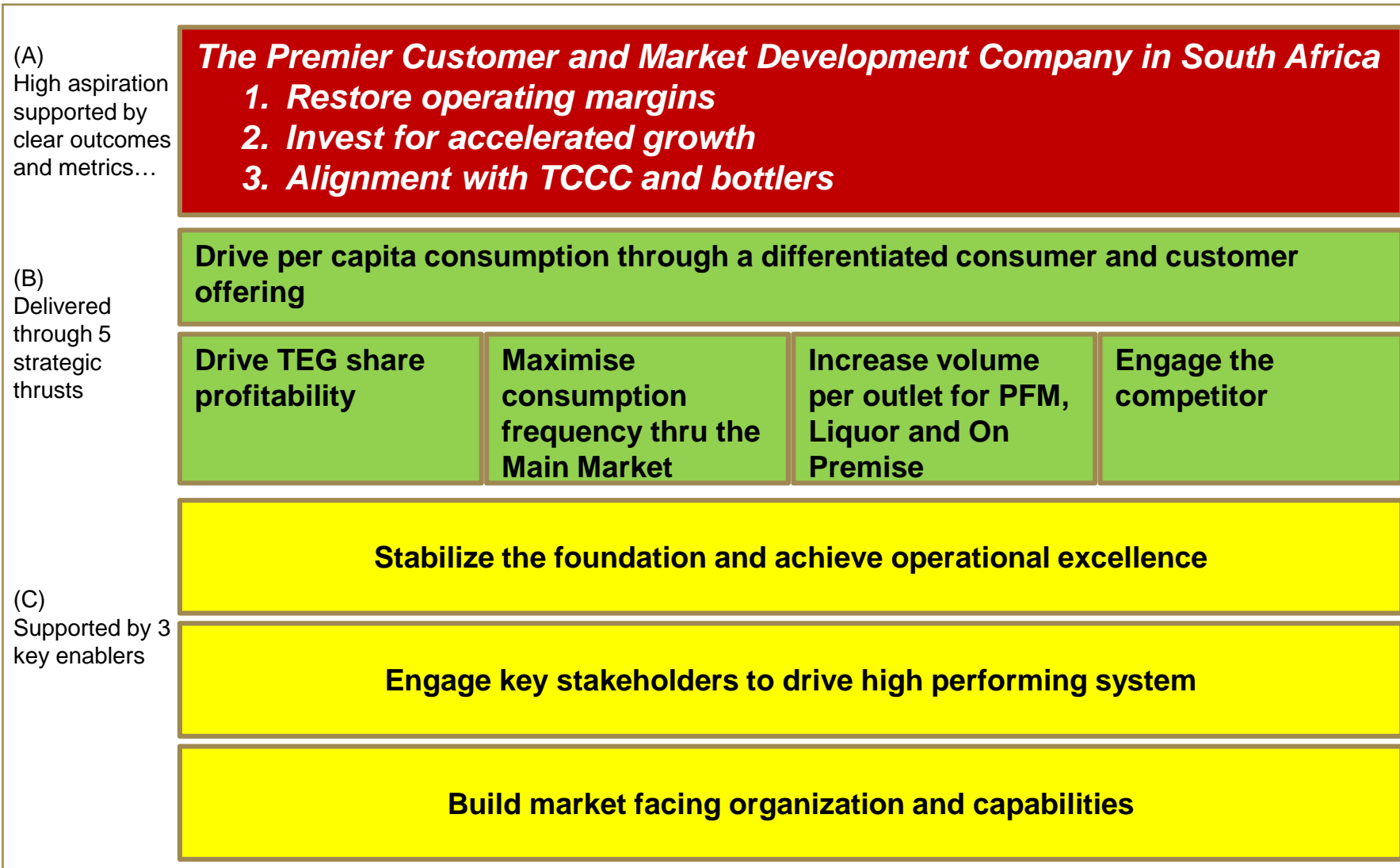
Soft drinks*



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



ABI strategy





Soft drinks: A great complement to the beer business



- Makes up nearly 25% of SAB's total operating profits
- Largest Coca-Cola franchise in South Africa – selling 60% of KO value in the total market
- One of The Coca-Cola Company's strongest global markets
- Strong market shares – 90% of the CSD category, leading in Energy and Water
- Strongest distribution network, servicing 82,000 customer outlets in our franchise territory
- State of the art manufacturing facilities, upgraded for PET expansion

Sunday Times TOP BRANDS

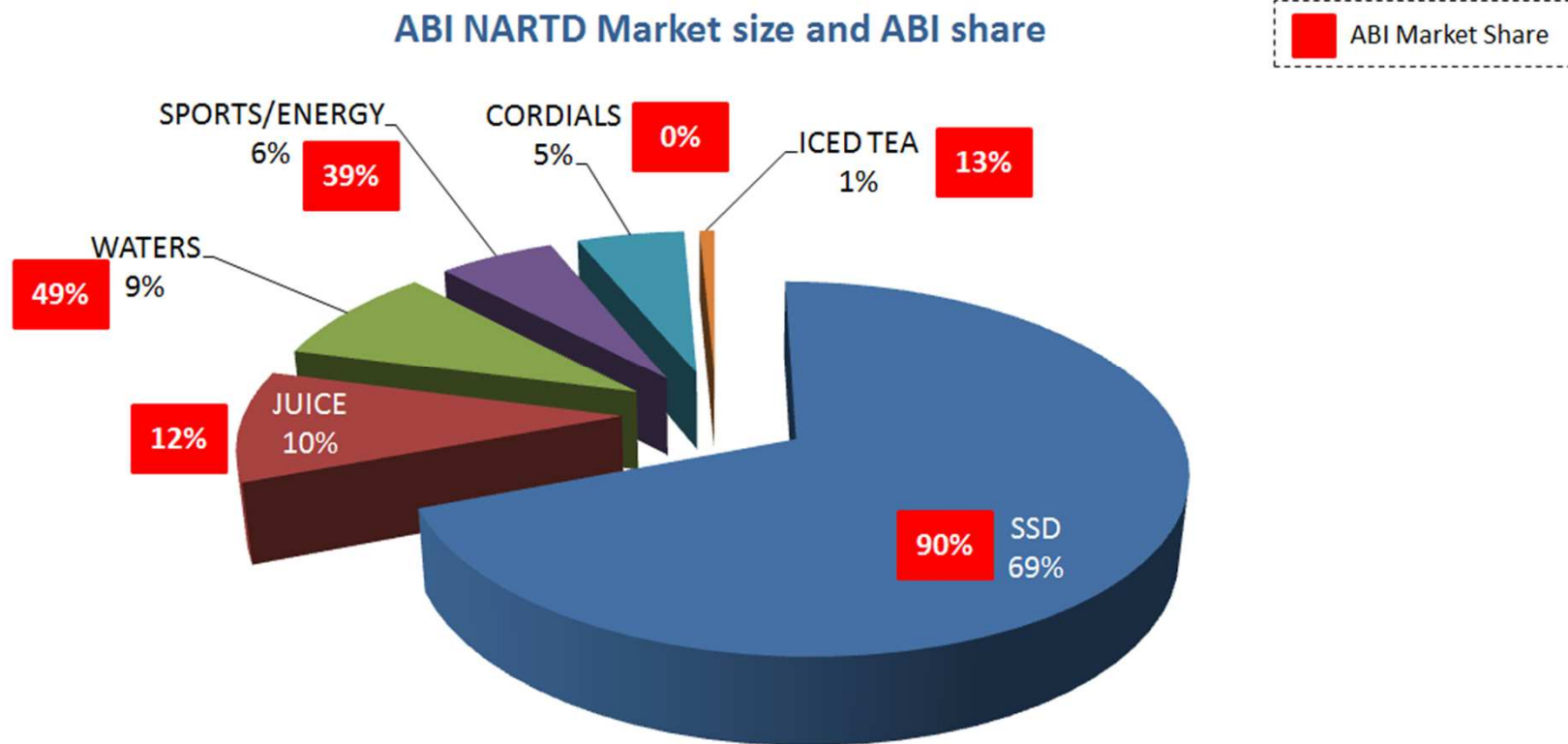
1. 
2. 
3. 
4. 
South Africa's Leading Cellular Network
5. 



ABI distributes the top NARTD brands in South Africa



Number one in Sparkling, Water and Energy

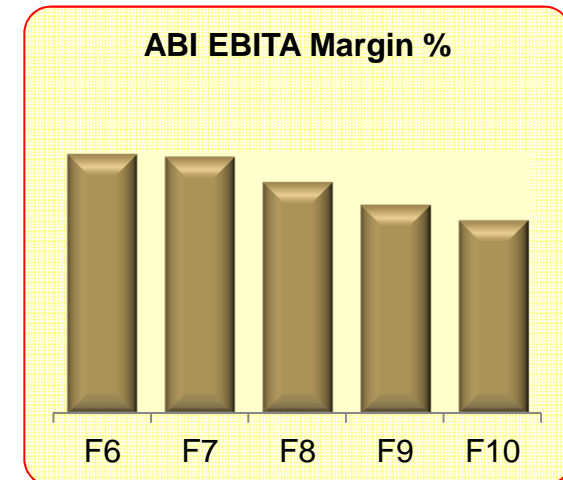
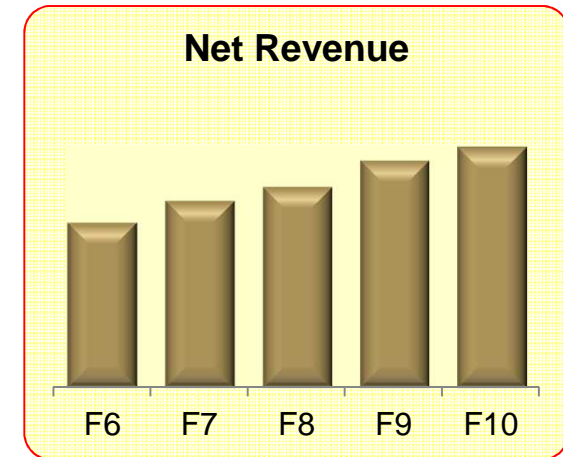




However, the soft drinks division was re-focused in 2009



- Steady growth but declining margins for several years
- Misaligned with The Coca-Cola Company
- Limited PET capacity
- Poor delivery performance and customer service
- Reducing customer servicing capabilities and investments





Strategy framework



Our Reality

- Long term margin erosion
- Strong growth opportunity

Objectives

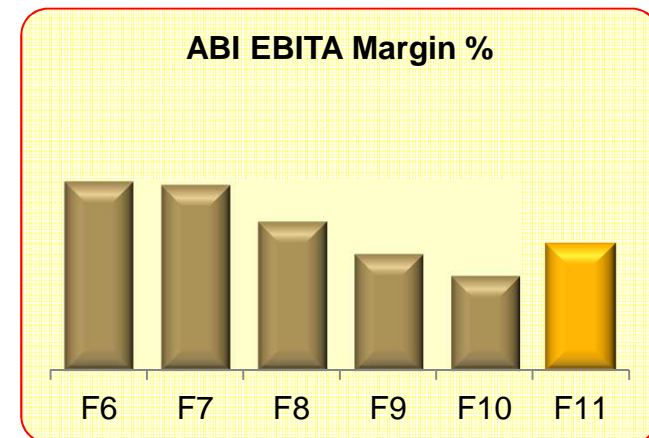
- Restoring margins
- Investing for growth
- Alignment with TCCC



We have made solid progress in our 2009 growth strategy



- Three year alignment agreement with The Coca-Cola Company supporting growth
- Strong growth and margin improvement in 2010 driven by
 - Reduction in waste
 - Gain in efficiencies
 - Operational improvements
- Maintaining strong margins in 2011, despite commodity pressures and weak Rand
- Building a strong foundation for growth with more 'feet on the street', and cold drink investment & outlet penetration
- Increased PET capacity and overall supply chain effectiveness and efficiencies

