



# Anheuser-Busch InBev and Grupo Modelo to Combine

Next Step in Long and Successful Partnership

29 June 2012

# Forward Looking Statements

*This presentation contains certain forward-looking statements reflecting the current views of the management of AB InBev with respect to, among other things, the proposed transaction described herein as well as AB InBev's strategic objectives, business prospects, future financial condition, budgets, projected levels of production, projected costs and projected levels of revenues and profits, and the synergies it is able to achieve. These statements involve risks and uncertainties. The ability of AB InBev to achieve these objectives and targets or to consummate the proposed transaction is dependent on many factors some of which may be outside of management's control. In some cases, words such as "believe", "intend", "expect", "anticipate", "plan", "target", "will" and similar expressions to identify forward-looking statements are used. All statements other than statements of historical facts are forward-looking statements. You should not place undue reliance on these forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they reflect AB InBev's current expectations and assumptions as to future events and circumstances that may not prove accurate. The actual results could differ materially from those anticipated in the forward-looking statements for many reasons including the risks described under Item 3.D of AB InBev's annual report on Form 20-F filed with the US Securities and Exchange Commission on 13 April 2012, as well as risks associated with the proposed transaction, including uncertainty as whether AB InBev will be able to consummate the transaction on the terms described in this document or in the definitive agreements, the ability to obtain necessary governmental approvals, the availability of financing for the transaction and the ability to consummate the financing on the currently anticipated terms, the ability to realize the anticipated benefits of transaction, including as a result of a delay in completing the transaction or difficulty in integrating the businesses of the companies involved, and the amount and timing of any costs savings and operating synergies. AB InBev cannot assure you that the proposed transaction or the future results, level of activity, performance or achievements of AB InBev will meet the expectations reflected in the forward-looking statements. Moreover, neither AB InBev nor any other person assumes responsibility for the accuracy or completeness of the forward-looking statements. Unless AB InBev is required by law to update these statements, AB InBev will not necessarily update any of these statements after the date hereof, either to confirm the actual results or to report a change in its expectations.*

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# Agenda

- Transaction Highlights
- The Leader in Mexican Beer
- A Compelling Combination
- Financial Highlights
- Successful Track Record
- Key Next Steps





# Transaction Highlights

# Strategic Rationale

**A natural step in the long and successful partnership between the two brewers**

**Mexico is an attractive market in which to invest**

**Significant growth opportunities from combining two leading brand portfolios and networks**

**Unites Grupo Modelo's #1 position in the world's fourth largest profit pool with AB InBev's global leadership**

**Synergy potential from combined purchasing and sharing of best practices of at least \$600 million**



# Proposed Transaction Steps

- Grupo Modelo's operating subsidiary Diblo will merge into its parent Grupo Modelo
- Simultaneously, DIFA<sup>(a)</sup> will merge into Grupo Modelo in exchange for 103 million newly issued Grupo Modelo shares
- Following these mergers, AB InBev will own just over 50.3% of Grupo Modelo voting shares and economic interest
- Subsequently, AB InBev will launch an all-cash tender offer at US\$9.15/share for all outstanding Grupo Modelo shares it does not already own, for a total consideration of US\$20.1 billion
  - ❖ AB InBev has fully committed financing for the transaction
- Separately, Grupo Modelo will sell its 50% interest in Crown to Constellation Brands for US\$1.85 billion. As a result, Constellation Brands will own 100% of Crown

(a) Currently owned by private investors (53.5%) and Diblo (46.5%), DIFA is a leading Mexican glass bottle manufacturer with output largely dedicated to Grupo Modelo.



# Key Financial Facts

- The tender price of US\$9.15/share represents a 30% premium to the trading price of Grupo Modelo's C Shares of P\$97.95 on June 22<sup>nd</sup>, 2012
- Including US\$13.0<sup>(a)</sup> billion for AB InBev's existing stakes in Grupo Modelo and Diblo, the total transaction enterprise value is US\$32.2 billion adjusted for cash balances and minority interests
- Using consensus estimates for Grupo Modelo and latest 12 month results for DIFA, Grupo Modelo is expected to generate EBITDA of US\$2.5 billion in 2012, which implies a 12.9x EV/EBITDA multiple, before the disposal of the 50% interest in Crown and before synergies
  - ❖ After both the Crown disposal and inclusion of synergies the multiple reduces to 10.8x
- The transaction is expected to be EPS accretive in year 1 and ROIC is expected to exceed WACC within three years of closing, with returns supported by:
  - ❖ Grupo Modelo's strong organic growth outlook
  - ❖ At least US\$ 600 million in annual cost synergies, phased-in over four years
- The transaction will allow AB InBev to fully consolidate Grupo Modelo's EBITDA<sup>(b)</sup> versus the current equity accounting treatment
- AB InBev expects to be below its target Net Debt to EBITDA ratio of 2.0x during the course of 2014



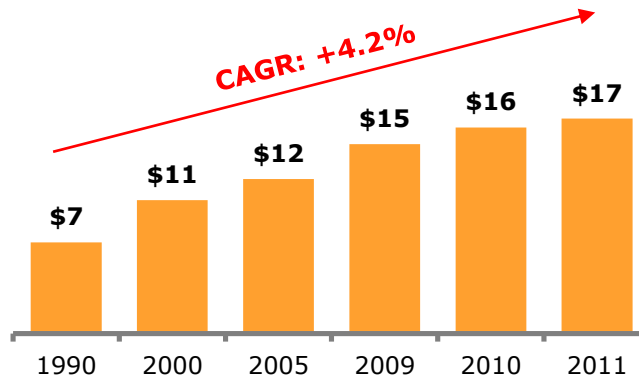


**The Leader in Mexican Beer**



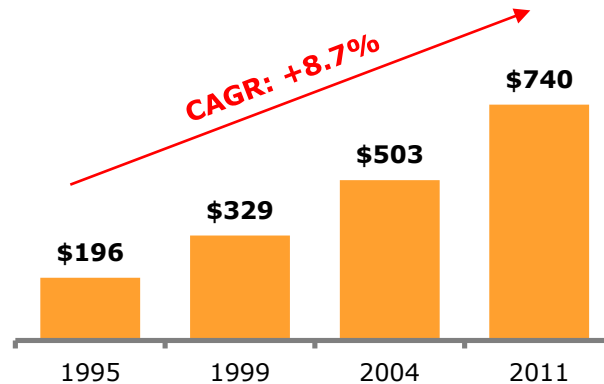
# The Mexican Economy is Attractive

**PER CAPITA GDP EVOLUTION (AT PPP \$'000)**



- Mexico has one of the highest per capita GDPs within developing markets
- 2<sup>nd</sup> largest economy in Latin America
- 1Q 2012 Real GDP grew by 4.6% (highest quarterly rate since 2010)
- Strong GDP growth expected to continue in the long term

**PRIVATE CONSUMPTION (\$BN)<sup>(a)</sup>**



- 6%+ estimated long-term growth
- Driven by large middle class which accounts for approximately 60% of total population (estimated ~80% by 2030), highest in Latin America

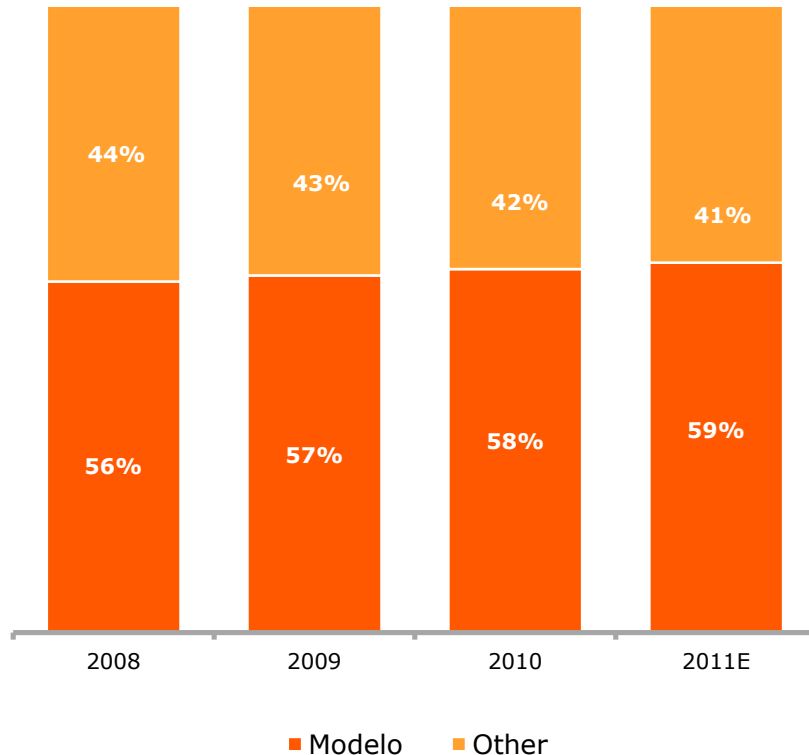
Source: Wall Street Research, PlatoLogic.  
 (a) Defined as the value of goods and services acquired and consumed by households.



