Today’s Agenda

- InBev Overview
  - FELIPE Dutra

- AmBev in Brazil
  - LUIZ FERNANDO Edmond

- Beer Marketing in Brazil
  - CARLOS Lisboa

  Break (30 minutes)

- Beer Sales in Brazil
  - BERNARDO Paiva

- Soft Drinks
  - FRANCISCO Sá

- Q&A session

Beers & food
140 Markets
Leader in 20 major markets
A clear strategy
Market leadership is key for profitability…

The diagram shows the relationship between EBITDA Margin and Relative Market Share for various countries. The countries are represented by circles, with the size of each circle indicating the relative market share. The relative market share is compared to the current average, with the diagonal line indicating the current average performance. Countries like Brazil, USA, and China are highlighted as having higher relative market shares compared to their EBITDA margins.
### Objectives differentiated by country type

<table>
<thead>
<tr>
<th>Reach full potential in key current leadership markets</th>
<th>Make selective ‘big bets’ where strong leadership can be achieved</th>
<th>Focus the rest of the portfolio on sustainable positions</th>
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<tbody>
<tr>
<td>- Fully exploit available economies of scale</td>
<td>- Select which ‘big bet’ to place according to risk/return, available capabilities/skills and available funds</td>
<td>- Focus on defendable and sustainable positions</td>
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<tr>
<td>- Invest for growth</td>
<td></td>
<td>- Manage costs and assets very aggressively</td>
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<td></td>
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<td>- Invest very selectively to defend/grow top-line</td>
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<td>- Or exit/swap</td>
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AmBev and Interbrew coming together

<table>
<thead>
<tr>
<th>AmBev</th>
<th>Interbrew</th>
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<tr>
<td>Cost focus</td>
<td>Global Brands</td>
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<tr>
<td>Military execution</td>
<td>Brand Portfolio Mgmt</td>
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<tr>
<td>Sales / distribution process</td>
<td>Innovations</td>
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<td>Geographic reach</td>
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New operating model:

1. Reduce cost base
2. Increase marketing and sales investments
3. Effective portfolio management
4. Grow volumes
# InBev Strategy

## Strategic Pillars and Enablers

<table>
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<tr>
<th>Winning Brand Portfolio</th>
<th>Winning at the Point of Connection</th>
<th>World Class Efficiency</th>
<th>Targeted Mergers &amp; Acquisitions</th>
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<td>People / Culture</td>
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**InBev Strategy**

- Optimal brand portfolio by country
  Develop sustainable core domestic brands
  Drive global premium brands

- Revenue Management

- Global roll-out of Brahma

- Broaden consumer appeal for InBev portfolio
InBev Strategy

- World Class Commercial Program:
  - Wholesaler Management
  - Field Sales Management + Field Sales University
  - Customer Management
  - Occasion based activation
  - …

- Secure and customize route-to-market

- Optimize Margin Pool Split
InBev Strategy

- Rationalize footprint
- Develop world-class operating productivity
- Plant Optimization

Brewing Productivity HL/Manhour

Cluster Benchmark
InBev Strategy

Zero Based Budgeting

- Requires total support of Leadership
- Drives immediate behavior change
- Deeper understanding of cost drivers and consistency of spend across all functions/locations
- Inclusion in target setting and full alignment with culture and compensation system is a must – as is the ability to track and monitor

**Strategic Pillars and Enablers**

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**TRANSPARENCY**

**PACKAGES GUIDELINES**

**PRIORITIZATION UNDER ‘ZBB TEMPLATE’**

**TRACKING AND MONITORING**
InBev Strategy

Cost Synergies from the combination
€47 million synergies expected in 2005
out of the €140 million announced by 2007

about €23 million already captured in 1H05
InBev Strategy

- Strengthen existing market positions
- Expand into new, attractive markets
- Divest non-core assets and pursue initiatives to optimize capital employed
- EVA approach as the key decision metric
Key Enablers

- Revitalize Beer Category
- Increase Share of Throat
- Drive Revenue Enhancement
Key Enablers

1. **Our consumers come first**
2. **Our people make the difference**
3. **We lead the way**
4. **We make things happen**
Monitor execution through business cycle

- Strategy
- Voyager workstreams
- 3 year plan
- Target setting
- Detailed work streams

Values and Compensation

Business cycle