

AB InBev Investor Seminar  
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Good Afternoon.

I am Miguel Patricio.

I joined the company in 1998 as the VP of Marketing for Ambev in Brazil, then moved to the VP of Marketing position for North America, covering United States and Canada.

After that I became the President for North America, and in 2008 I moved to China as Asia Pacific Zone President.

I have been AB InBev's CMO since 2012.

I'm very honored and excited to be here with you today in a place that is very close to my heart.

I lived in Shanghai for five years while leading AB InBev's Asia Pacific, definitely the best five years of my life both professionally and personally.

As Brito mentioned in his presentation, we have an extremely strong portfolio of brands. We own the most valuable beer brands in the world and we are committed to driving top line growth.

Our three Global Brands - Budweiser, Stella Artois and Corona - are part of this group, together with our Local Champions: Bud Light, Skol, Brahma and Modelo Especial.

But, so what? How are we going to drive top line growth?

To drive top line growth we need to sell more beer by

Selling to more people, recruiting new consumers

More often, engaging in occasions where beer is a perfect match

And with a better mix, offering the right product to the right consumer at the right time.

But it is not only about selling more beer. Our goal is to drive long-term, sustainable growth.

When we think about the diversity of our footprint, we naturally picture our consumers as defined by differences, given particularities of each of our markets.

However, we have come to the conclusion that the world is more similar than different.

We have conducted extensive research with over 57,000 alcohol drinkers, across 25 countries, covering over 70% of global beer volume.

Based on these insights, we have defined a series of consumer segments that are present across different geographies.

Take the Traditionalist as an example: the Traditionalist is a person who enjoys a simple life, loves beer, is very loyal to his brand of choice and has sports as his absolute passion. You will find him present across all of our markets.

For each consumer segment, we needed to understand what this consumer is seeking by drinking alcohol, from both an emotional and a functional perspective.

We also needed to determine the reasons why people drink.

We defined four need states; Relaxation & Bonding, Food & Savor; Changing the Mood and Night Out.

The last two can be combined into one if we consider Night Out as a natural transition from Changing the Mood.

Our first need state, Relaxation and Bonding, occurs when consumers want to relax and bond with friends, usually looking for a beverage that is refreshing and easy to drink. Key occasions for the Relaxation and Bonding need state are watching sports on TV and socializing with friends, either at home or at a bar.

The Food and Savor need state is when you want to elevate an occasion, making it more special and memorable.

Consumers in this need state want a drink that pairs well with food, is good for savoring the moment and has superior quality.

A common occasion is entertaining at-home or at a restaurant, for example, a dinner party or backyard Barbeque.

The Changing the Mood need state is when you want to reward yourself and escape by having a drink that might be sweet, mixes well and is fun to drink.

Typical occasions include a happy hour after work, hanging out at a bar or partying at home.

Finally, the Night Out need state typically follows the “Changing the Mood” one, when the consumer is looking to have a great time interacting with others. This usually involves a higher ABV drink that mixes well.

A typical occasion would be partying at a nightclub.

Earlier this morning, you heard Brito talk about four Growth Driven Platforms, our GDPs.

We have established these platforms based upon the four need states I just explained.

Our GDPs:

Are globally relevant, they are a replicable model implemented around the world and are equally relevant for our business and consumers in each geography.

They drive top line growth, ensuring we are identifying new, untapped segments and closing our gaps

Our GDPs give us the opportunity to leverage our scale to lead the way by anticipating future consumption trends

And are a company initiative, incorporating the whole organization from supply, to operations, to sales and marketing, bringing our teams together to deliver integrated consumer experiences.

To recap, we have defined three GDPs based on consumer need states: First Relaxation & Bonding, Second Food & Savor and Third a combination of the Changing the Mood and Night Out need states.

We have a leading Global Brand to captain each of our GDPs.

Budweiser, Stella Artois and Corona are amongst our most valuable brands, and together they generated approximately 20% of our Net Revenue in the last year.

Now...all we need is to continue GROWing.

Through our GROW framework, we translate the GDP strategy into key performance indicators. This ensures we are tapping into the right opportunities to sell more beer: to more people, more often and with a better mix.