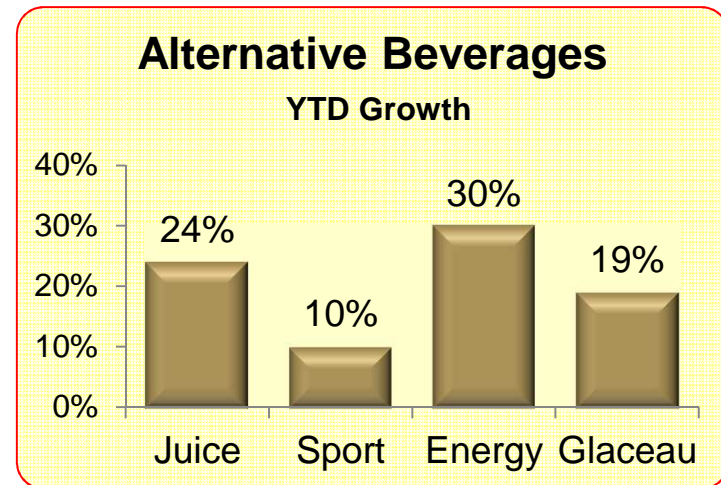
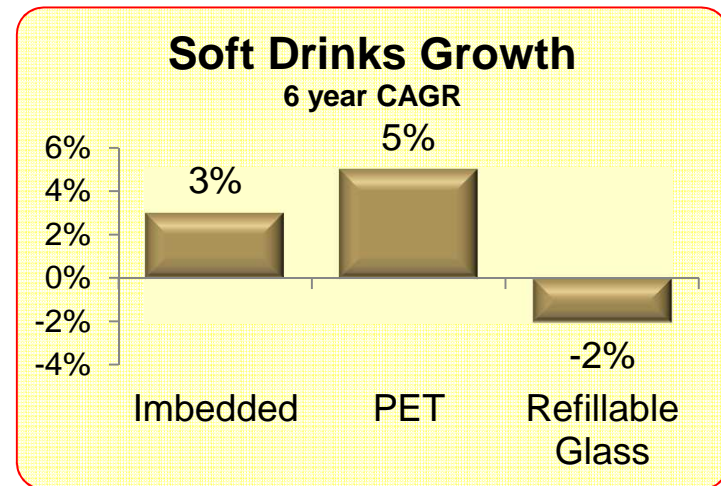




Imbedded growth and consumers changing to one-way PET packages



- Total Imbedded growth is 3%, with little historical emphasis on main markets
- PET is growing at 5%
- Refillable packages declining -2%
- Great growth prospects for Alternative Beverages





Stimulating growth by expanding reach to the main markets



One Country...Two Realities

LSM 1 – 6 (C,D,E SEL)



Main Market Opportunity



LSM 7 – 10 (A,B SEL)

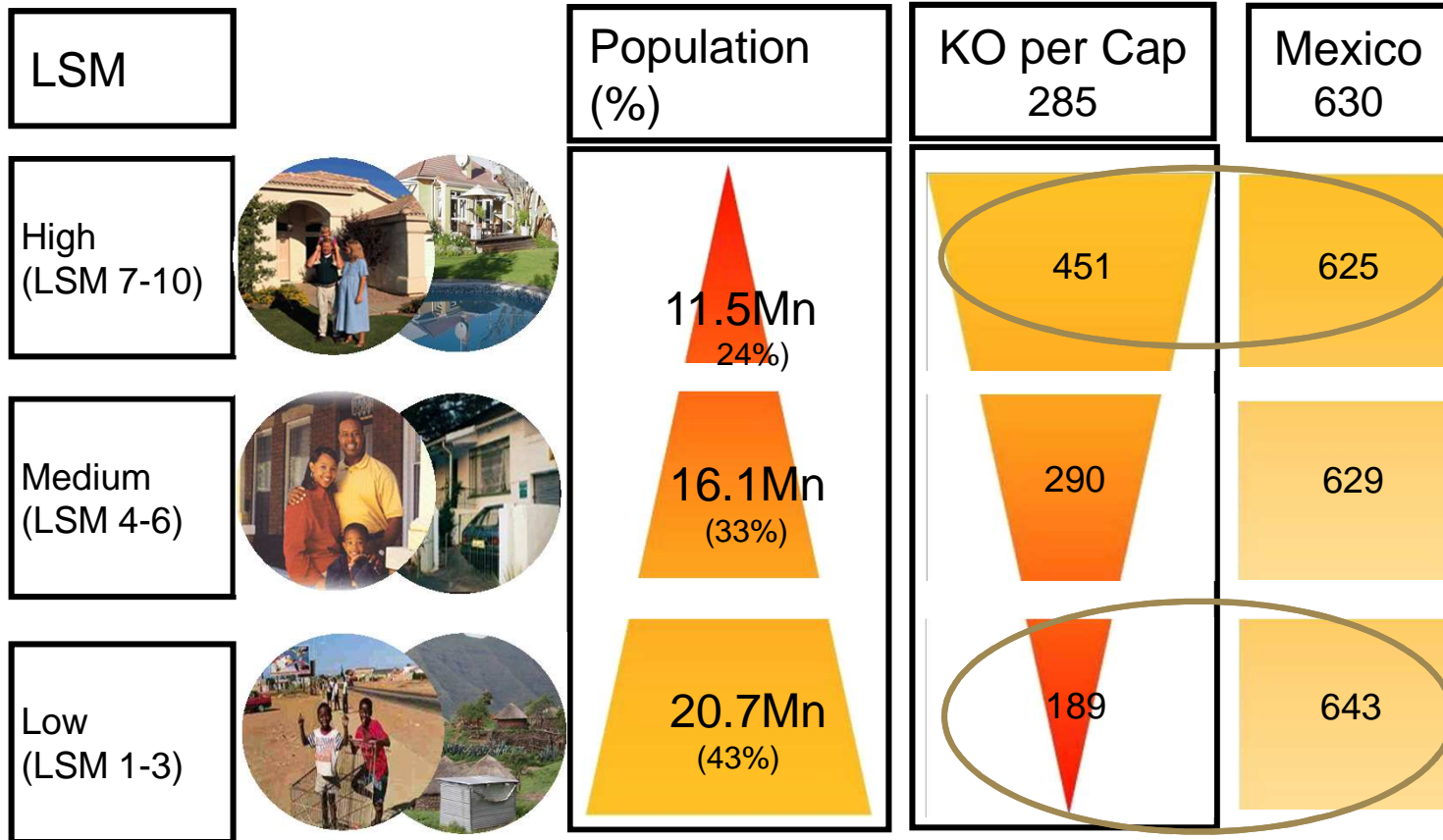




The growth opportunity: expand availability to the main markets



- Expand route-to-market capabilities
- Expand Outlet Base and Cooler Penetration





KO's best markets globally invest in outlet penetration and cold drink equipment...



Mexico versus South Africa Comparison

	SA	Mexico	
Population (millions)	51	112	
Per Capita Income	10 977	15 113	
CSD Per Capita	274	663	Higher Consumption
KO CSD per Capita	241	486	
KO CSD Market Share	90%	73%	
Cold Drink equipment per 10,000	46	110	More Coolers
GDP Growth CAGR 5 year	2.9%	1.8%	
# outlets serviced	180 294	1 652 268	
Outlets per 10k pop	35.6	147.1	More Outlets

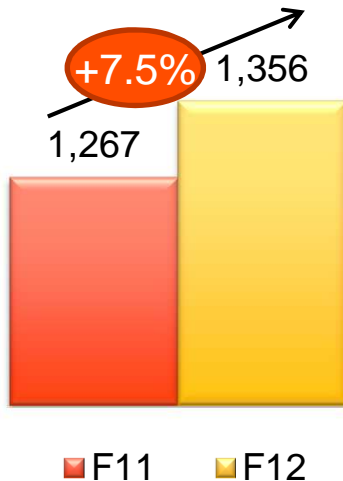


The Tembisa growth story



	Before	After
*Population	1,300,000	1,326,000
Number of Outlets	778	2,414
Outlets opened		1,636
Outlets per 10k pop	6	18
Number of coolers	1,048	2,201
Coolers place		1,153
Coolers per 10k pop	8	16

Tembisa cases ('000)



- Prior to F11, Tembisa was under cooled with low outlet density and under serviced.
 - Added 1600 outlets, 1000 coolers.
 - Increased distribution capability with local Market Logistics Partner (MLP)
 - Added one account rep and 18 Merchandiser Order Takers (MOT)
- Initial results are positive with a 7.5% volume growth (3M = 12.2%)



* The official population for Tembisa based on the last census is 348,000. Population estimates from local governments range between 1.3m to 2.5m



Key growth drivers



Service



Improving service levels, increasing delivery frequency and employing more efficient and focused “hybrid” account development model

Outlets



Expanding serviced outlet base, activating and standardizing look of success and expanding Right Execution Daily

Coolers



Accelerating cooler penetration focusing on the main market, stills and IC and ensuring that coolers are in 1st position



Service levels are improving



Service



Improving service levels, increasing delivery frequency and employing more efficient and focused “hybrid” account development model

Our Customer Loyalty Index (CLI) has improved by 106 basis points, from 64.5% to 75.1% since 2009.

- Increased delivery frequency and balanced Customer requirements to insure better on-time performance
- Improved our credit policies and payment systems to accommodate small Customers
- Improved order picking accuracy and reduced out-of-stocks
- Introduced order picked, rear-end trailer deliveries to the Grocery channel
- Employed 42 Market Logistic Partners (MLPs) to provide flexible deliveries in our Main Market areas

Soft Drinks Division of SAB



Better activation and outlet expansion



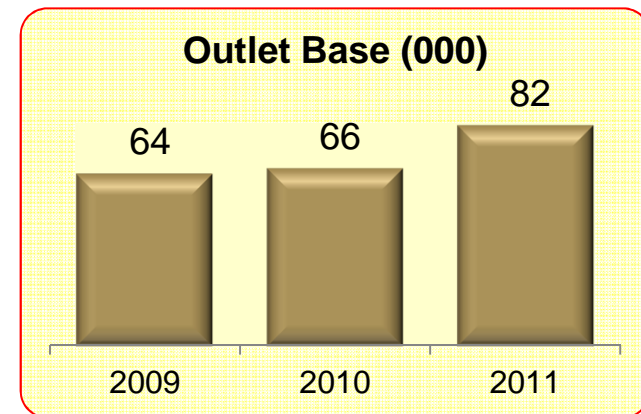
Outlets



Expanding serviced outlet base, activating and standardizing look of success and expanding Right Execution Daily

We have improved activation levels to existing outlets and expanded by 28% the total universe we service today.

- Implemented channel specific standards and incorporated performance in a variable pay system for our Account Representatives
- Expanded our outlet base in 2011 by 28%, from 64,000 to 82,000



- Right Execution Daily (RED). Track monthly performance in 15,000 outlets representing 63% of our total Volume



We are investing in cold drink



Coolers



Accelerating cooler penetration focusing on the main market, stills and IC and ensuring that coolers are in 1st position

We have better positioned our existing cooler based in outlets and increased our overall penetration of cold drink equipment, adding 22,000 since 2009 (24% increase).