# Modelo is the Leader in the Mexican Beer Market

## Modelo is #1 with 59% Market Share

Market Share Development in Domestic Beer (2007-2011) <sup>(a)</sup>



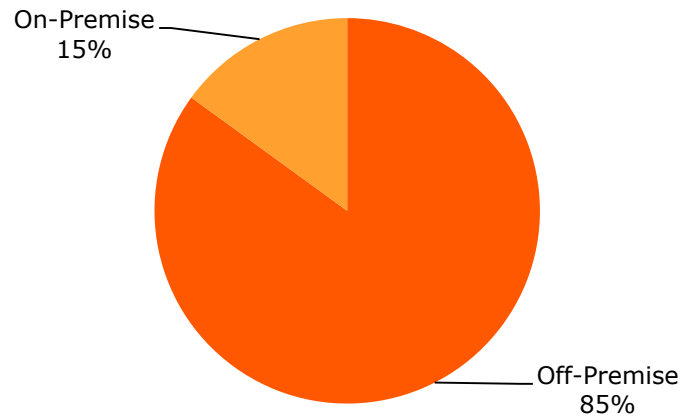
- Beer is the largest alcoholic beverage in Mexico with 70%+ share
- Estimated total industry domestic volume reached 66 mHL in 2011
- Favorable demographics with 2 million people reaching the legal drinking age of 18 every year
- Modelo holds the #1 position and gained share in each of the last four years
- The Corona brand is the leader in Mexico with almost 2x the volume of the second largest brand



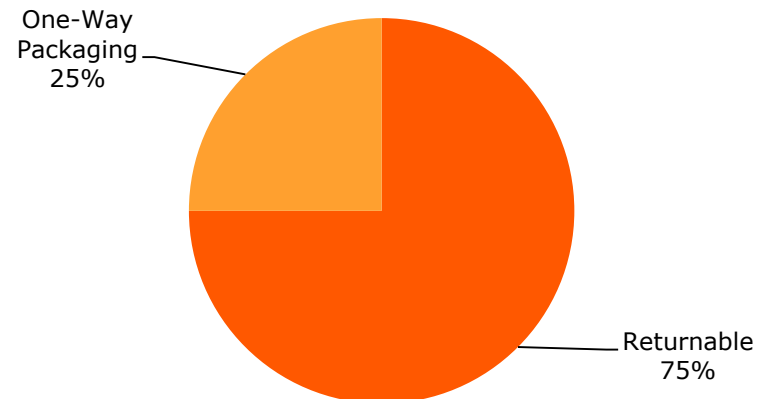
# The Modelo Business in Mexico

- Modelo distributes more than 80% of its domestic volume through its own direct distribution system
- Network of more than 500,000 points of sale
- Modelo operates its own chain of retail stores trading under the names of Modelorama and Extra

## On-Premise versus Off-Premise



## Packaging

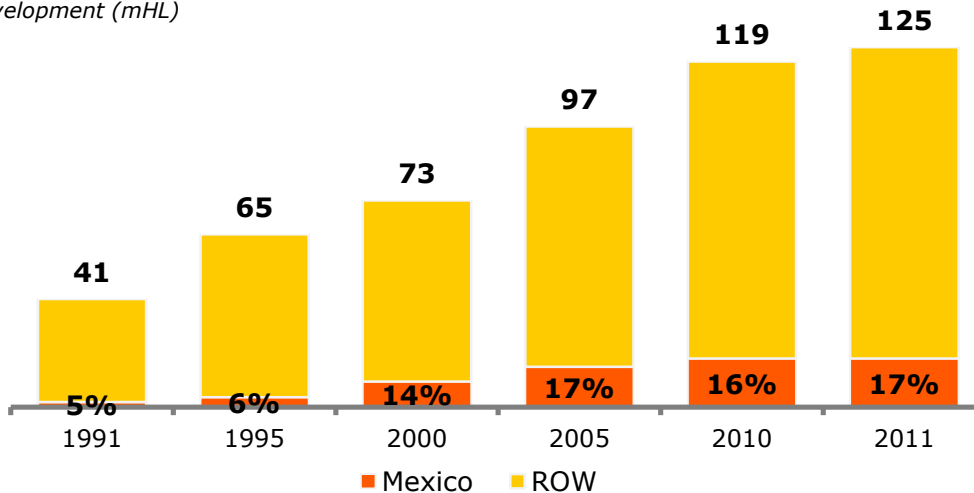


# The Largest Beer Export Business Globally

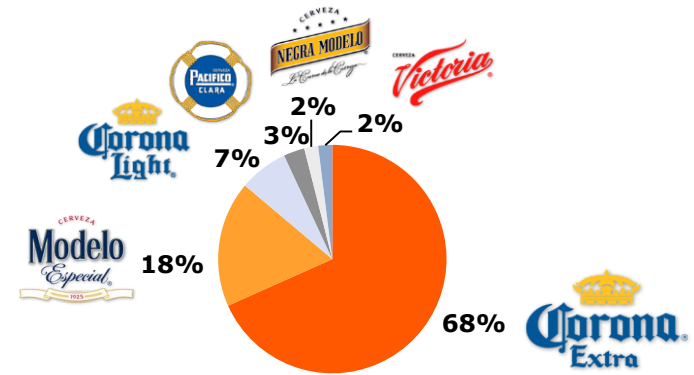
- Mexican beer exports grew at ~12% CAGR since 1991, outpacing global exports (~6%)
- Mexico is the world's largest exporter of beer with volume of ~21mHL, ~17mHL from Modelo
- Corona is the leading import beer in 38 countries
- Corona is the fourth most valuable beer brand worldwide<sup>(a)</sup>

## Mexico has ~17% Share of Global Beer Exports (mHL)

Global Export Volume Development (mHL)