The first component of our GROW framework is Gather: each brand of our portfolio will have a specific geographical footprint and a target consumer group.

R stands for Reach, which is a dynamic measurement of past four weeks’ penetration within our target group.

O stands for Occasions, which considers the frequency of AB InBev consumption “Occasions” in the last four weeks.

Lastly, W stands for Worth, the average spend by a consumer per consumption occasion. For example, how much one consumer has spent on Stella Artois during a dinner party.

We believe GROW is an extremely robust and comprehensive framework to ensure our strategy will drive top line growth.

In the context of the GDPs and GROW, I’m very excited to share with you what differentiates our Global Brands and how they are driving growth for our company.

Beginning with Budweiser...

As the King of Beers, Budweiser champions the occasions we typically link with beer: Relaxing and bonding with friends; At-home watching TV, or socializing with friends at home or in a bar

Budweiser’s crisp, clean taste makes it a smooth lager that perfectly fits within this need state.

Here are the key initiatives from Budweiser to grow our topline:

Starting with geographic expansion, we have a tremendous opportunity to grow by expanding our footprint, as 90% of our current sales are concentrated in our top 6 countries.

Countries including India, Korea and Vietnam are a key part of our expansion plans here in Asia

To demonstrate this commitment, we have just opened our first brewery in Vietnam last May

Reaching more beer drinkers and driving penetration is a critical part of our growth plan.

Based upon insights of what inspires Millennials, our team has developed a new brand positioning rooted in the core of this American Icon, rooted in freedom, ambition and authenticity.

Our most recent global campaign has been built to connect our brewing philosophy with the values of Millennials.

We highlight how Budweiser is brewed differently, with passion and care, brewed the hard way, connecting with consumers that share these values and live life on their own terms.

Let's look at campaign work that is airing in our key Budweiser markets globally: US, China, Canada, Brazil, Russia, India and Vietnam.

The passion and care of the Budweiser brewing process was transmitted through one unified message worldwide.

As you see here, there are several examples of the consistent Brewed the Hard Way execution in many different markets including the US, Russia, and China.

Now let's talk about how we grow through expanding the occasions in which Budweiser is meaningful.

As one example, we have connected two great American icons: Budweiser and A Burger.

Both offering simple joys, made better with extra effort.

A perfect fit.

Let's show the video.

Bud and Burgers comes to life with more than just a video. As we do with most of our programs, it is an integrated marketing campaign.

Our campaign involves communication with influencers, for example David Chang, a celebrity chef from New York City and a well-known Budweiser fan. It also covers festivals and especially retail, where our consumer can enjoy these two great tastes together.

The final pillar is about elevating the lager and our brand to command our premium position globally.

To get this right we need to advance the look of Budweiser, so that the care and detail that people see on the outside of our bottle matches the care and attention to detail that goes into brewing Budweiser.

Let's run the video.

We are not only introducing a new design inspired by our authentic past, we are also using contemporary aluminum bottles as a canvas for pop culture and limited editions to meaningfully connect with our consumers.

Globally, Budweiser now has one inspired look and one inspired voice as a bold and confident brand to present to the world.

Most importantly, this strategy is working and leading to top line results. Budweiser Net Revenues in 2014 were 5.3 billion dollars.

Budweiser growth continues to accelerate. Today the brand is bigger than it was a decade ago, and 30% larger than it was at the time of the Anheuser-Busch and InBev combination.

We grew Budweiser from a negative 4% CAGR between 2004 and 2009 to positive 5% from 2009 to 2014.

Looking forward, we expect that Budweiser volume and net revenue will accelerate even faster in the next five years than in the past five years.

We are extremely excited about the growth momentum we have experienced so far with Budweiser.

We are proud to present the brand to the world in a bold and confident way, connecting with consumers who share our values and live life on their own terms.

Now shifting gears to Stella Artois, a beer built on 600 years of history.

Stella Artois stands for sophistication and our consistent global positioning has made it the most sophisticated beer brand in the world.

In the Food and Savor need state, consumers are looking to make occasions more special. They want a sophisticated, international premium brand that delivers superior quality and experience.