- Focused on moving existing coolers in 'first position', moving adherence to 41%
- Increased cooler penetration by 22,000 coolers, from 93,000 to 114,000, or 24%
- Increased coolers per 10,000 from 36 to 46
- added 4,400 Energy and Water coolers (from a zero base) to increase alternative beverage availability and stimulate sales

Soft Drinks Division of SAB



Challenges: growth challenged by affordability



- Future pricing opportunities will be managed to insure Affordability and remain Competitive.
- Price Gap to competition by strong local 'B brand' players
- We are aligning with The Coca-Cola Company on an effective OBPPC (Occasion, Brand, Package, Price and Channel) strategy:
 - More affordable single serve
 - More affordable multi-serve
 - Flavour Fight Brand Strategy

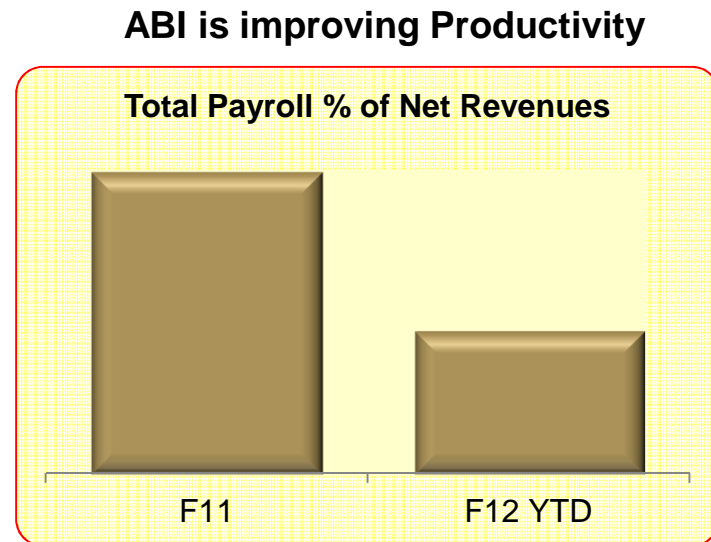
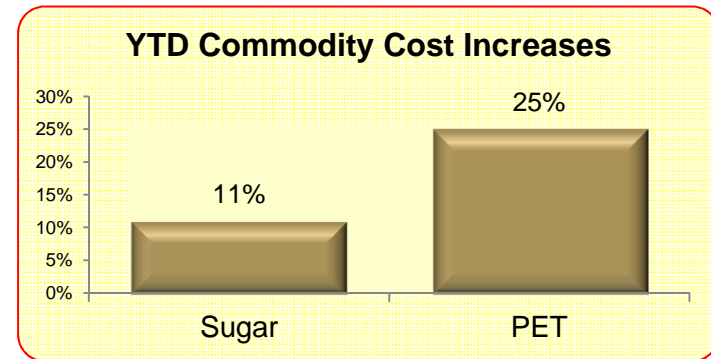




Challenges and opportunities: commodities and optimizing the supply chain



- Future margins pressured by commodity cost inflation and currency weakness
- Offset by
 - Reduced 15% of PET bottle container weight
 - We have reduced total payroll costs
 - Warehouse and Distribution projects to reduce inventories, fixed assets and improve productivity
 - Centralizing support functions through enhanced information systems





Despite the challenges, we are still very optimistic



- Very good growth potential – per caps less than on half of developed markets. Strong Brand equity and consumers who love our brands
- Expanded Pricing opportunities through the introduction of new packages, especially in the Main Market
- We have improved our Sales and Route to Market to reach and service more outlets effectively
- We are completely re-engineering our supply chain to drive productivity and more effective performance
- We have an alignment agreement in place with The Coca-Cola Company and are working together to expand and enhance it for the future.



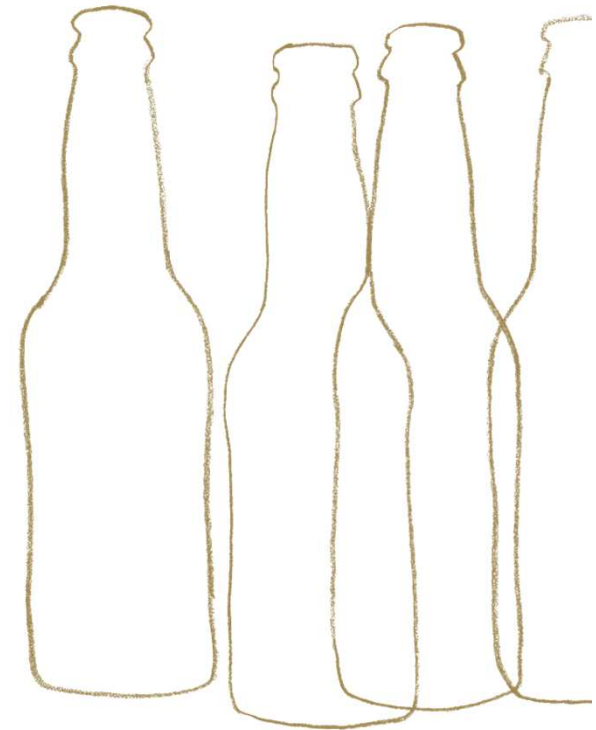
Stronger Alignment with KO



Beer Division

Norman Adami

Chairman & Managing Director, SAB Ltd





Introduction



- Three years into our 5-Thrust Strategy
- Significant progress
- Decisive shift from stemming declines to driving growth



2008 Major disruption



Our goals



- Stop the declines
- Stabilise the business
- Contain the competitive threat
- Achieve a 90% share of beer
- Create a strong foundation for long term growth



Sustain SAB's role as strong and growing cash flow provider



- Over the 5 year horizon
- Deliver increasing EBIT growth and margin expansion
- Grow total portfolio volumes and mix
- Create reduction in “non marketing” cost base
- Improve working capital and management of the Balance Sheet



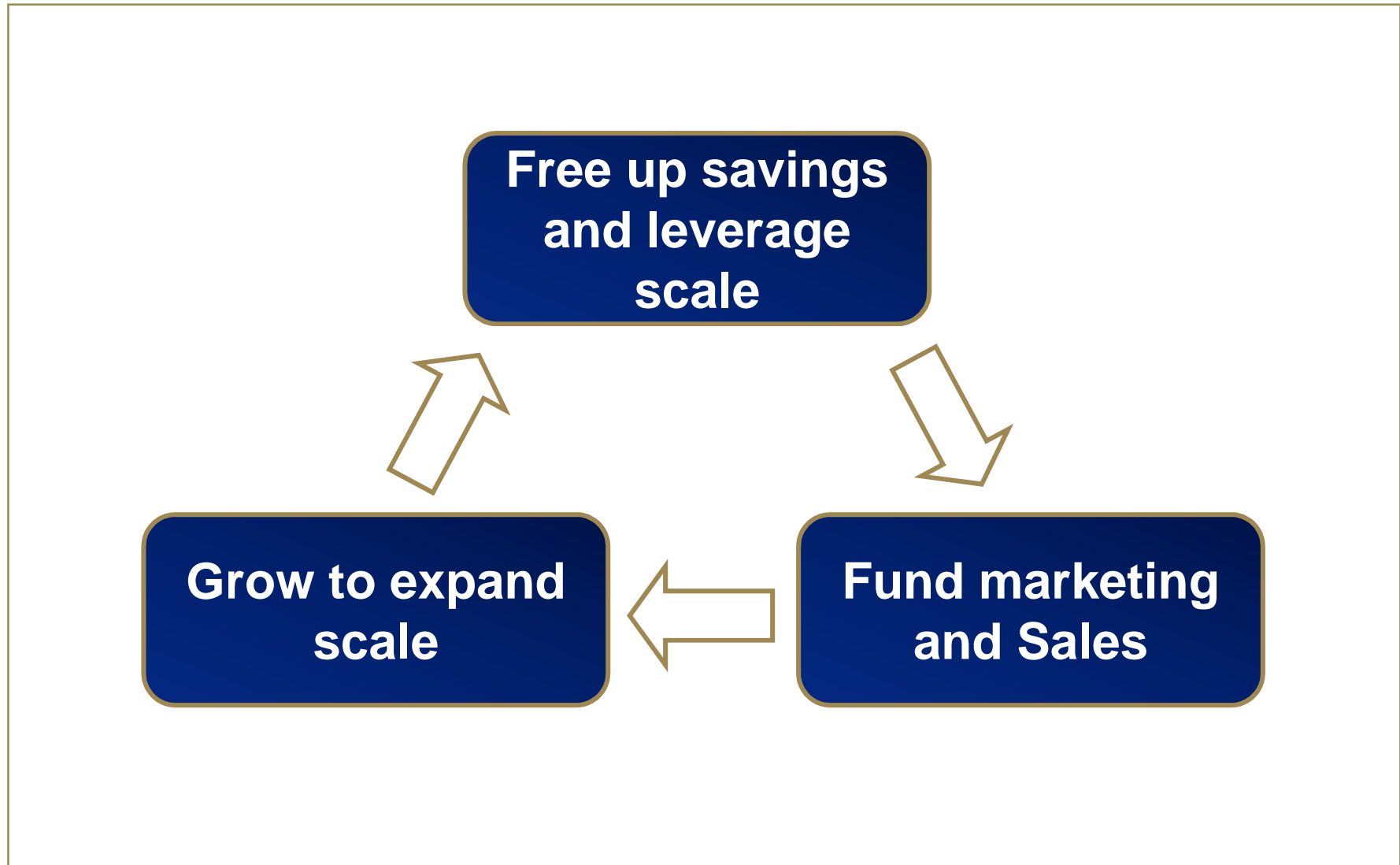
5 strategic thrusts



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



Driving a virtuous cycle





Progress to date



- Stopped the decline and returned to growth
 - Volume growth
 - EBIT growth
 - Margin improvement
 - ROA improvement
 - Working Capital improvement
- Approaching 90% share of beer
- Strong foundation for long term growth in place



5 Thrust Strategy: progress report and learnings



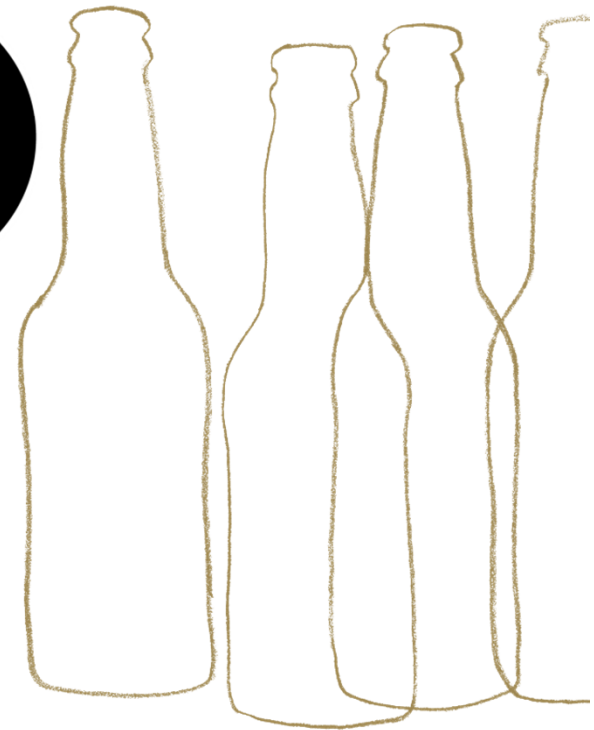
Executing our **5 Thrust** Business Strategy through:

Simplicity

Action

Boldness

As we work to become a
Model 21st Century Competitor





Thrust 1: Fortify the foundation and strengthen the productivity edge



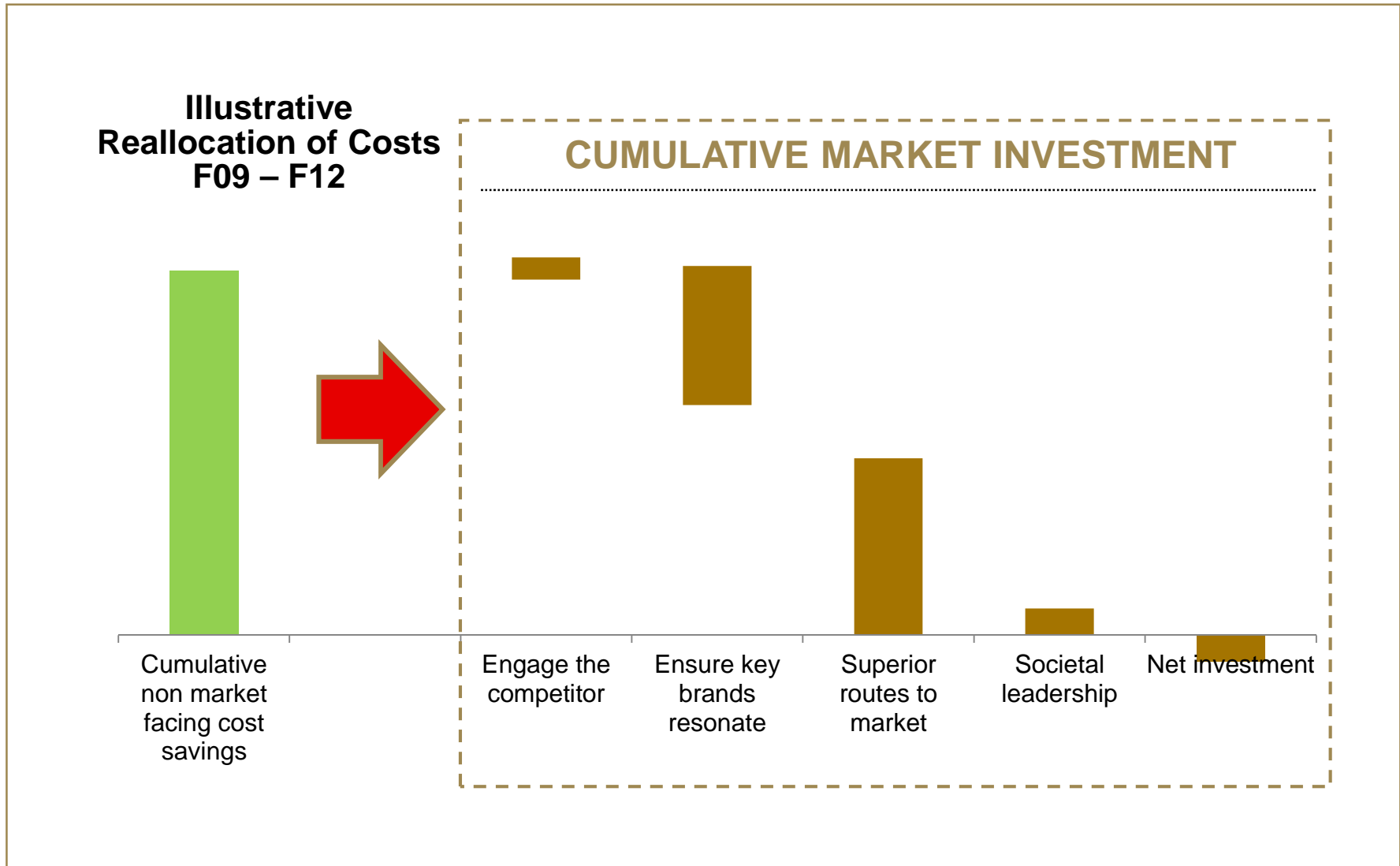
Strategic intent

Ensure our scale advantage translates into:

- economic advantage
- market execution advantage



The virtuous cycle in action

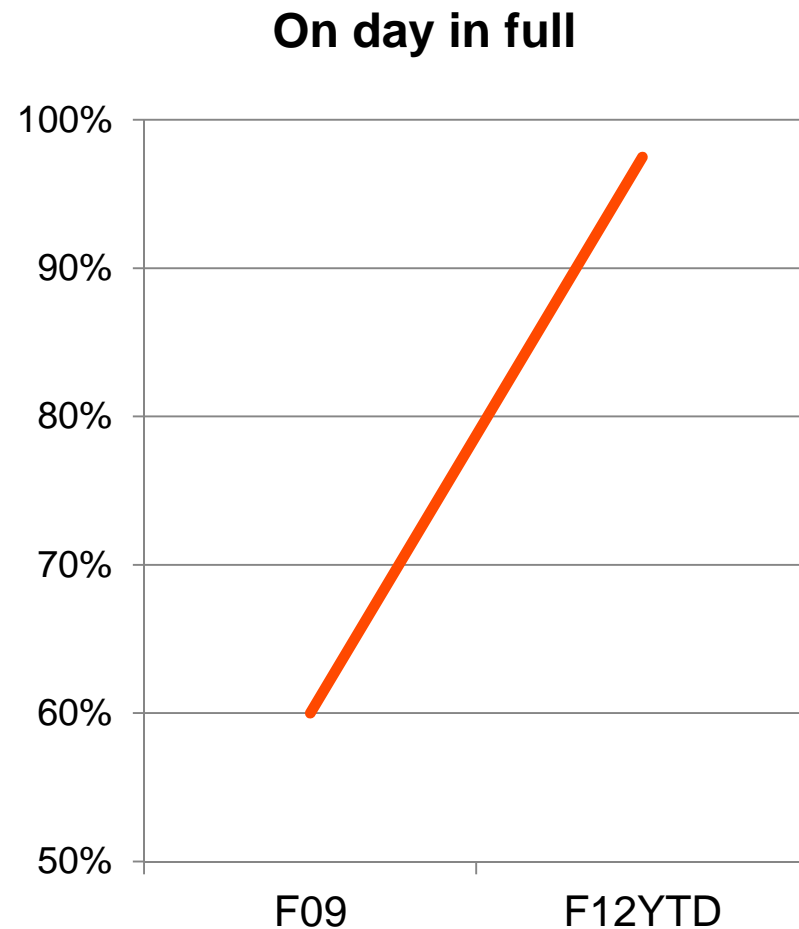




Progress against Thrust 1



- Operational Excellence significantly improved
- Substantial cost savings for reinvestment realised
- Significant advances in skill 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.



From
**20th Century
Sole Supplier**

The nature
of business in
**21st Century
South Africa**
is becoming more
competitive...

...our ability to **win**
in this new environment will
depend on our ability to
transform ourselves in a
**Model 21st
Century Competitor**



Thrust 2: Engage the competitor



Imperatives

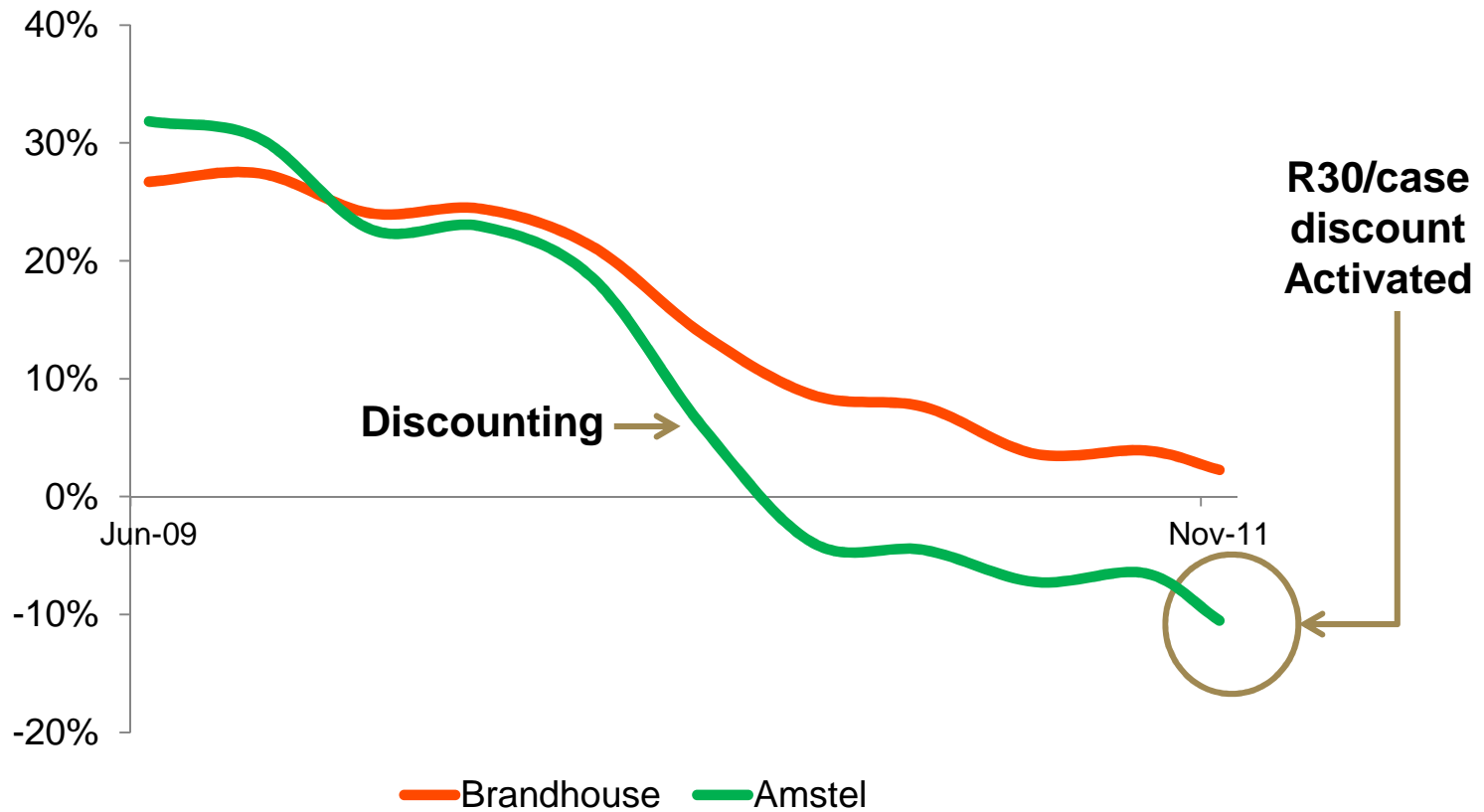
- Execute our strategy well
- Play to our strengths
- Targeted engagement



Brandhouse growth contained...