## Modelo's Top Export Brands

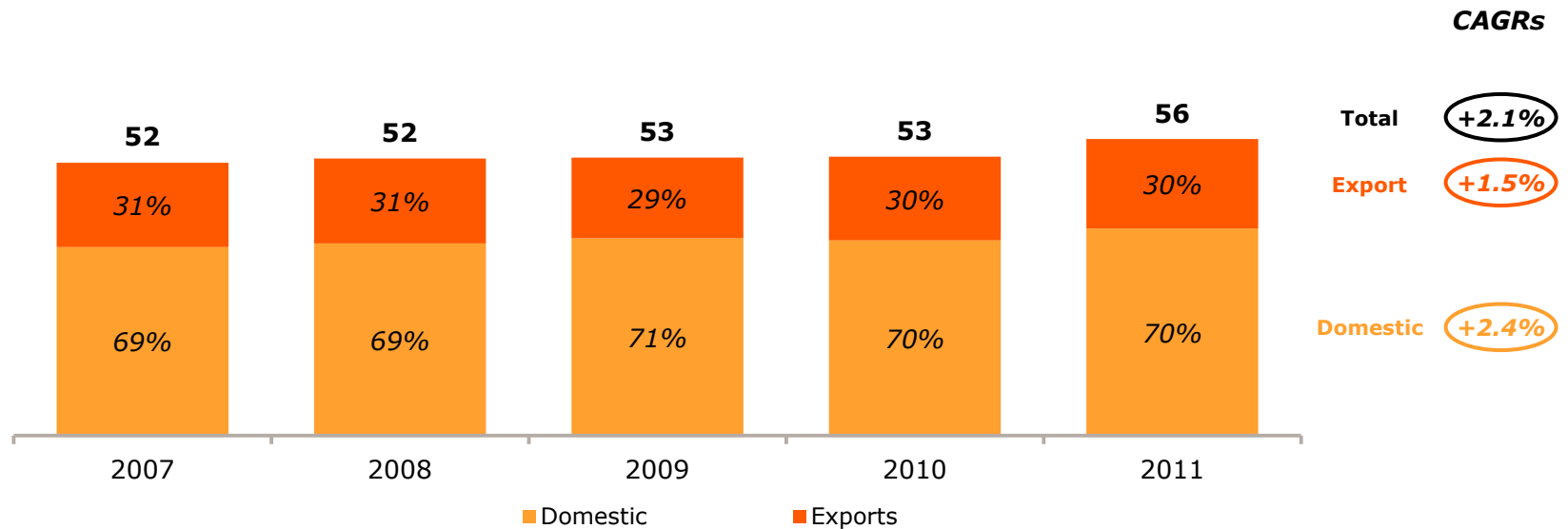


Modelo Export Volume: 17 mHL



# Track Record of Strong and Sustainable Growth

## Modelo Volume Development (mHL)



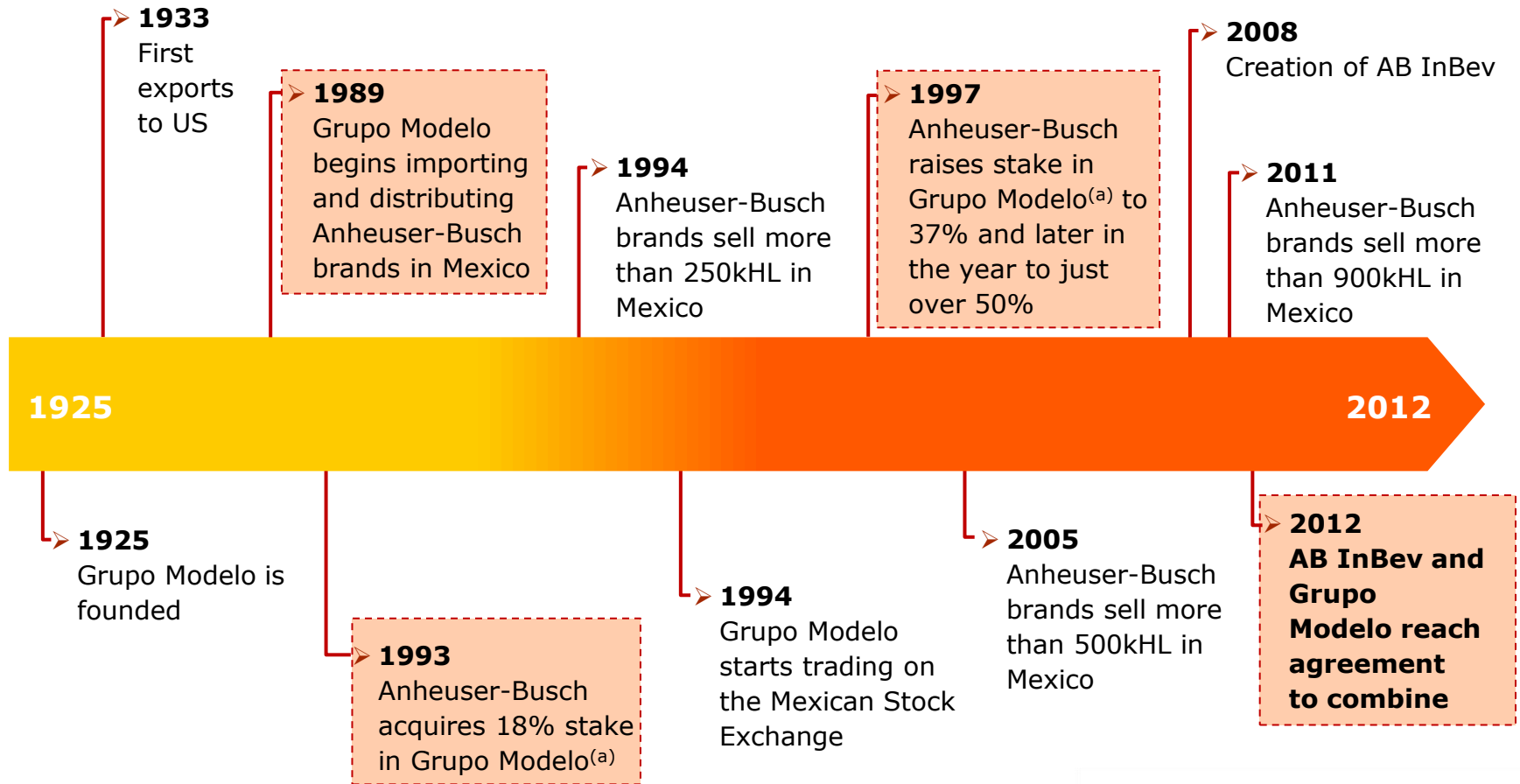
- Modelo's domestic volume grew organically at a CAGR of 2.4% over the last five years
- Exports mainly driven by strong performance of the Corona and Modelo Especial brands





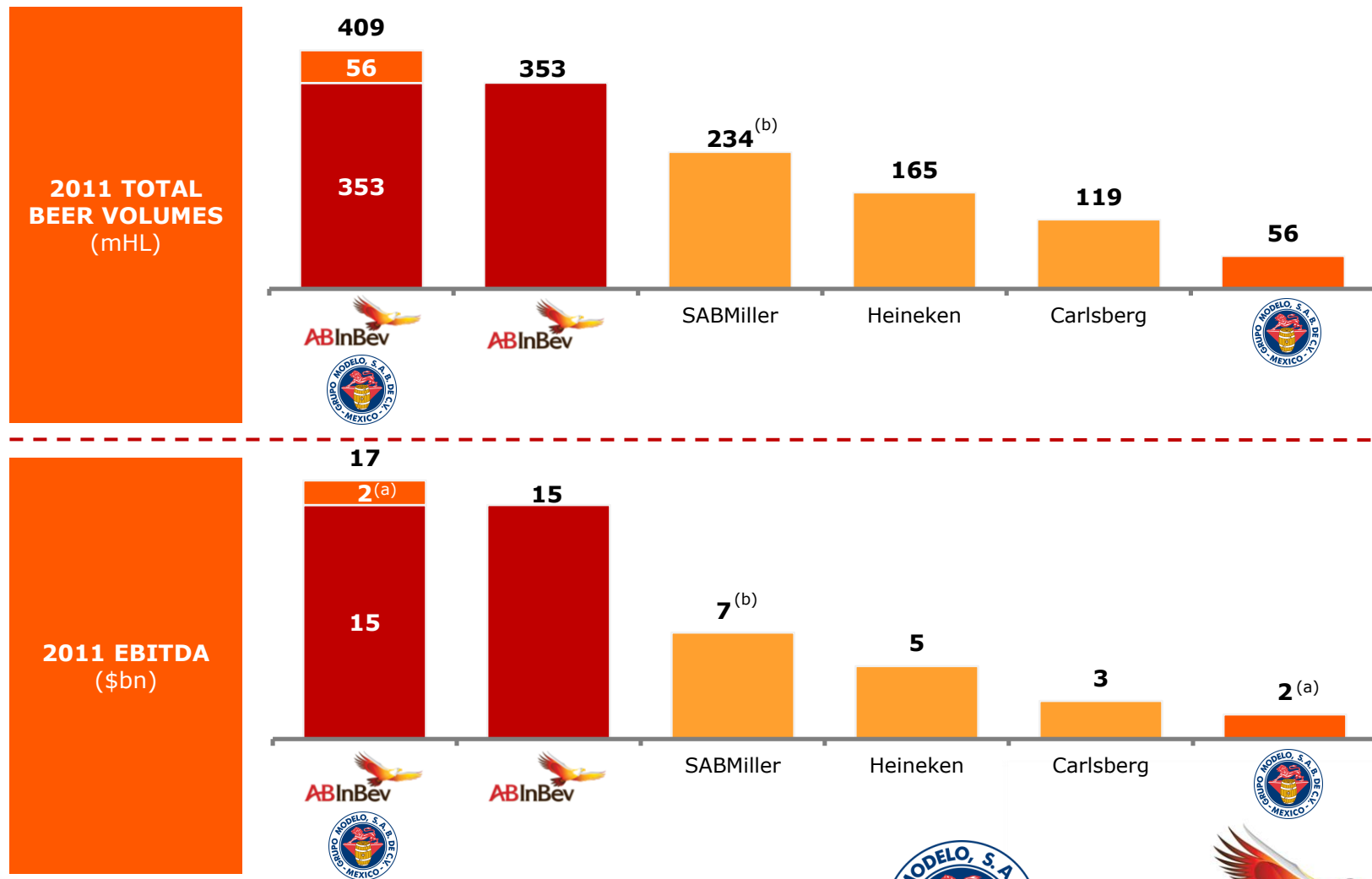
**A Compelling Combination**

# A Long Standing Successful Partnership



(a) Direct and indirect investment in Grupo Modelo and its subsidiaries.

