BU China Introduction

Jean Jereissati
China President
Personal Introduction

Name: Jean Jereissati

Education: Business Administration Fundacao Getulio Vargas - SP

Hire date: 1998/08/08

Working Location: Shanghai HQ

Position: China President

Career Path:
- 01/2015 ~ now: China President, Shanghai
- 01/2013 ~ 12/2014: Central American and the Caribbean President, DR
- 01/2011 ~ 12/2012: Trade MKT and FSM Head, Brasil
- 01/2007 ~ 12/2008: South Region Brazil Regional Director, Porto Alegre
Connection with Strategy

Dream: #1 in Asia

<table>
<thead>
<tr>
<th>Pillar</th>
<th>Brands</th>
<th>Expansion</th>
<th>Maximize Strongholds</th>
<th>Sales Machine</th>
<th>Disruptive Growth</th>
<th>Operational Efficiency</th>
<th>Better World</th>
<th>People Pipeline</th>
</tr>
</thead>
</table>
Two-Engine Growth Strategy to Win in China

Win nationally in premium while expanding and increasing leadership, province by province.

- High Road
- Stronghold
- China Average
- Expansion
Two-Engine Growth Strategy to Win in China

Win nationally in premium while expanding and increasing leadership, province by province.
High Road
Careful selection of cities with the highest Middle/Affluent Class Population concentration...

Source: BCG, MAC = Middle/Affluent Class Population
High Road
Premiumization as the biggest driver of revenue per HL....

% of volume by segment

% of volume growth

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015 1H</th>
</tr>
</thead>
<tbody>
<tr>
<td>Super Premium</td>
<td>69.7%</td>
<td>23.1%</td>
<td>35.0%</td>
<td>30.5%</td>
</tr>
<tr>
<td>Premium</td>
<td>11.5%</td>
<td>11.5%</td>
<td>10.6%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Core+</td>
<td>10.8%</td>
<td>12.1%</td>
<td>6.0%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Core &amp; Value</td>
<td>-4.3%</td>
<td>0.0%</td>
<td>-8.8%</td>
<td>-9.0%</td>
</tr>
<tr>
<td>Total</td>
<td>-0.6%</td>
<td>3.2%</td>
<td>-4.2%</td>
<td>-4.5%</td>
</tr>
</tbody>
</table>

Premium Segment is more than 6% of the industry, and growing consistently above 10%

Source: BCG, Internal Report
High Road
ABI over-indexes in Premium (22%), and outperforms the industry segment growth by 2x

% of volume by segment

% of volume growth

<table>
<thead>
<tr>
<th></th>
<th>Industry growth</th>
<th>ABI growth vs industry</th>
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<tr>
<td>2014 Industry</td>
<td></td>
<td></td>
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<tr>
<td>Super Premium</td>
<td>69.7% 23.1% 35.0% 30.5%</td>
<td>&gt;3.0x</td>
</tr>
<tr>
<td>Premium</td>
<td>11.5% 11.5% 10.6% 10.0%</td>
<td>&gt;2.0x</td>
</tr>
<tr>
<td>Core+</td>
<td>10.8% 12.1% 6.0% 4.8%</td>
<td>&gt;1.5x</td>
</tr>
<tr>
<td>Core &amp; Value</td>
<td>-4.3% 0.0% -8.8% -9.0%</td>
<td>~1.0x</td>
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<td>Total</td>
<td>-0.6% 3.2% -4.2% -4.5%</td>
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Source: BCG, Internal Report  * ABI Volume refers to 1H15 vs. 1H14
High Road
1HL of Super Premium = 9 HL of Core/Value

% of volume by segment

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<tr>
<th>Segment</th>
<th>2014 Industry</th>
<th>2014 ABI</th>
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<tbody>
<tr>
<td>Super Premium</td>
<td>67.3%</td>
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<td>Premium</td>
<td>26.2%</td>
<td>22.3%</td>
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<tr>
<td>Core+</td>
<td>0.2%</td>
<td>0.2%</td>
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<td>0.2%</td>
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GROSS MARGIN INDEX

- Super Premium: 9.0 X
- Premium: 5.0 X
- Core+: 1.6 X
- Core & Value: 100%

Source: BCG, Internal Report
Budweiser being a clear winner in Premium.....

Source: Internal Report
Two-Engine Growth Strategy to Win in China
Win nationally in premium while expanding and increasing leadership, province by province.
Expansion
Leap-frog growth in areas around our new breweries...

Source: Internal Report
Harbin being a strong engine to fuel expansion...

**HARBIN VOLUME**

- 2011: 18,748
- 2012: 20,083
- 2013: 23,888
- 2014: 25,829

CAGR: +11.3%

11-14

**HARBIN T3F among LDA Drinkers**

- 2011: 19.6
- 2012: 27.6
- 2013: 31.2
- 2014: 39.1
- 2015 YTD: 45.9

CAGR: +10.4%

1H15 vs. 1H14

Source: Equity Tracker, Internal Report
Two-Engine Growth Strategy to Win in China

Win nationally in premium while expanding and increasing leadership province by province
What a Stronghold looks like...

- **Population (000’)**: 37,740
- **Beer Industry (000 hl)**: 15,758
- **Consumption Per Capita (liter)**: 41.7
- **% of Premium & Core+ Industry**: 76.6%
- **ABI Market Share (Yr 2014 )**: 60.3%
- **ABI Relative Market Share**: 2.98%

Source: SEEMA, Internal Report
Strongholds outperforming China Average

Our Stronghold footprint is well positioned with two-engine growth strategy (2014 vs. 2011)....