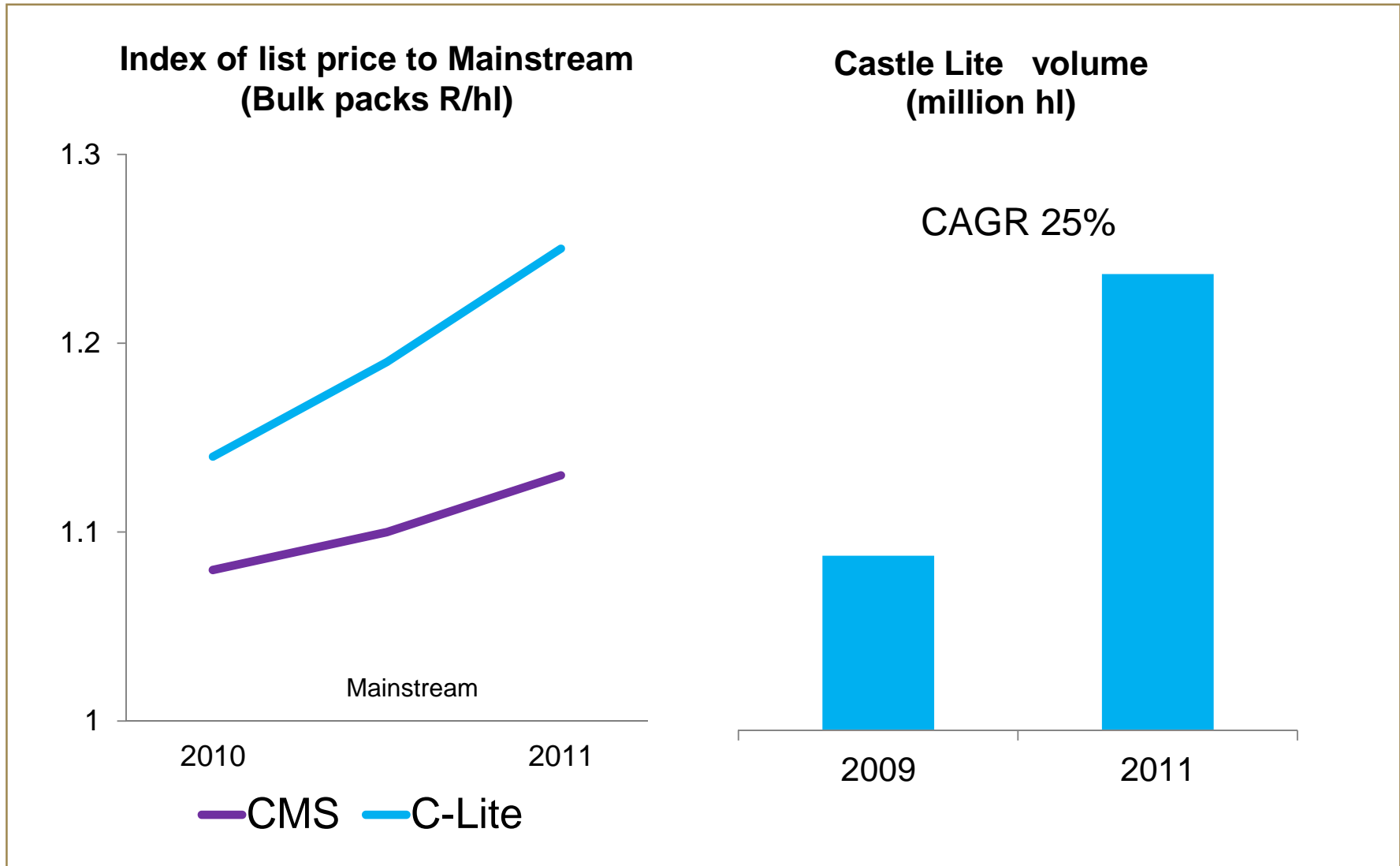


Estimates of brandhouse moving annual growth





...while we take the lead on pricing





Thrust 3: Ensure key brands resonate



Strategic intent

Create the portfolio we need to win now and over the long term

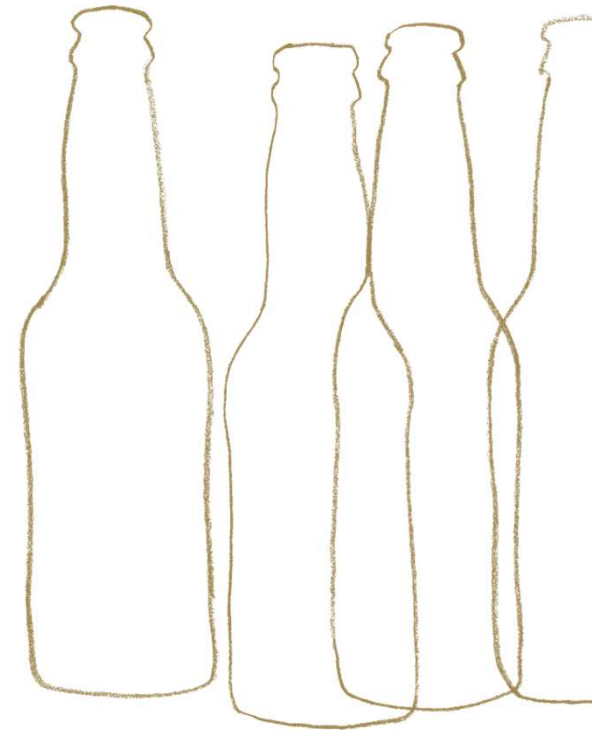
Imperatives

- Strengthen Power Mainstream Brands
- Reposition and establish strength in power local premium brands
- Properly seed and create a portfolio of global premium brands
- Revitalise our key FAB brands
- Explore and drive innovation, both within the portfolio and beyond
- Enhance revenue growth management
- Build organisational capability



Ian Penhale

Marketing Director, SAB Ltd





The Car Wash

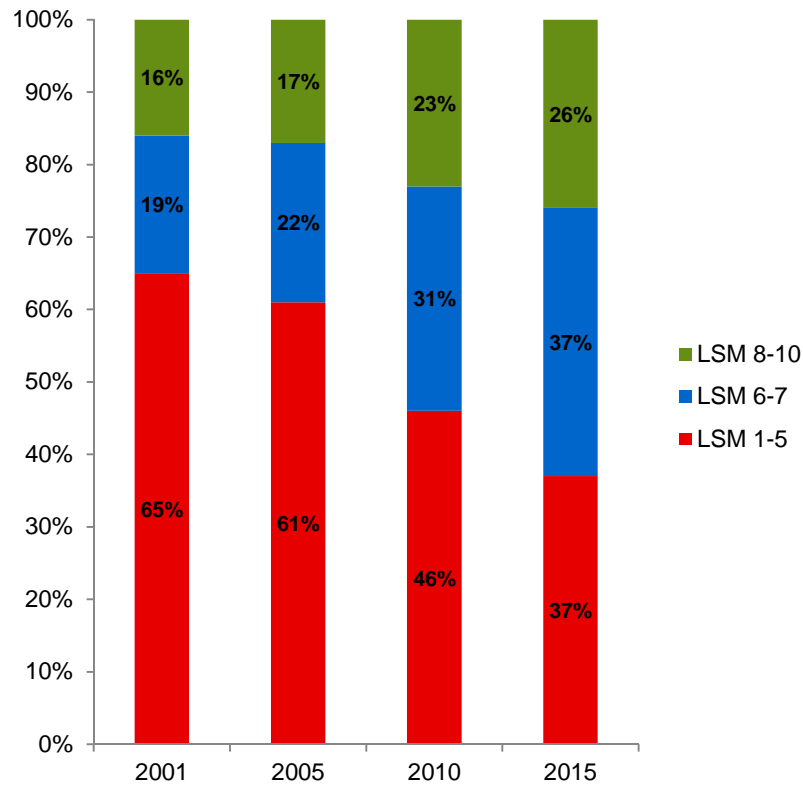




A dynamic market



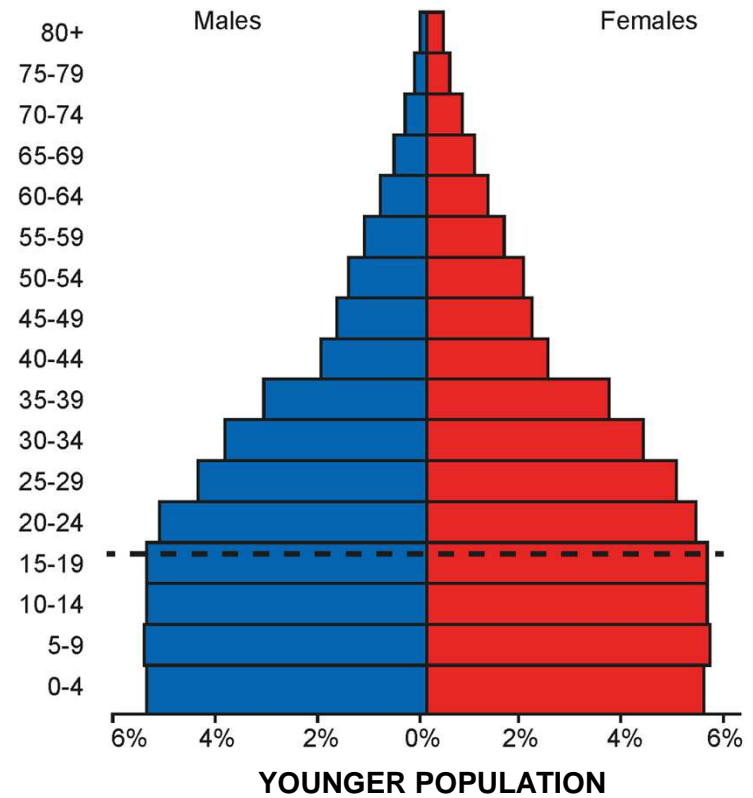
GROWING BLACK MIDDLE CLASS



YOUNGER POPULATION PROFILE

2010

Black African

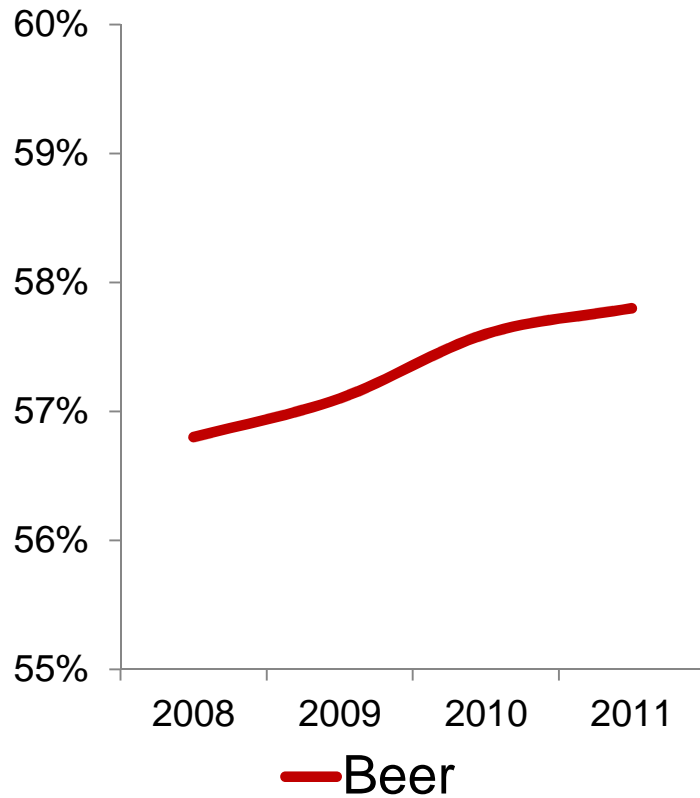




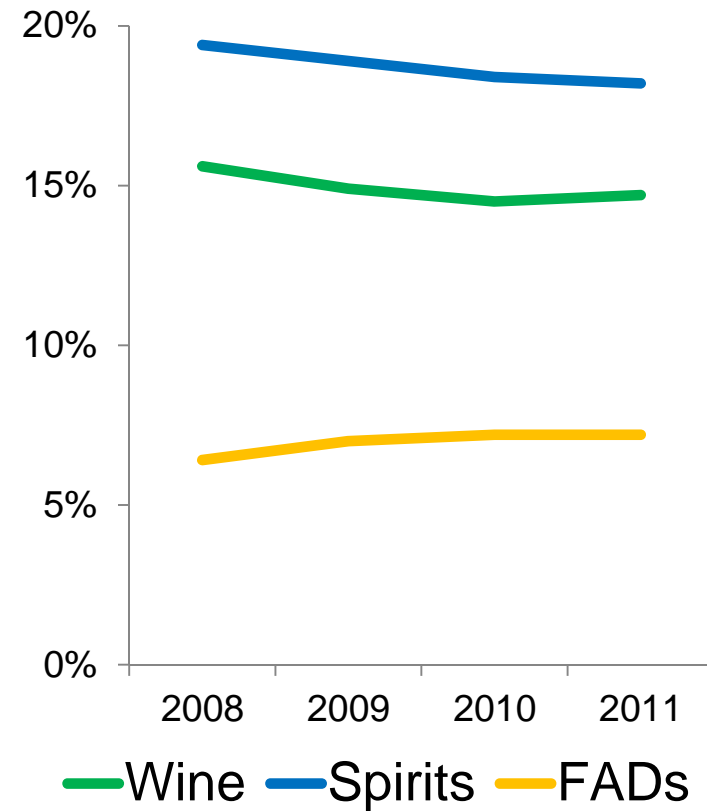
Beer category share improving



Beer share of alcohol (ABV)



Wine, Spirits & FADs share of alcohol (ABV)



Note: Fortified wines, which are about 2% of the alcohol not shown on graph
Sources: SAB sales, SALBA, Various trade sources



Tapping into the opportunities



- Actionable Insights
- World-class Capability
- Capacity and Resources





Tapping into the opportunities



- Actionable Insights
- World-class Capability
- Capacity and Resources





Tapping into the opportunities



- Actionable Insights
- World-class Capability
- Capacity and Resources





Ensure key brands resonate





Strengthen our mainstream brands



- Challenge conventional views
- Conviction that marketing works
- Headroom for growth
- Big ideas, bold actions
- Ramped up execution



Example 1: Carling Black Label



BEFORE: WORKER



AFTER: CHAMPION



Example 1: Carling Black Label



- **Champion Taste Challenge**
 - 300,000 consumers blind taste tests
- **Be the Champion Coach**
 - 11 million online votes
- **Champion beer on tap**
 - 1,000 outlets
- **Innovative new pack offering**
 - 440ml NRB targeting new occasions





Example 1: Carling Black Label



- Champion Taste Challenge
 - 300,000 consumers blind taste tests
- Be The Champion Coach
 - 11 million online votes
- Champion beer on tap
 - 1,000 outlets
- Innovative new pack offering
 - 440ml NRB targeting new occasions

CARLING Black Label CUP 30 JULY 2011

**BE THE COACH
SELECT YOUR PLAYERS**

From Wednesday 1 June, Carling Black Label is giving you the power to coach one of South Africa's champion teams to the Carling Black Label Cup. Either Chiefs and Orlando Pirates will go head to head on the 30th of July at Soccer City and you will select your players. It's your turn to be the coach.