# Combined Company Will Lead the Global Beer Industry



Source: Company Filings.

(a) Represents EBITDA expected to be consolidated by AB InBev.  
 (b) Volumes and EBITDA figures calendarized to December, include MillerCoors and are pro forma for Foster's acquisition.





# Estimated Combined 2012 Revenues and EBITDA

Key Figures	AB InBev <sup>(a)</sup>	Grupo Modelo <sup>(b)</sup>	Illustrative <sup>(d)</sup> Combined	% Increase
2012E REVENUES	\$40.4bn	\$6.4bn	\$46.8bn	+16%
2012E EBITDA	\$16.0bn	\$2.1bn	\$18.1bn	+13%
# OF BILLION DOLLAR BRANDS <sup>(c)</sup>	14	3	17	+21%

Source: Wall Street Research, Company Information.

(a) Based on IBES consensus.

(b) Represents amounts expected to be consolidated by AB InBev.

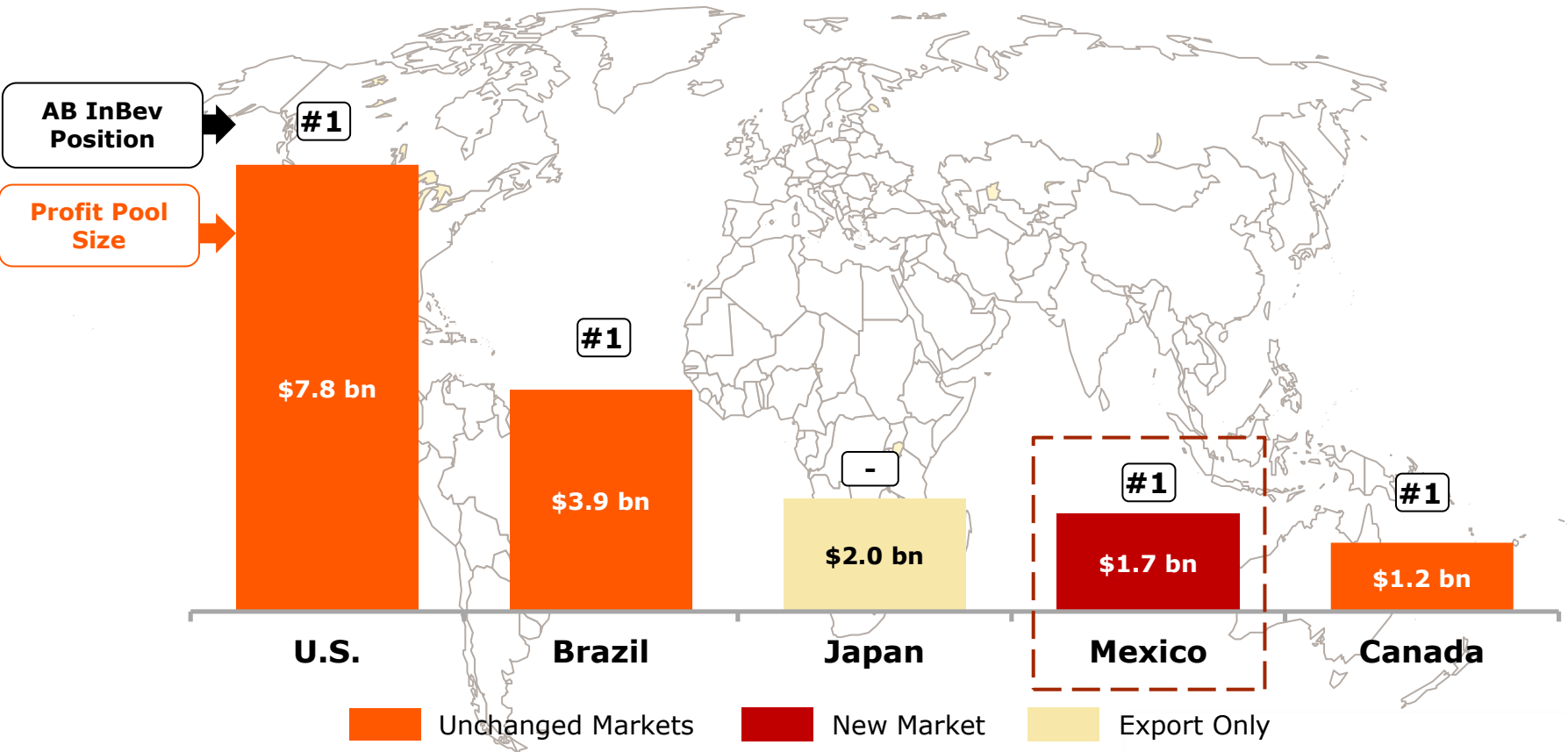
(c) Refers to brands generating estimated retail sales of more than \$1billion.

(d) Excludes synergies.



# Modelo Leads the World's Fourth Largest Profit Pool

- The combined company will hold the #1 position in 4 of the top 5 profit pools globally



Source: Nomura Research Report on European Beverages dated May 14<sup>th</sup>, 2012.

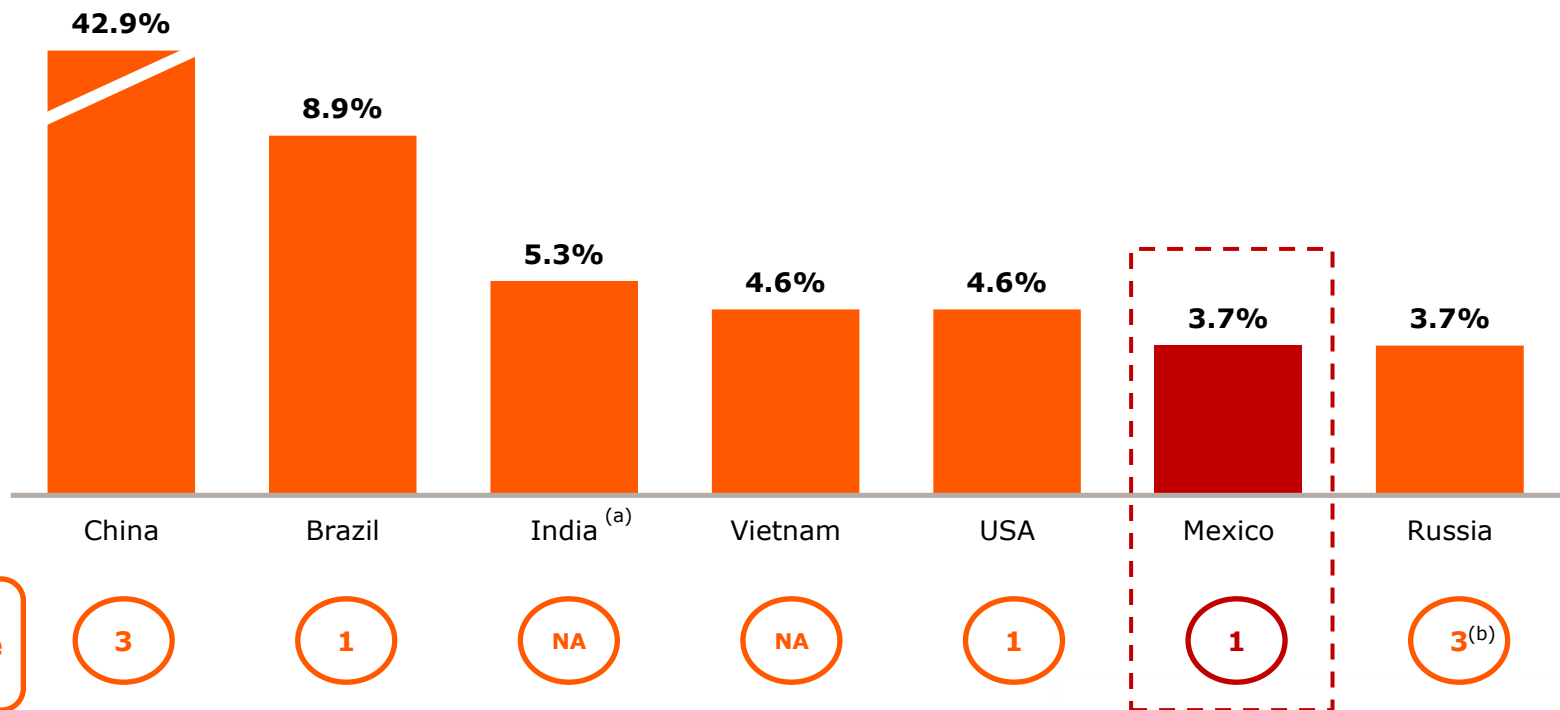
Note: Profit pool equals 2011 consolidated EBIT per market.