Its heritage and rituals, the perfect pour in the classic Chalice, is what makes Stella Artois the perfect Food and Savor beer.

In order to accelerate growth, we have a clearly defined strategic plan based upon our GROW model.

In Gather, we have bold geographic expansion plans for Mexico, China and Korea.

In Reach, we will drive penetration with meaningful and purposeful campaigns like Buy A Lady A Drink.

In Occasions, we will work on driving frequency through programs like our innovative Bottle in Bottle technology for our On Trade draught experience as well as commercial programs such as our Holiday Integrated Campaign.

And lastly, Worth. Premiumization needs to be at the center of all of our touch points. We're launching a brand new streamlined and elegant bottle with improved graphics.

Our new silhouette has been improved, and is prouder and flowing in form with elevated embossed shoulders.

Our bottle label has been redrawn, we've enhanced our label giving it a new glossy finish.

The world has evolved with a new concept of sophistication that is a combination of style and substance. The opportunity for Stella Artois is to be the perfect balance between style and substance. We are the world's most sophisticated beer brand and we have the substance to support it, with over 600 years of Belgian brewing expertise and European *savoir faire*.

Let's look at an example of our stylish advertising.

We are bringing more depth to Stella Artois, further elevating its substance and tapping into opportunities to build a Better World.

This January we partnered with Water.Org and the actor Matt Damon to launch the Buy A Lady a Drink Campaign.

For every specially designed Stella Artois Chalice sold, we provide 5 years of clean drinking water to women in need in developing countries.

To date, we have sold almost 80,000 chalices!

Let's have a look.

Moving to Occasions - Stella Artois was originally named after the Christmas star and crafted as a Christmas gift for the town of Leuven, Belgium.

So it only makes sense to own a full Holiday integrated program including advertising, packaging, gift packs, limited edition chalices and an entire experiential component.

We are also launching NOVA by Stella Artois – the next generation of countertop draught systems.

NOVA was developed as a solution for smaller, more intimate bars and restaurants that wish to serve proper draught beer without investing in a full-scale tap system.

NOVA is a combination of beauty and function, style and substance, perfect for savouring the moment in more intimate occasions by guaranteeing the “perfect pour” experience.

Stella Artois partnered with renowned designer Marc Thorpe to bring to life our timeless beauty. We have 18,000 units being deployed this year.

Let's have a look.

The Stella Artois look and feel needs to be consistent in every touch point we have with consumers.

We have re-designed our bottles with new elegant graphics.

Our new silhouette has been redesigned, prouder and flowing in form with elevated embossed shoulders and premium glass finish.

Let's see how our new bottle comes to life.

Our Stella Artois strategy has been showing strong results as it comes to life.

The brand has been consistently growing volume and net revenues over the last 5 years – especially in the last year.

In 2014 the brand delivered net revenues of 1.5 billion dollars. Compared to the first half of 2014, the brand grew approximately +9% net revenue in first six months of this year.

In fact, like Budweiser, we expect that Stella Artois' growth over the next five years will exceed the brand's growth over the past five years – both for volumes and net revenues.

Our plan is to double the size of the brand in the next few years in terms of revenues.

Now let me share with you our exciting plans and results for Corona.

Corona is the newest addition to our Global Brand trio.

The brand joined the AB InBev portfolio in 2013 and it is now sold in almost 200 countries.

We say Corona is our most international brand and it is the champion of the combined Change the Mood and Night Out GDPs.

The key Corona challenge is to further grow internationally and become the world's number one brand in the Changing the Mood need state.

Based upon the brand's origin in Mexico, we are building on established Mexican Pride.

Corona is the number one beer in Mexico, with more than 20% market share in the country.

Corona is a healthy brand in Mexico and has been consistently growing. Year to date, the brand's net revenues are up 5.3% versus last year.

Currently, Corona in Mexico represents approximately 70% of the net revenue for the brand. For this reason international expansion is extremely important, and that's why we will focus the rest of the presentation on how we are expanding Corona internationally.

Corona has natural credentials that make it the perfect brand to further expand internationally.