1 Buy Carling Black Label and collect 10 stickers
2 Choose your team
3 Select your players
4 Win the Cup to support your team to glory!

SEE YOUR TEAM AT [HTTP://WWW.BETHECOACH.CO.ZA](http://www.bethecoach.co.za)
PROMOTION RUNS 1 JUNE - 30 JULY 2011.
TERMS AND CONDITIONS APPLY

ENTRY IS FREE.

**CHAMPION MEN
DESERVE CHAMPION BEER**

CELL C
Great Zimbabwe



Example 1: Carling Black Label



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Example 1: Carling Black Label





Strengthen our mainstream brands



HANSA PILSENER

THE MOST EXPENSIVE HOP FOR A CRISPER TASTE

Enjoy Responsibly. Not For Sale To Persons Under The Age Of 18.

HOME LAGER

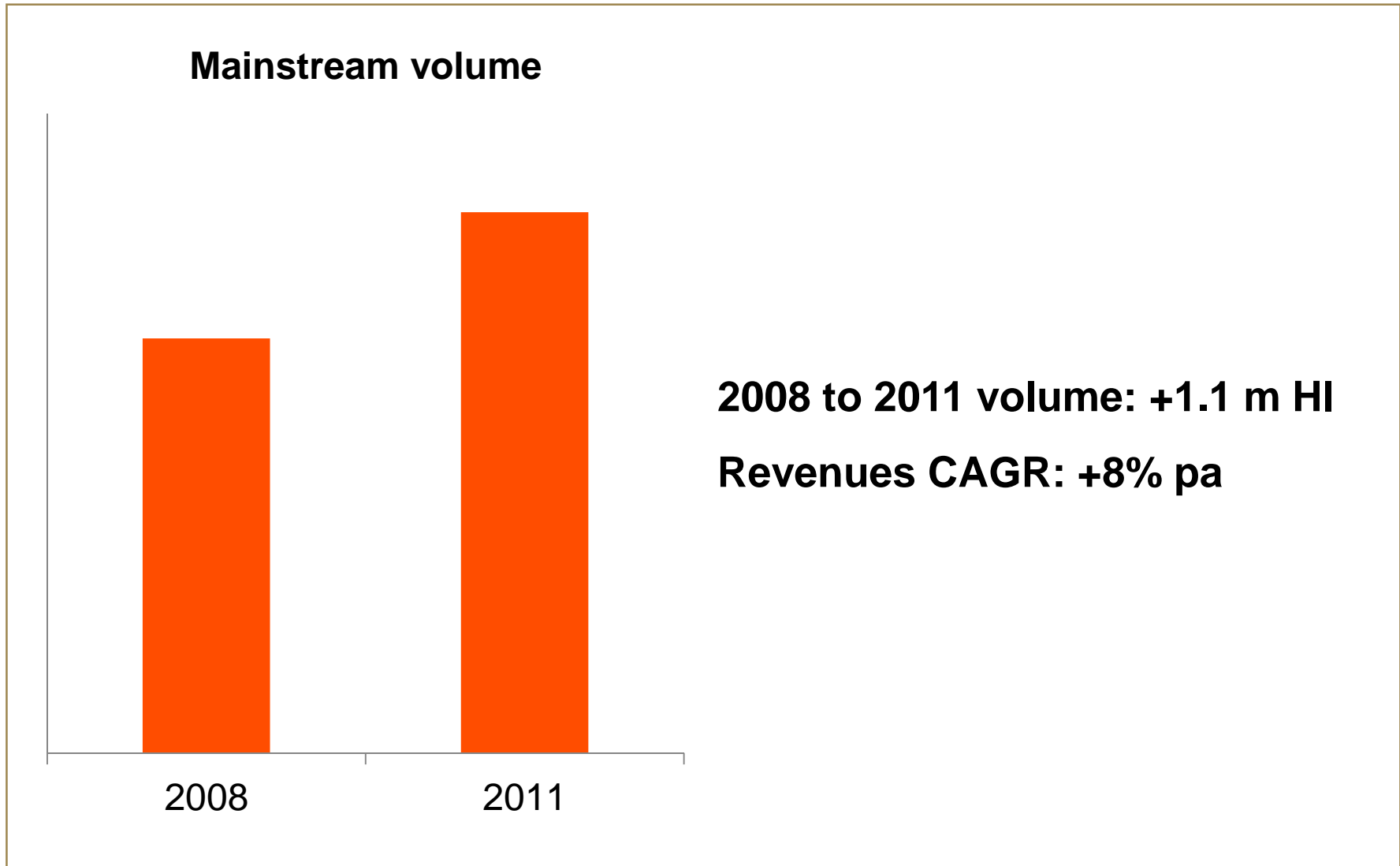
GROWN LAGER

HOPS. BARLEY. SUNNY SKIES.
It all comes together with a **CASTLE.**

Enjoy Responsibly. Not for Sale to Persons Under the Age of 18.



Mainstream results





Building momentum for premium brands





Example 2: Castle Lite



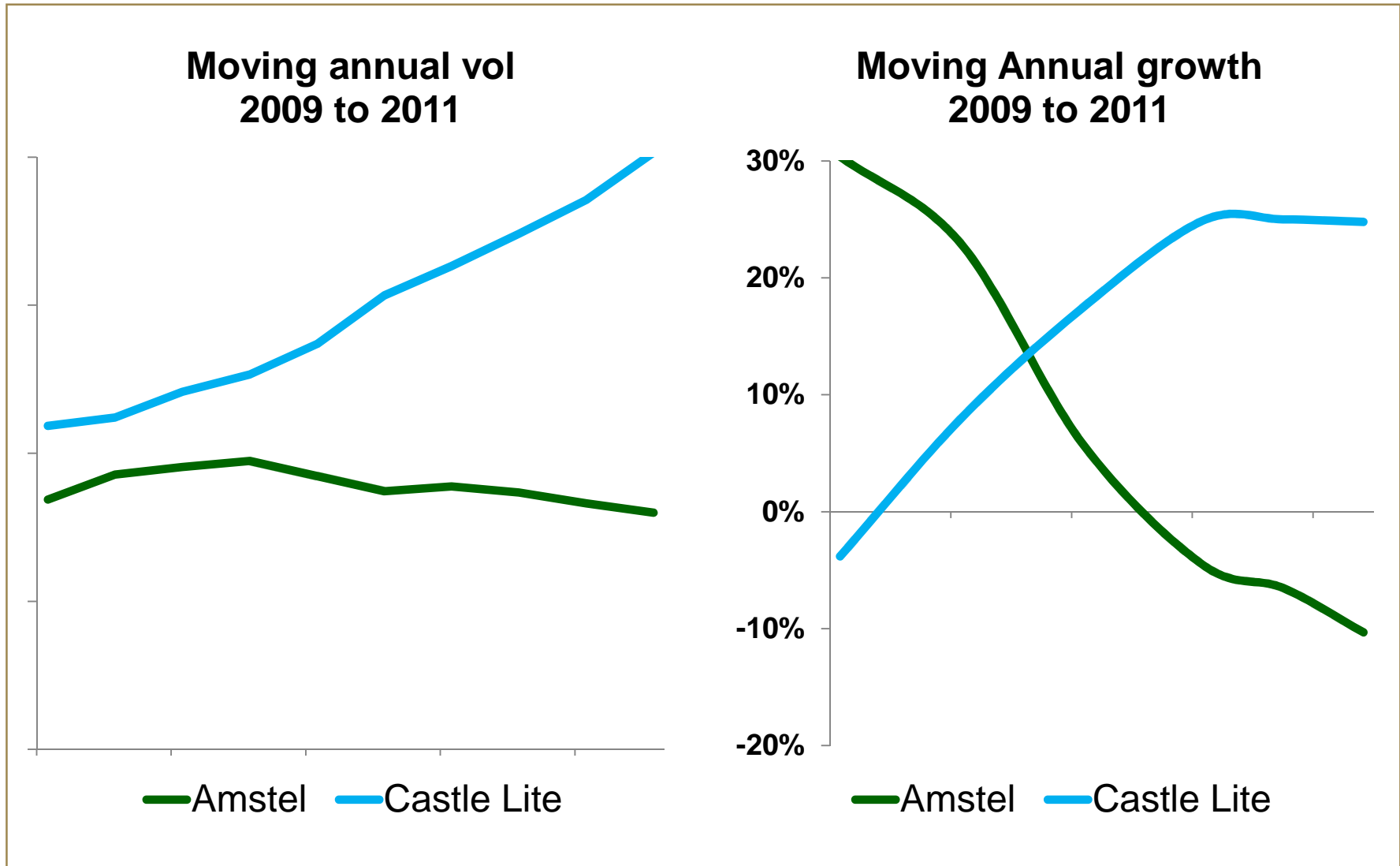
■ Extra Cold Refreshment

- Extra cold fridges
- Mobile ice bars
- Extra cold draught
- Cold activated can
- Innovation
- Advertising





Example 2: Castle Lite





Example 3: Castle Milk Stout



- 1,1m hl - 10% premium
- Headroom for growth
- Upmarket wind down occasions
- “Savour the moment”
 - Packaging upgrade
 - “Pause in the sky” events
 - Premium nitrogenated draught
 - New TVC

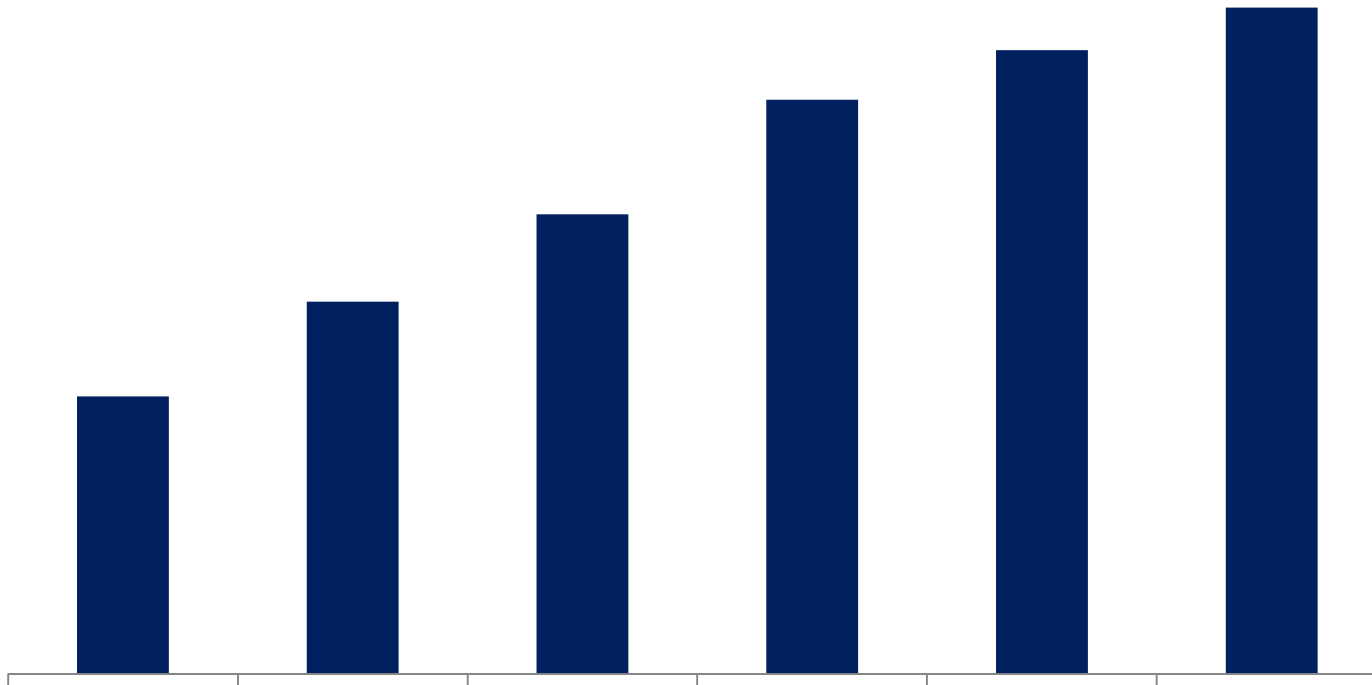




Example 3: Castle Milk Stout



**Moving Annual volume
F12 YTD**





Position global brands for future growth



- Reset
- Precision, discipline, focus
- Strong foundation
- Super premium segment fragmentation