# Providing an Additional Source of Growth

- Mexico further increases AB InBev's exposure to key growth markets over the next decade

## Estimated Contribution to Global Beer Volume Growth 2011-2020



Source: Plato as of May 2012.

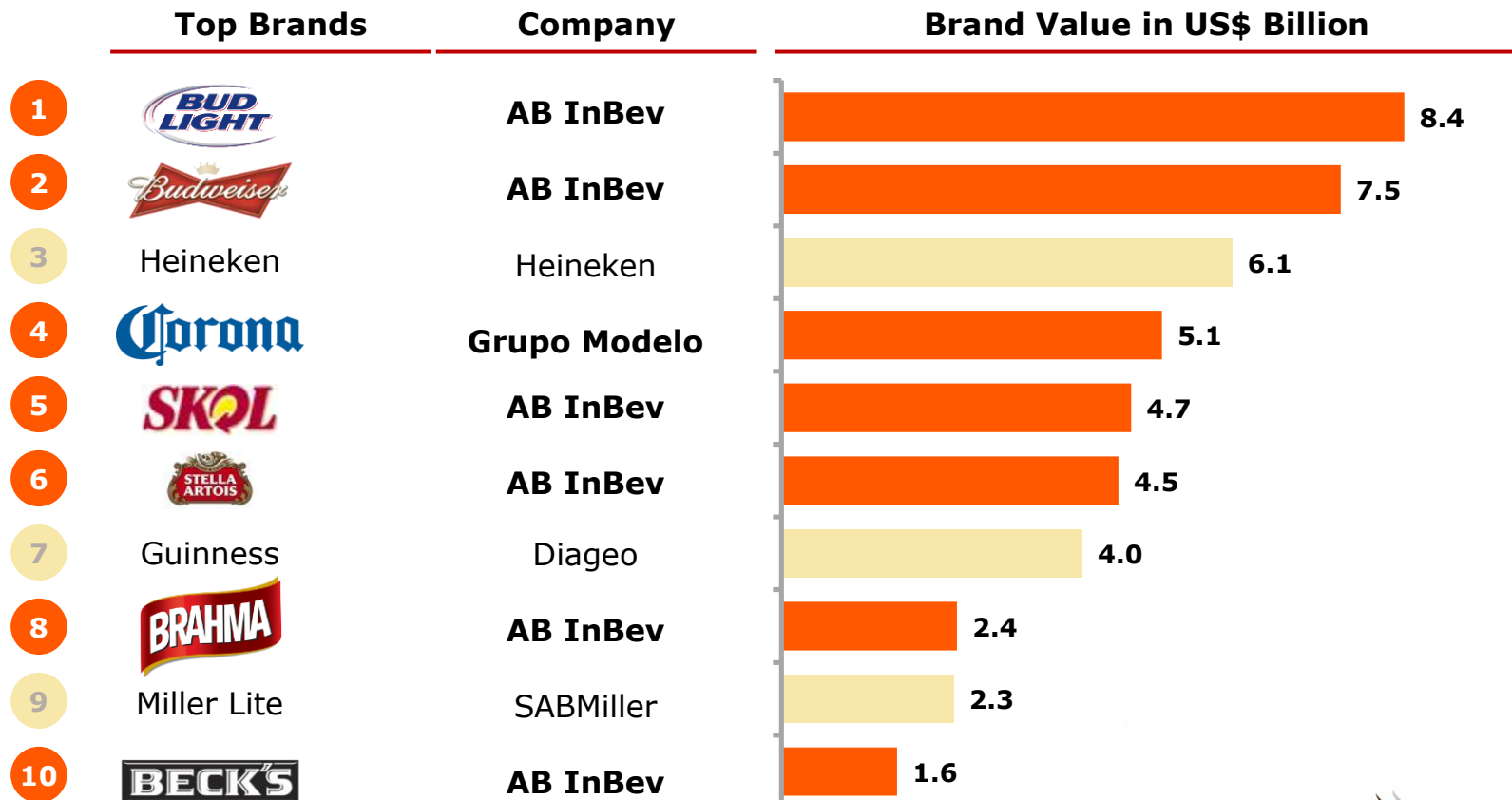
(a) AB InBev present through a joint venture.

(b) Post merger of Efes and SABMiller's assets.

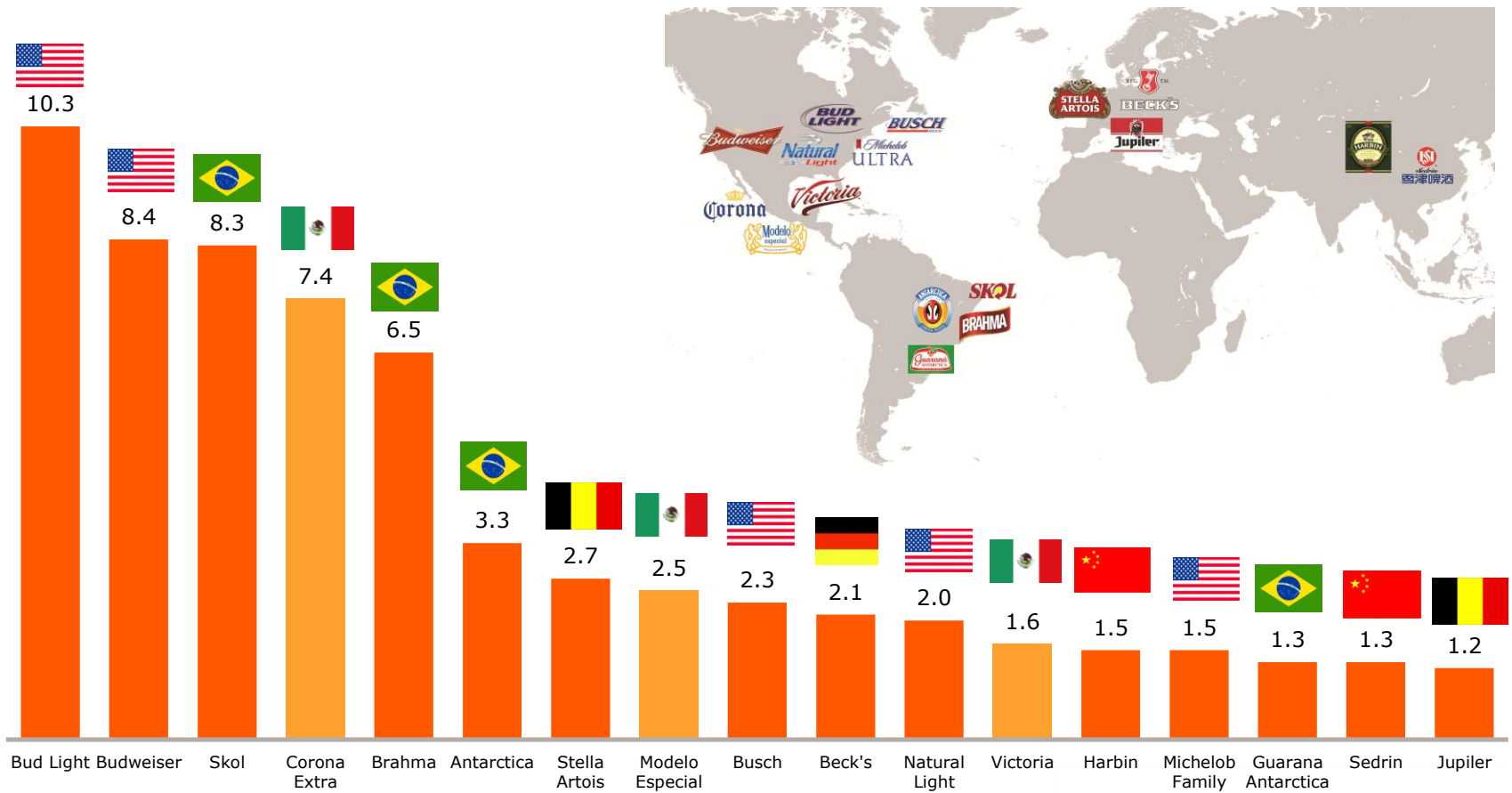


# An Unparalleled Portfolio of Leading Brands

- Combination will bring together 5 of the top 6 and 7 of the top 10 most valuable beer brands globally, each with distinct brand imagery and consumer positioning



# 17 Billion-Dollar Brands Across the World



Source: Company Information.  
 Note: Estimated retail sales value in \$ billions.