Corona appeals to both men and women. It is a brand that mixes well with sweet drinks, is authentic, unique and unpretentious. The perfect fit for "Changing the Mood" and breaking the routine.

In Gather, we are already focusing on an extensive group of countries across 5 continents – from Asia to Europe and Australia, from North to South America.

In Reach, our platforms were designed to provide actual and future consumers unforgettable immersive experiences among their passion points.

Two great examples of this are our Corona SunSets festivals and our partnership with the World Surf League.

In Occasions, we are expanding our packaging formats to make sure we have the right product for the right moment. We are also enriching the experiences, through our "Spiritual Homes" environments, where our consumers will have a complete "changing the mood experience".

Lastly, in Worth we focused on harmonizing our brand identity and on reinforcing the emotional, unpretentious connection with "the beach". This also comes to life through a consistent, premium look and feel of our traditional transparent bottles and cans.

The strategy is heavily focused on consumer touch points brought to life through a strong partnership between the Marketing and Sales teams.

This model contains 5 steps, first Distribution – Route to Market,

Second Built from the Trade, ensuring a concrete materialization of the “Corona look and feel” in each consumer touch point,

Third is Packaging - enhancements and innovations,

Fourth Experiences, and the fifth Harmonized communication

Distribution through Route-to-Market is the first step.

We made a decision to place and offer Corona only in a selected group of premium and influential accounts.

For those accounts we defined and distributed trade marketing materials to guarantee correct and consistent execution.

Starting with distribution, our efforts established a solid baseline for developing and expanding the brand.

When I mentioned “Built from the trade” I meant bringing Corona’s aspirational “vibe”, look and feel to the point of consumption.

We named this program Corona Spiritual Homes, now an established successful initiative across 5 continents.

The picture in the background is an example of our Spiritual Home in Brazil, bringing elements of the beach to a bar in a surfing neighborhood in Rio de Janeiro.

The third step in our expansion strategy is to premiumize our packaging to drive trial and frequency.

We have unified and harmonized our bottle and can visuals across the globe, and started to offer new package formats and sizes to perfectly match different drinking occasions.

Corona is a brand heavily based upon aspirational values.

For this reason we want to provide consumers the opportunity to “Change the Mood,” disconnecting from their “busy lives” and reconnecting with what matters most to them.

Music plays a leading role in this “new world” and this why we present our Corona Sunsets festivals – a perfect translation of the mood shift at the beach.

Let’s take a look.

To further strengthen our meaningful experiences we partnered with one of the most aspirational sports to tap into a universally appealing lifestyle.

Corona has always been associated with surfing and surfing is one of the most aspirational sports for millennials – even if they don’t practice the sport, they enjoy watching surfers across the globe and enjoy following a surfer lifestyle.

This year, we began a long-term partnership with the World Surf League. Let’s see how this new partnership comes to life in the next video.

Another very important priority is to ensure consistent messaging from Corona.

We are now focusing on harmonizing Corona’s communications across our expansion markets.

To help us continue expanding Corona we recently partnered with one of the best creative agencies in the world – Wieden & Kennedy (W&K).

We believe W&K is the perfect fit for what Corona stands for and wants to achieve and together we will take Corona to the next level.

Our programs are showing strong results, driving consistent expansion to build a truly global brand.

Through the Sunset series, Spiritual Homes and Off-trade execution, Corona presents the same look and feel anywhere in the world.

In terms of results, Corona’s strategy has been driving incremental volume and market share, in all of our focus markets.

As you will see here, we have had extremely positive results versus last year. Please keep in mind that this example only considers a select group of countries.

We have gained market share, as shown by the blue bars, while also growing our Net Revenue per Hectoliter in all our expansion markets

Similar to Budweiser and Stella, we have plans to further accelerate Corona's net revenue and volume growth, both in Mexico and in our expansion markets.

As a result, we have achieved significant top line growth across all of our operations.

Compared to first half of 2014, Net Revenue are over 70% higher during first six months of this year for our expansion markets.

Our goal is to triple the size of Corona globally in the next several years.

I'm extremely proud of how Corona has been growing consistently and am very excited for the future.

Let's grow! In profitable way!

Thank you!