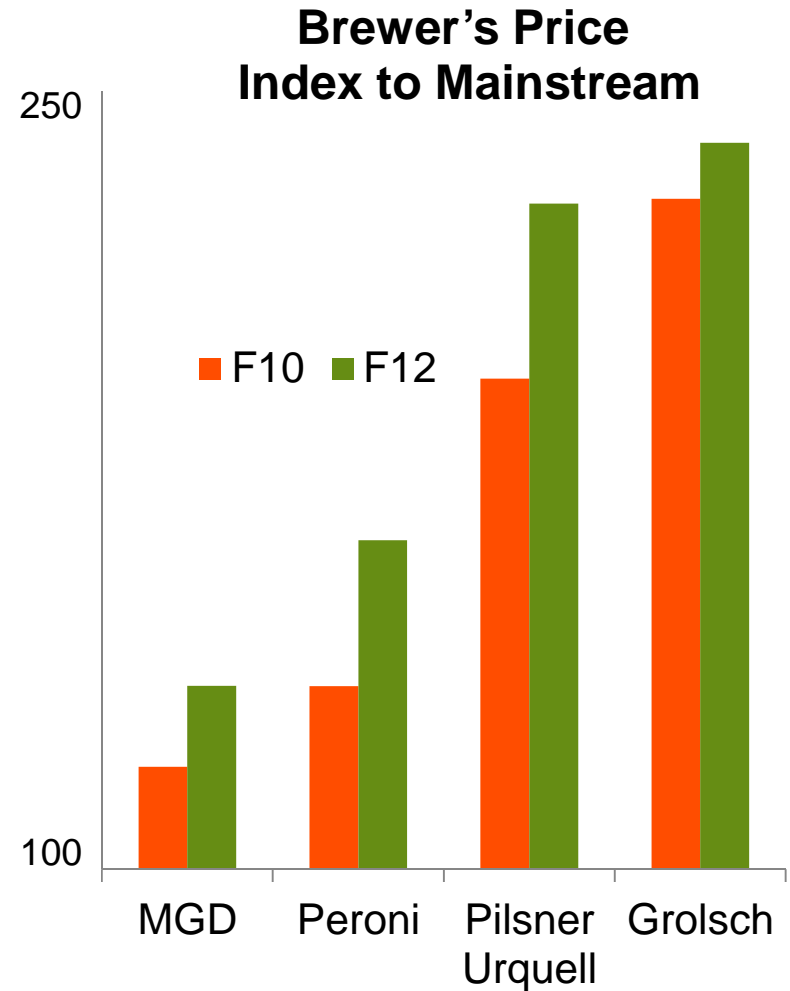




Position global brands for future growth



- Reset
- Precision, discipline, focus
- Strong foundation
- Super premium segment fragmentation





Precision targeting

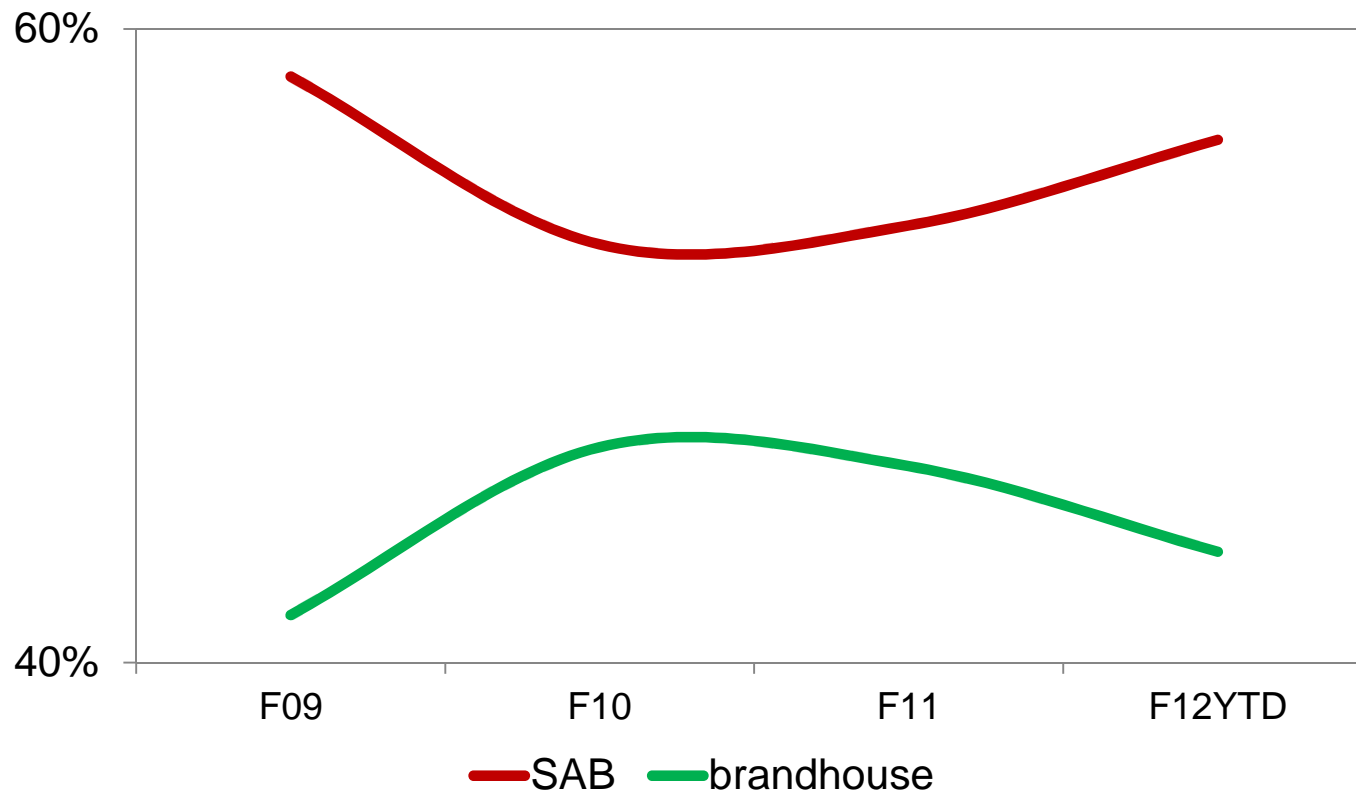




Winning in premium



Share of premium beer
12 month moving



* Premium beer includes PU, Grolsch, PNA, MGD, Castle Lite, CMS, HMG, Dreher, Heineken, Amstel, Windhoek, Guinness
Source:MMS