# Corona Will Join Budweiser as a Global Flagship Brand...

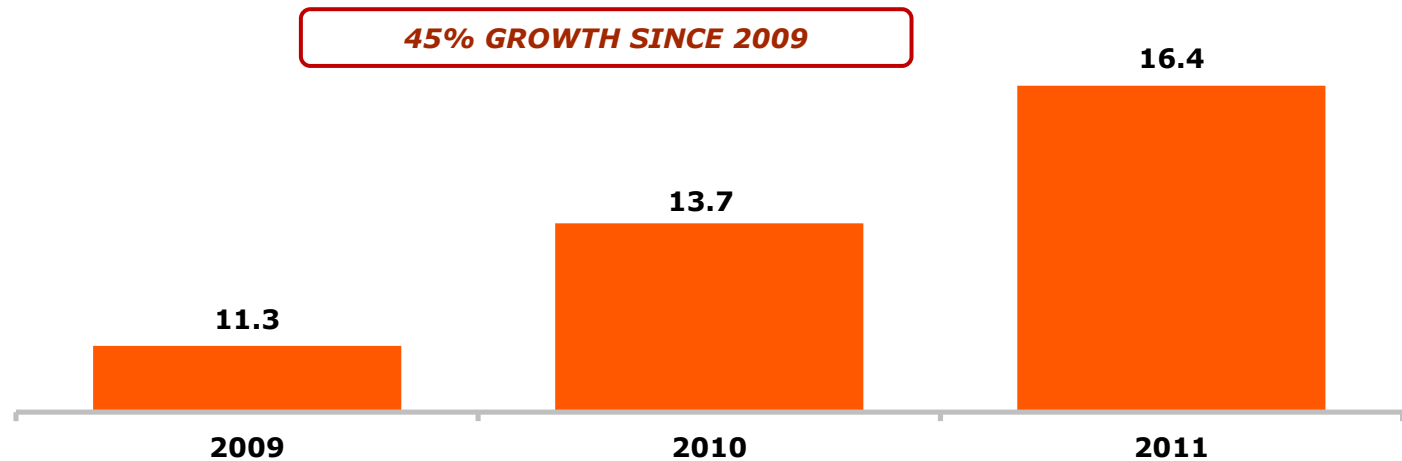
- Corona is exported to more than 180 countries
  - ❖ #1 import brand in 38 countries
  - ❖ Total export volumes of 12.7<sup>(a)</sup> mHL
  - ❖ Included for the second consecutive year in the top 100 Best Global Brands ranking published by Interbrand
    - First and only Mexican and Latin American brand to be included
  - ❖ One of the top 10 most valuable brands in Latin America, according to BrandZ



## ...Benefiting from AB InBev's Global Platform

- AB InBev has grown the Budweiser brand outside the United States by 45% over the past two years
- AB InBev's global platform should add to Corona's existing strong growth potential

**Budweiser Volume Growth Outside of United States** (in mHL)





# Financial Highlights



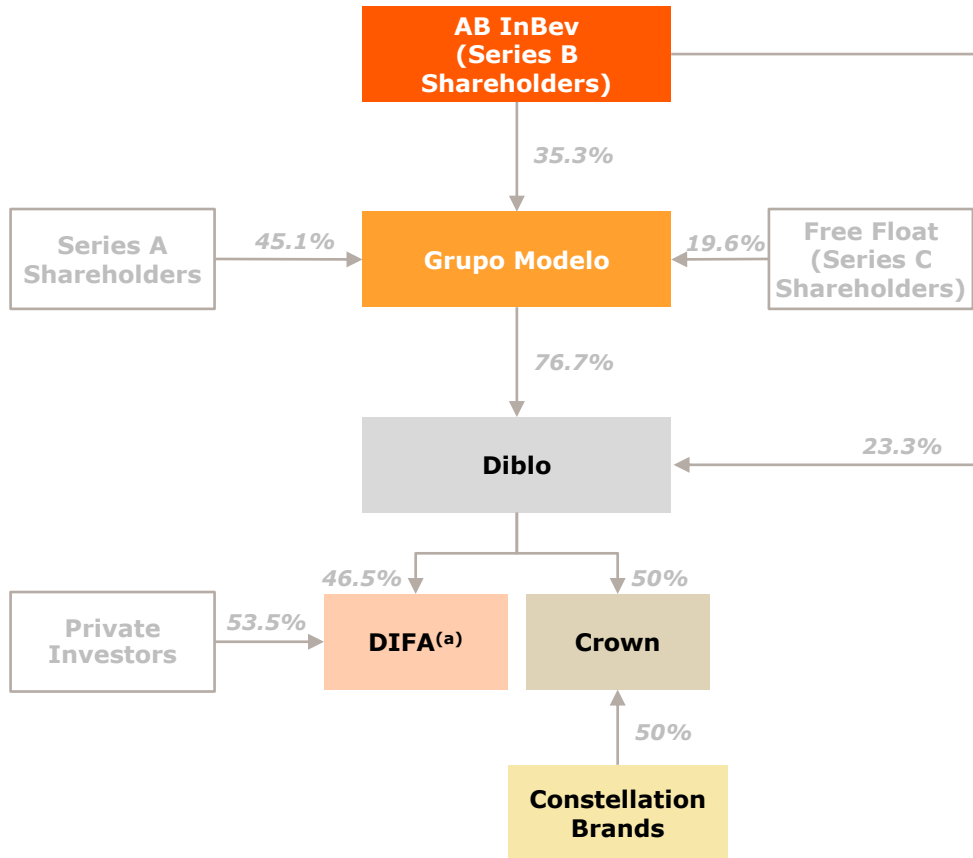
# Revenue and Cost Synergies Potential

- The combined company expects to achieve significant revenue synergies through a further expansion of Corona's sales worldwide by utilizing AB InBev's global distribution network
- The combination will also deliver cost related synergies of at least \$600 million annually, phased-in over four years, via:
  - ❖ Combined purchasing opportunities
  - ❖ Sharing of best practices
  - ❖ Efficiency in overhead and system platform costs
- One-time cash flow synergies of \$500 million, primarily from working capital, delivered over two years

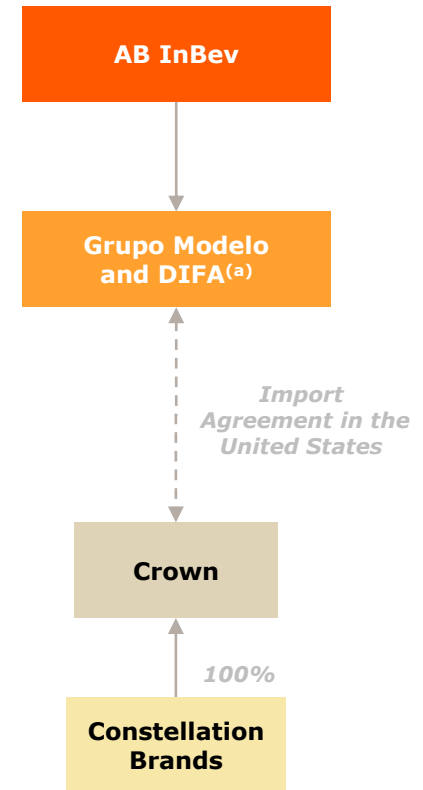


# Simplified Corporate Structure

## Current



## New



Note: Percentages indicate economic interest only.  
 (a) DIFA is a leading Mexican glass bottle manufacturer with output largely dedicated to Grupo Modelo.