% of Premium and Core+ Industry (2014)

- HIGH
  - Stronghold
  - Strongholds outperforming China Average (2014)

- LOW
  - China Average
  - Expansion

Relative Market Share (Size x Biggest Competitor 2014)

Source: Bain Analysis, SEEMA, Annual Report, Internal Report
Strongholds outperforming China Average

Our Stronghold footprint is well positioned with two-engine growth strategy (2014 vs. 2011)....

% of Premium and Core+ Industry (2014)

- High Road
- Stronghold
- China Average
- Expansion

Relative Market Share (Size x Biggest Competitor 2014)

Source: Bain Analysis, SEEMA, Annual Report, Internal Report
Winning Journey

Trade Up + Premiumization

Distribution in Expansion Area

Strongholds

Sales Machine

% of Premium and Core+ Industry (2014)

High Road

Stronghold

China Average

Expansion

Relative Market Share (Size x Biggest Competitor 2014)
Sales Machine

Revenue Management

Route to Market

Trade Solutions

Tech Sales

Key Accounts

Competitive Intelligence

Digital Purchase
ABI has been consistently disciplined in driving Revenue...

**Grow NR/HL ahead of Competition**

<table>
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<tr>
<th>Year</th>
<th>ABI CAGR (2011-2014)</th>
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<tr>
<td>2011</td>
<td>+2.1%</td>
</tr>
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<td>2012</td>
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**TOP 3 COMPETITORS**

Source: SEEMA
Strong wholesaler partnership is one of our most relevant competitive advantages

1. Business Plan
2. Profitable Business Model
3. Credit Incentives
4. Successor Program
5. Pick-Up Time Priority
6. VIP Treatment
7. WS Productivity Program
8. Events Participation
Building strong partnerships with top wholesalers

14 Years with ABI China on average
Size More than 10 X Average

ELITE CLUB

10.4% Topline growth CAGR
98.92% Satisfaction Rate

Source: 3rd Party Survey, Internal Report
360-ALL-IN Trade Activation focusing on Point-of-Connection EXPERIENCE, not only EXECUTION...

Nightlife
OffTrade
Convenience Store
Rooftop

Chinese Restaurant AB
Western Bars

Western Restaurants
Food Street/Hot Pots

Hotels/Western Bars

Chinese Rest. CD
感受极致尊贵 百威金尊
...ROOFTOP/WESTERN CHANNELS
Best Practice: “Supreme Circle” Trade Program

Leverage the technology to build long term loyalty program with key customers to help us win Chinese restaurant channel.
Relationship + economies of Scale + Top quality
Connection with Strategy

Dream: #1 in Asia

**Pillar**
- Brands
- Bonding with Consumers & Trade Up
- Expansion
- Maximize Strongholds
- Sales Machine
- Disruptive Growth
- Operational Efficiency
- Better World
- People Pipeline
Super Premium Company – a company inside our company
Building the capabilities for the next wave.....

Route to Market
- Building the capabilities of an enhanced and specialized wholesaler network.

Focus Brands
- Focus brands to target new channel opportunities and occasions

Digital / Social Media
- Digital, content and sales as the key platform for the super premium portfolio
Next Channel Frontier with Hyper-Speed Growth

**T-MALL**
- Rank #1 in share (45%).
- **+723%**
  - 15 vs. 14 YTD

**JD**
- Rank #1 in share (24%)
- **+784%**
  - 15 vs. 14 YTD

**YHD**
- Rank #1 in share (22%)
- **+206%**
  - 15 vs. 14 YTD

Source: Internal Report, all information refers to volume.
Managing complexity....

Brand Volume Contribution by Channel

- KTV/Dancing Club
- Bar/Western/Travel Journey
- Traditional Trade/Other
- KA/E-commerce
- Chinese Restaurant

Budweiser
Harbin
Imported Super Premium

Source: Internal Report
... Managing complexity....

Brand Volume Contribution by Channel

KTV/Dancing Club

Traditional Trade/Other

Bar/Western/Travel Journey

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Imported Super Premium

Source: Internal Report
Managing complexity....

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- Budweiser
- Harbin
- Imported Super Premium

Source: Internal Report
Strengths.....Win with the winners

**SEGMENTS**

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<td><strong>Core/Value</strong></td>
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Source: Internal Report

**CHANNELS**

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<td><strong>E-commerce</strong></td>
<td>~+92.0%</td>
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<td><strong>Convenient Store</strong></td>
<td>~+9.3%</td>
</tr>
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<td><strong>Night Life</strong></td>
<td>~+8.6%</td>
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<tr>
<td><strong>Chinese Restaurant</strong></td>
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<tr>
<td><strong>Traditional Trade</strong></td>
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Source: Internal Report

**CONSUMERS**

**BUD T1F AMONG HIGH INCOME DRINKERS**

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<tr>
<td>15.5</td>
<td>17.8</td>
<td>18.0</td>
<td>19.5</td>
<td>21.6</td>
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Source: Equity Tracker, internal Report

**GEOGRAPHIES**

% of Premium and Core+ Industry (2014)

- **High Road**
  - Stronghold

Relative Market Share (Size x Biggest Competitor) 2014

- China Average
- Expansion

Source: Bain Analysis, Internal Report
Opportunities

SIZE OF PREMIUM/SP INDUSTRY

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Source: BCG

DISTRIBUTION

3,200,000 POCs

still to be reached

~4X Brazil

Source: Nielson Study, Internal Report

CORE PROFITABILITY

SHAPE INDUSTRY WITH INNOVATION
Journey towards leadership...

Source: Seema and internal reports. Considers full M&A volumes in the year of acquisition.