FAD's update

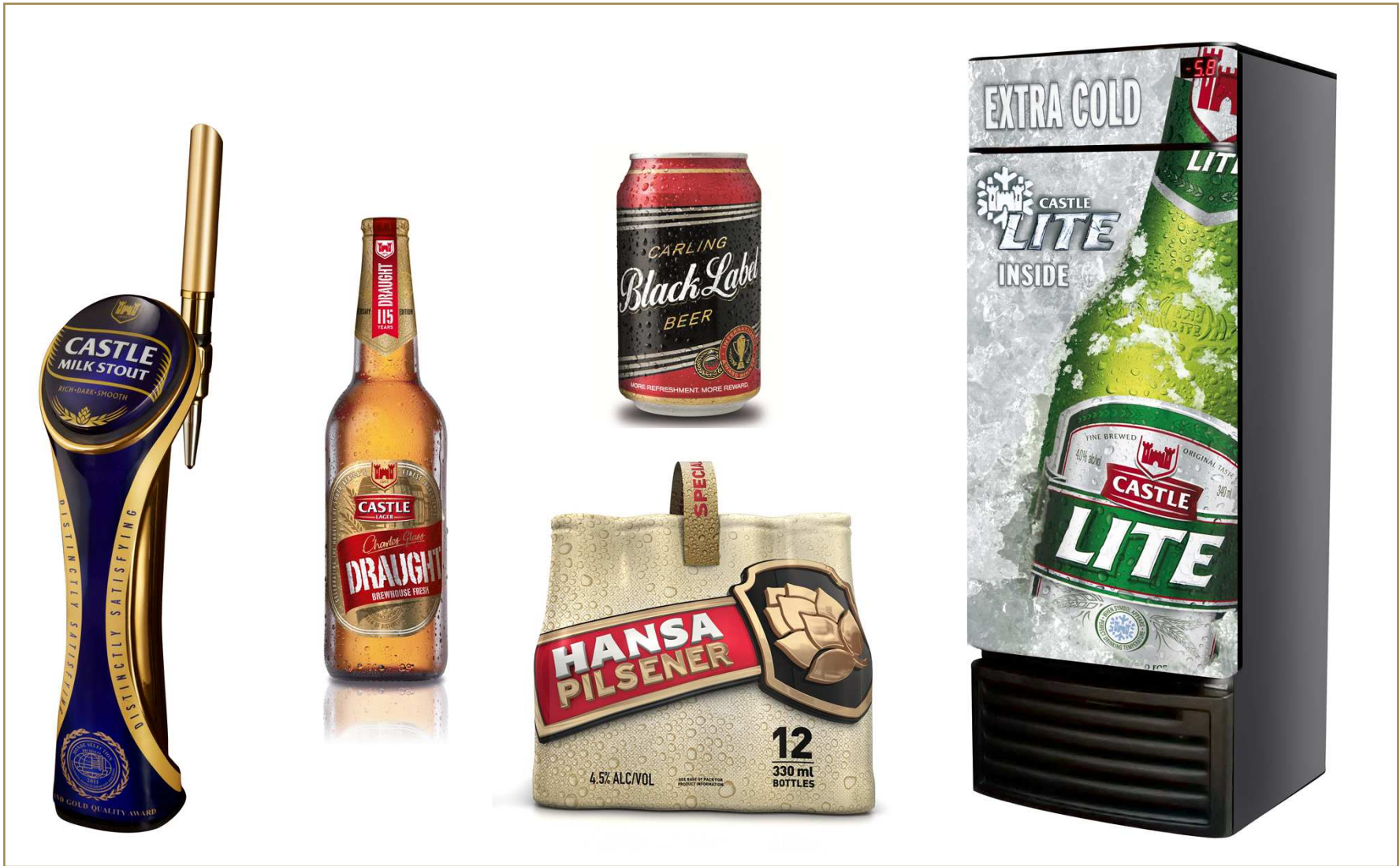


- Category flat
- BF re-engineered
- Redds relaunch





Injecting vibrancy into the category





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.*





The perfect partnership



From SAB

- Great brands
- Great programs
- Great service

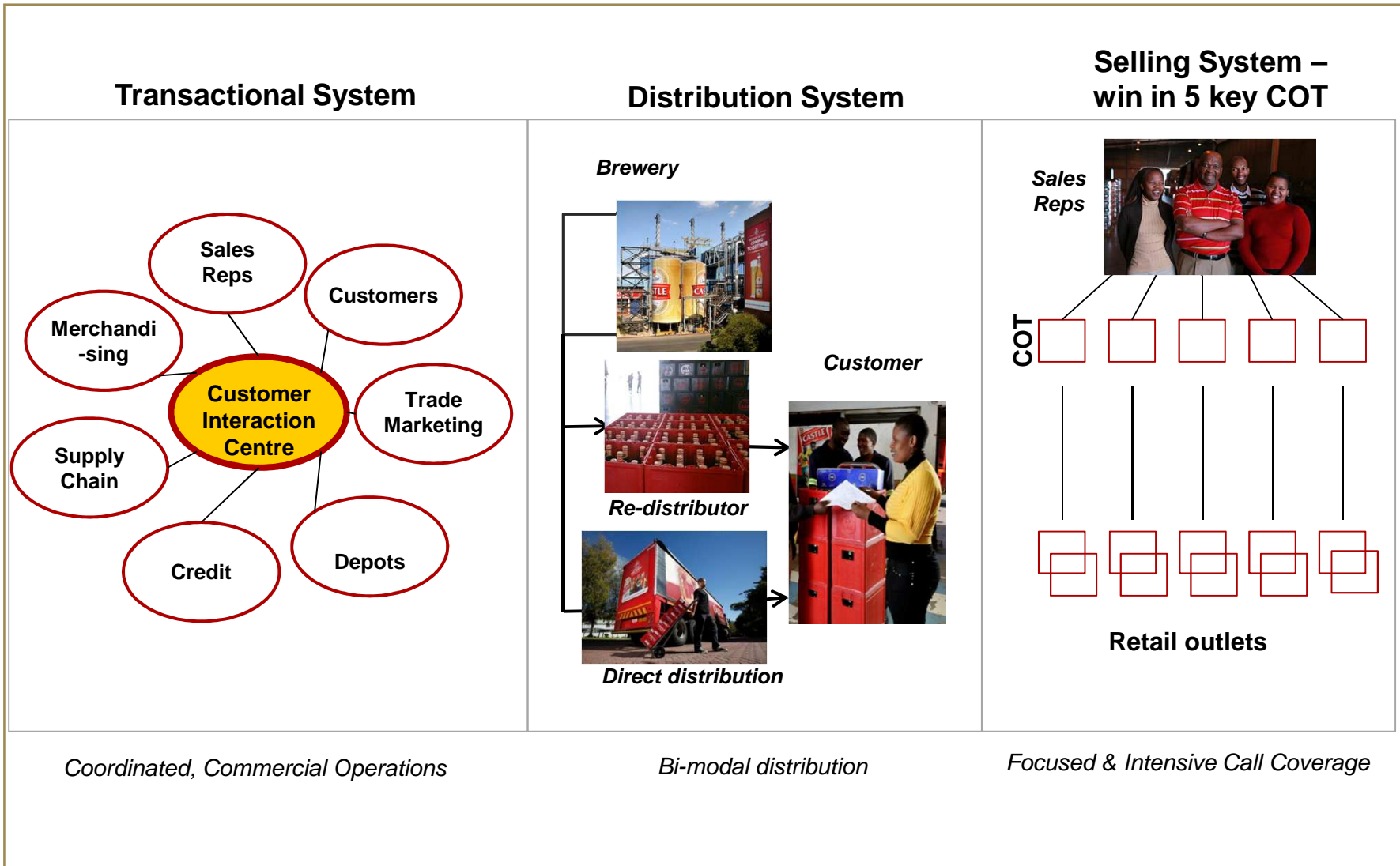


From retailers

- Stock it right
- Price it right
- Promote it right



Fully-integrated route to market system





Superior routes to market



- Differentiate and tailor service package for each class of trade in market
- Bi-modal distribution fully activated
- Grow share where competitors source disproportionate share
- Execute disciplined integrated planning
- Build organisational capability



Significant progress made



	2008	Current
Sales Rep population	50% of current headcount	+260
Sales serviced outlets		+45%
Coolers	46,000	>100,000
Sales service gap vs competitor	+6%	+22%
Distribution service gap vs competitor	+4%	+31%

Expanded reach and penetration



Thrust 5: Ensure societal leadership



Strategic intent

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



Thrust 5: Ensure societal leadership



Significant advances:

- Black economic empowerment
 - SAB Zenzele Progress
- Alcohol Responsibility
 - Alcohol evidence centres
 - Responsible trader programme
- CSI
 - SAB Foundation
 - Entrepreneurship
- Significant progress on sustainability



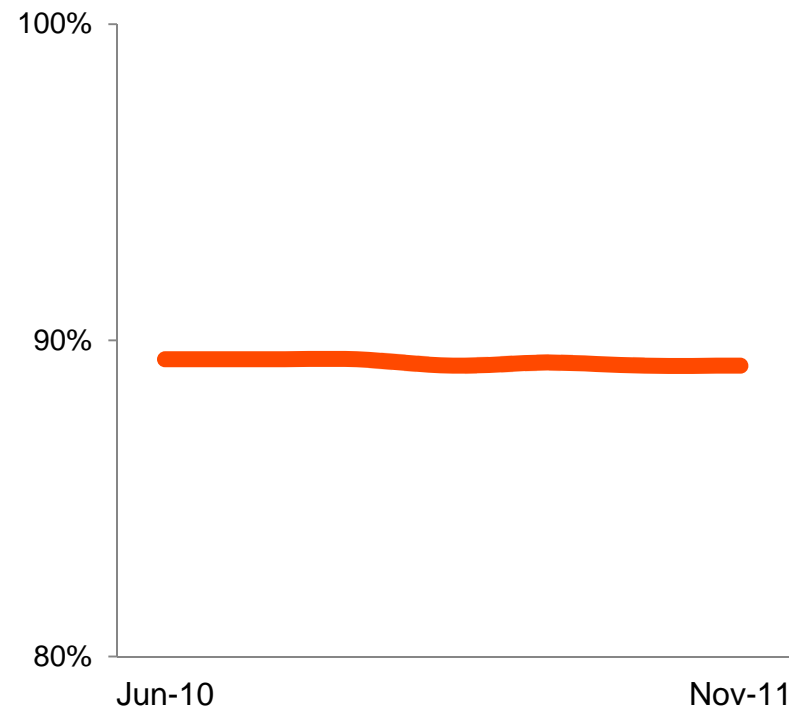


Overall results: Beer Division



- Virtuous cycle established
- Rebuilding full brand portfolio
- Step change retail execution
- Mix driving revenue growth
- Assertively managing licence to trade

SAB Moving Annual market share





Real but manageable challenges



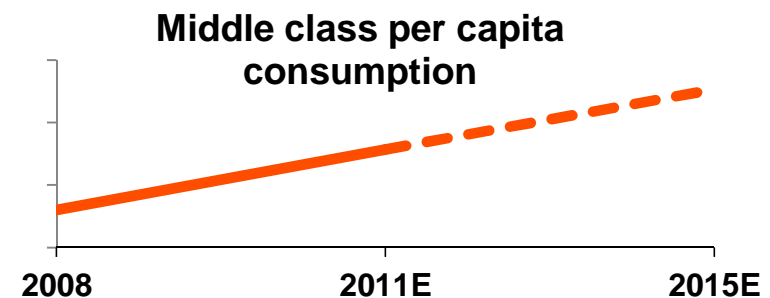
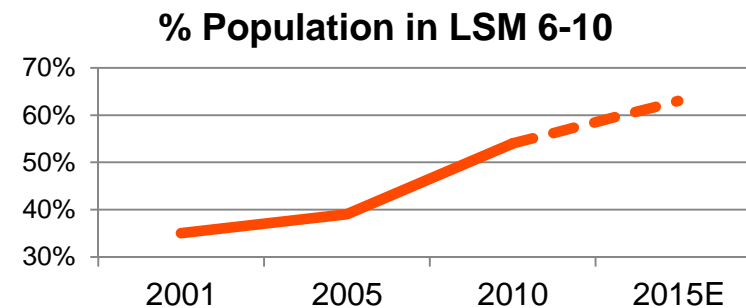
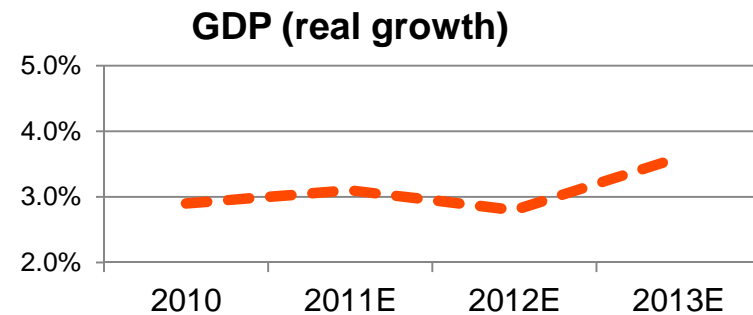
- Consumer spending is in slow recovery
- Commodity cycle and exchange rate impact on input costs
- Competitor momentum interrupted, facing new challenges, but regrouping
- Continued pressure on alcohol, with new and evolving regulatory challenges



...with substantial opportunities



- **Positive economic context**
 - Long-run positive economic growth
 - Long run job creation
- **Positive demographic factors**
 - Growing population
 - Rising incomes
 - Urbanisation
- **Positive consumption trends**
 - Relatively low per caps
 - Affordable pricing
 - Strong beer culture





Opportunity is significant in our current portfolio



Mainstream



Local Premium



Global Brands



FABs





5 Thrust Strategy: key opportunities and priorities



- Execute current portfolio
- Expand packs/brands
- Strengthen revenue management
- Further build commercial capability
- Realise cost saving opportunities.



SA Beverages





Overall conclusion (1/2)



■ F11 SA Beverages performance

- US\$ revenue up 17%
- US\$ EBITA up 21%
- EBITA Margin up 60bps



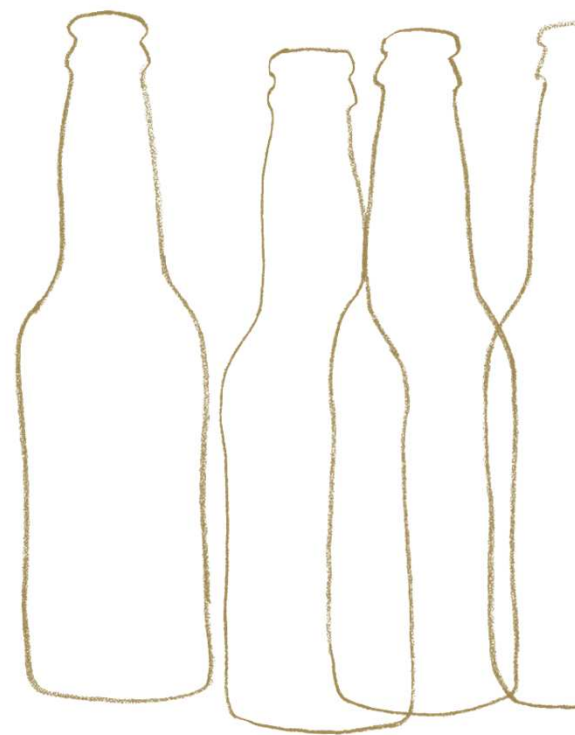
Overall conclusion (2/2)



- Fundamental market characteristics favourable
- Strategies correct and on track
- Success and momentum encouraging
- Rapid progress against opportunities
- Set to deliver sustainable profitable growth



Thank you





SA Beverages medium term value driver pi



- Fundamental market characteristics favourable
- Strategies correct and on track
- Success and momentum encouraging
- Rapid progress against opportunities
- Set to deliver sustainable profitable growth



SA Beverages medium term value driver outlook



Medium term outlook (organic, constant currency)

Volume growth CAGR

- 1%-4% for beer
- 2%-5% for soft drinks

Revenue per hl CAGR*

- Mid single digits, around CPI, for beer
- Slightly below CPI for soft drinks
- SARB CPI target: 4%-6%

EBITA margin

Up c. 30-80 bps average per annum

*At constant local currency