# Agreement on Crown

- Crown will remain the U.S. importer for Grupo Modelo's brands
- Grupo Modelo will sell its existing 50% stake in Crown to Constellation Brands for \$1.85 billion, giving Constellation 100% ownership and control of Crown
- Grupo Modelo's brands will continue to be imported, marketed and distributed independently in the U.S. through Crown, on similar economic terms to those it receives today
- Crown will continue to manage all aspects of the business, including marketing, distribution and pricing decisions
- AB InBev will ensure the continuity of supply, quality of the products and ability to introduce innovations
- The agreement provides AB InBev with the right, but not the obligation, to exercise a call option for 100% of Crown every 10 years at a multiple of 13 times EBIT, subject to regulatory approval
- Constellation Brands has committed financing in place to complete the purchase



# AB InBev Financing Overview

- \$14bn total bank financing package
  - ❖ Facility A: \$6bn maximum 2-year term
  - ❖ Facility B: \$8bn 3-year term
- Facilities have an 18-month availability period
- Expected all-in pre-tax cost of the facilities is around 2.0%
- No financial covenants
- AB InBev today has over \$24bn of total liquidity between cash and long-term committed facilities
- AB InBev expects to be below its target Net Debt to EBITDA ratio of 2.0x during the course of 2014



# Transaction Enterprise Value and EBITDA Multiple

(US\$ in Billions)

	<u>Reference Value</u>	<u>Reference EBITDA</u>	<u>Implied Multiple</u>
Equity Purchase of 49.7% of Grupo Modelo/Diblo @ \$9.15/share	\$19.2		
Equity Purchase of 53.5% of DIFA <sup>(a)</sup>	\$0.9		
<b>Total Consideration</b>	<b>\$20.1</b>		
Fair Value of AB InBev's Existing Stakes in Grupo Modelo/Diblo per IFRS 13	\$13.0		
Grupo Modelo Net Cash as of March 31 <sup>st</sup> , 2012	(\$2.7)		
Crown Minority Interest (50%) <sup>(b)</sup> - Portion not Owned by Grupo Modelo	\$1.85		
<b>Transaction Enterprise Value</b>	<b>\$32.2</b>	<b>\$2.5<sup>(c)</sup></b>	<b>12.9x</b>
Elimination of Crown Minority Interest (50%) <sup>(b)</sup> - Portion not Owned by Grupo Modelo	(\$1.85)	(\$0.2) <sup>(d)</sup>	
Disposal of 50% interest in Crown	(\$1.85)	(\$0.2) <sup>(d)</sup>	
Estimated Cost Synergies	-	\$0.6	
<b>Transaction Enterprise Value - Net of Crown Disposal and Including Cost Synergies</b>	<b>\$28.5</b>	<b>\$2.7</b>	<b>10.8x</b>



Note: Values may not add up due to rounding.

(a) DIFA is a leading Mexican glass bottle manufacturer. Assumes 103 million newly issued Grupo Modelo shares at \$9.15 per share as part of the merger of DIFA into Grupo Modelo.

(b) Valued at sale price of Modelo's 50% interest to Constellation Brands.

(c) Assumes 2012E IBES consensus for Modelo and latest 12 months results for DIFA.

(d) 2011 actual EBITDA for Crown as reported by Modelo.

# Sources and Uses of Funds

(US\$ in Billions, except per share data)

Sources of Funds		Uses of Funds	
Facility A (Maximum 2-Year Term)	\$6.0	Purchase of A Shares (1,459m @ \$9.15 per Share)	\$13.4
Facility B (3-Year Term)	\$8.0	Purchase of C Shares (634m @ \$9.15 per Share)	\$5.8
AB InBev Cash	\$0.2	<b>Purchase of All Outstanding Grupo Modelo and DIBLO Shares</b>	<b>\$19.2</b>
		Purchase of 53.5% of DIFA Equity <sup>(a)</sup>	\$0.9
		<b>Total Consideration</b>	<b>\$20.1</b>
		Proceeds from Crown Disposal (\$1.85bn), Grupo Modelo Shareholder Equity Reinvestment (\$1.5bn) and Grupo Modelo Cash (\$2.7bn) <sup>(b)</sup>	(\$6.0)
		Fees and Transaction Costs	\$0.2
<b>Total Sources of Funds</b>	<b>\$14.2</b>	<b>Total Uses of Funds</b>	<b>\$14.2</b>

Note: Values may not add up due to rounding.

(a) DIFA is a leading Mexican glass bottle manufacturer. Assumes 103 million newly issued Grupo Modelo shares at \$9.15 per share as part of the merger of DIFA into Grupo Modelo.

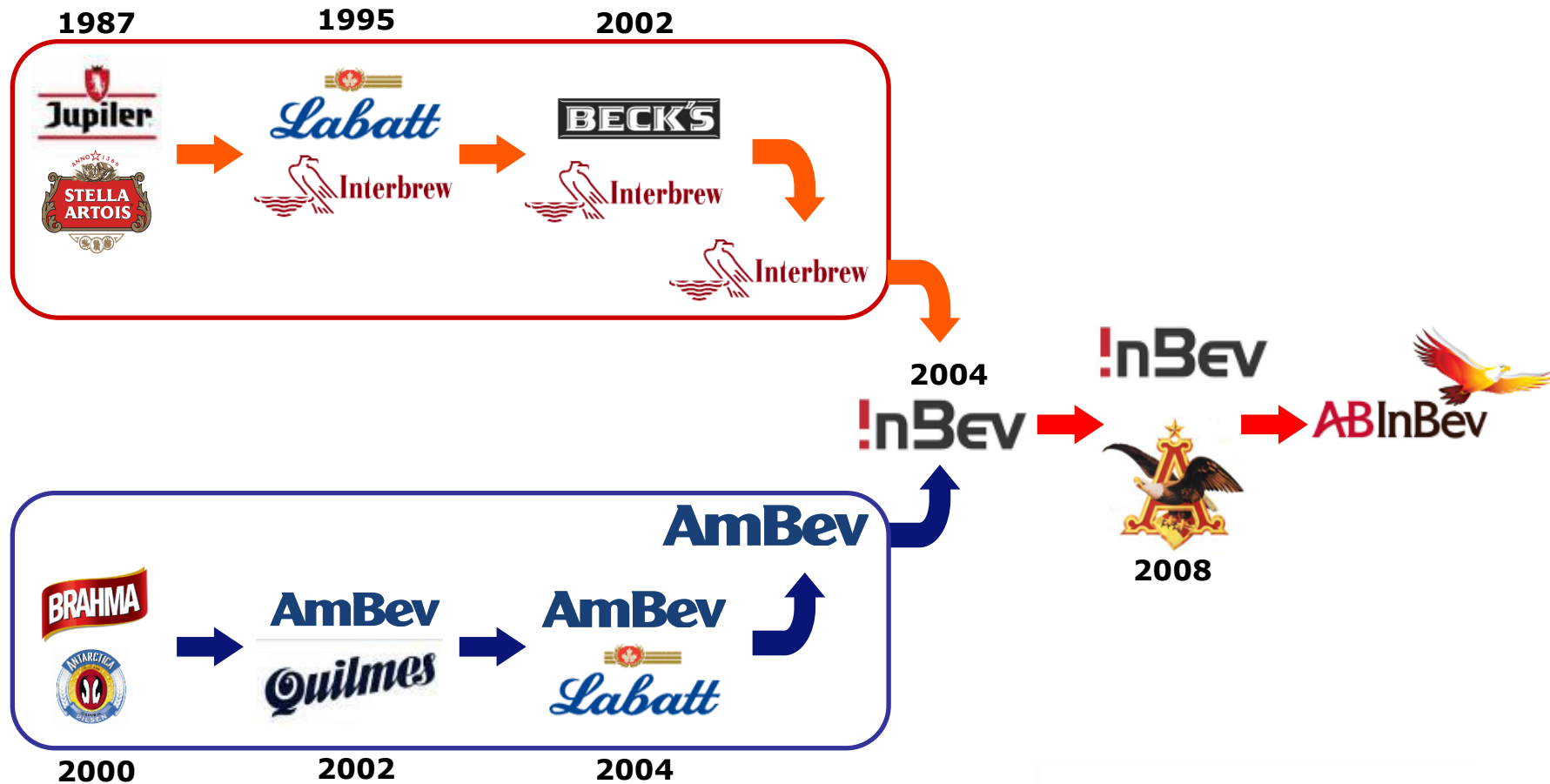
(b) Modelo cash balance as of March 31<sup>st</sup> 2012.





