CSFB Global Beverage Conference

New York - March 23rd, 2005
The InBev Way

Felipe Dutra
CFO InBev
CSFB Global Beverages Conference
March 23^{rd} 2005
InBev — a True Global Company

- Healthy balance of emerging and developed markets
- Leading presence in the fastest-growing market worldwide – Latin America
- Number one or two position in more than 20 key markets – more than any other brewer
- The opportunity for synergies driven by procurement, best practices and cross-licensing

2004 EBITDA Performance
- Reported +41.0%
- Organic growth +8.9%
- EBITDA margin 24.6%
Diversified Geographic Reach

2004: % of EBITDA(1)

- Western Europe: 32%
- North America: 20%
- Central & South America: 22%
- Cent. & East. Europe: 13%
- Asia Pacific: 8%
- Holding Cies & Global Export: 5%

InBev in 6 of the 10 highest contributing markets...

(1) before non-recurring items
InBev Culture

Values

Our **consumers** come first

Our **people** make the difference

We **lead** the way

We **make things happen**
## Four-Pillar Strategy

<table>
<thead>
<tr>
<th>Strategic Pillars and Enablers</th>
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<td>Winning Brand Portfolio</td>
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<td>Winning at the Point of Connection</td>
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<td>World Class Efficiency</td>
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<td>Targeted Mergers &amp; Acquisitions</td>
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**Enablers**

- Innovation
- People / Culture
- Financial Discipline
Best Practice Sharing & Implementation

- Zero-based budgeting
- Target Setting
- Brand Management
- Direct Distribution
- Innovation
- Revenue management tools & techniques
- Shared Services Centers
Global Premium Brands: We must shape the future, or be shaped by it

Brent Willis
CCO InBev
CSFB Global Beverages Conference
March 23rd 2005
InBev is a company with a portfolio of >200 leading Local and Regional brands.
Why Premium Brands

- Consumer preferences are changing
- Consumers looking for variety and choice
- Consumer’s ‘trading up’
  - Developed Markets
  - Developing Markets
- Customers looking for margin
- Contribution of up to 30% incremental volume
- Shifts Profitability Mix
- Isolate from low-price entrants
- Create category price halo
Global consumer preferences changing

Unmet consumer needs
- Health/well being
- Relaxation

Changing tastes
- Lower alcohol
- Sweetness, Nutritious

Changing consumption patterns
- “Meals on the go”
- Beverages as “meal replacement”

Global demographic shifts
- Developed world
  1. Shrinking “core” segment
  2. Untapped “aging” segment

Implications for brewers
- Traditional beer category under attack
  1. Per capital consumption of beer stagnant
  2. Significant cannibalization
  3. Other beverage choices for different occasions
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As markets develop, consumers seek more variety and choice
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Consumers shifting to other beverage types for different occasions

<table>
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<tbody>
<tr>
<td>Wine, FAB’s, Spirits, All Other</td>
<td>FAB’s</td>
</tr>
<tr>
<td>Beer</td>
<td>Spirits</td>
</tr>
<tr>
<td>Tea</td>
<td>Wine</td>
</tr>
<tr>
<td>Coffee</td>
<td>Beer</td>
</tr>
<tr>
<td>Milk</td>
<td>Tea</td>
</tr>
<tr>
<td>Juices, Nectars</td>
<td>Coffee</td>
</tr>
<tr>
<td>Soft Drinks</td>
<td>Milk</td>
</tr>
<tr>
<td>Bottled water</td>
<td>Sports and energy</td>
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<tr>
<td></td>
<td>Juice and nectar</td>
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1997 2002

22.2
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Greater Pressures on retail profitability

- Increasing retailer consolidation
  - Western Europe and North America
  - Growing trade discounts and trade spending

- Growth of private label beer
  - Growing share in developed markets
  - Several new entrants aimed at core
  - Share of the value segment + some core volumes

- Irrational competitive dynamics
  - Regional price wars potential to destroy significant value

- Entry of low cost competitors, excess capacity
  - Low cost players enter to use excess capacity
  - New entrants will accept lower margins, reducing industry EBITDA pool
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Portfolio of Global Brands

- Global Flagship Brands
- Global Specialty Brands
- Multi-Country Brands
- Global Soft Drink Brands
Within local/regional brands, 3 fundamental value domains

<table>
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<tr>
<th>Beverage Need States</th>
<th>Functional Product Delivery</th>
<th>Social Interaction</th>
<th>Pleasure</th>
<th>Self Esteem</th>
<th>Self Actualisation</th>
</tr>
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</table>
| Enhance Group Interactions | - Bonding with my group  
- Fitting in with the 'tribe/crowd'  
- Romance/romance | - Go for it / party | - Outward recognition | - World harmony  
- Profound relationships |
| Influence Mental State | - Boost  
- Stress relief | - Consumer cultural roots /identity | - Excitement / wind up  
- Chill out/escape  
- Contentment | - Self respect  
- Reward / indulgence | - Enlightenment / wisdom  
- Originality  
- Inner harmony |
| Influence Physical Senses | - Taste stimulation  
- Refreshment | - Relax / unwind  
- Savour  
- Simplicity | - Connoisseurship  
- Appreciating beauty | - Looking after myself / wellness | - Exploration / learning  
- Freedom of thought |
| Fulfil Basic Needs | - Quench thirst | | | | |

Values-based domains

HUMAN VALUES
Taking Brahma Global
by delivering to an unmet consumer insight & need

“The world may not be waiting for another beer, even one from Brazil, but it is waiting for a little bit of Ginga.”
We have identified a globally relevant, untapped and ownable ‘Value-Domain’
Consumer insights revealed significant potential for Brahma

- Desire for brands that tap into higher order values
- Increased demand for light liquids
- Move towards more premium brands
- Heightened style consciousness
- Latin influence in music, film, food, fashion
The ‘Real’ Brasil provides rich/authentic grounding

- SPIRITUALITY
- INNER HAPPINESS
- PERFECTIONISM
- CHILLED OUT
- SENSUALITY
- OUTWARD DISPLAY
- INDULGENCE
- DYNAMIC
We have identified a new Consumer Target

- Affluent urban professionals
- Aged 21-35, with a core creative target of 25
- Male and female
- Creatively minded and style conscious
- Prepared to pay a premium
Brahma original “Rio-flash” color and sophisticated design
An “Effortless Drinking” Experience

• Highly refreshing, original, “effortless drinking” experience.

• Unprecedented scores on “Smoothness”, “easy to drink” and “refreshment” across all countries.

• Purchase intent scores 30% higher than the competition

• Concept scores 41% higher than the competition

• Unprecedented consumer research results against leading premium brands in all markets