# Successful Track Record

# Strong History in Successfully Completing Combinations



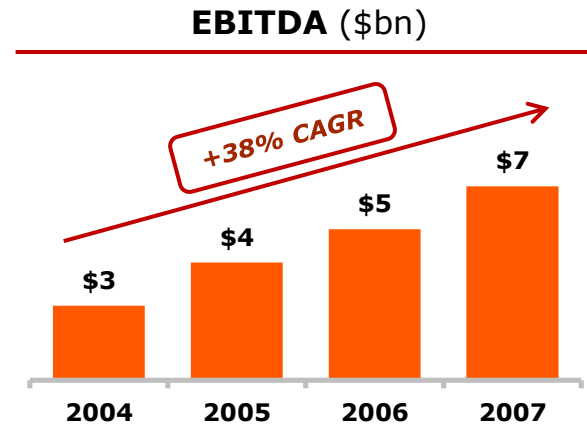
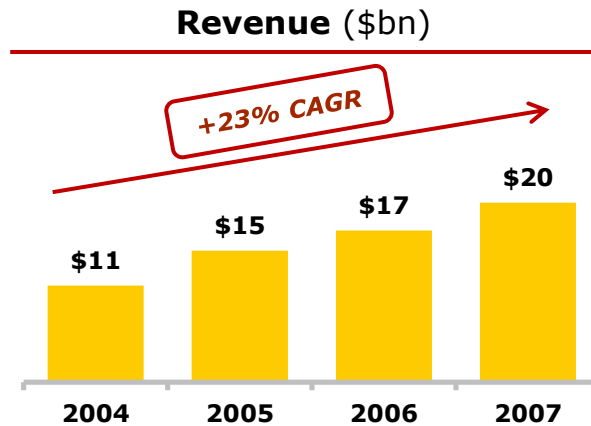


# Proven Track Record of Delivering on Financial Targets

**INTERBREW  
/  
AMBEV**

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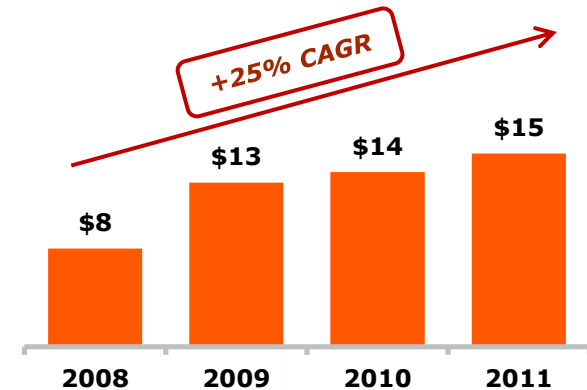
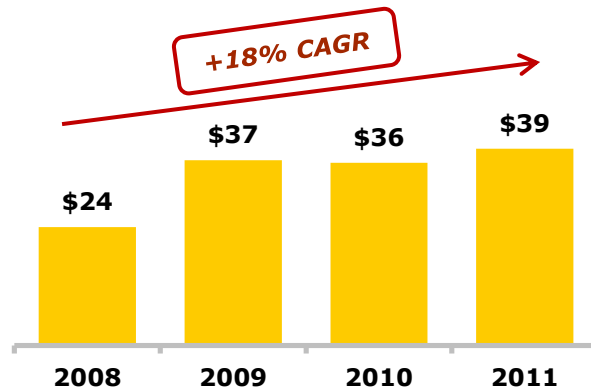
**CLOSING  
DATE:  
AUG. 2004**



**INBEV  
/  
ANHEUSER-  
BUSCH**

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**CLOSING  
DATE:  
NOV. 2008**

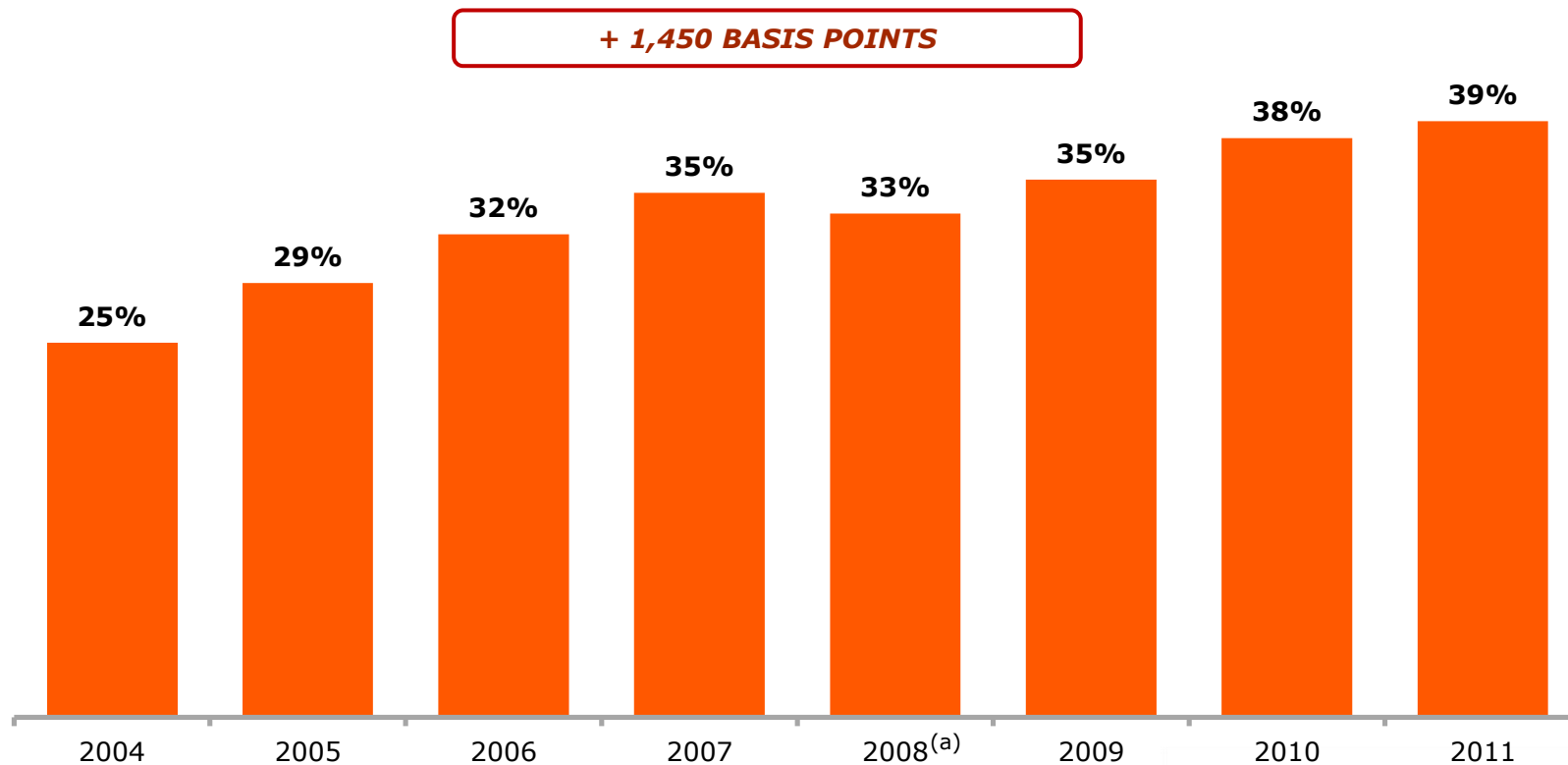


Source: Company Information.

Note: For Interbrew/Ambev figures are reported in Euro and converted in US\$ at the yearly average exchange rate. For AB InBev/Anheuser-Busch figures are as reported.

# Continuously Improving Profitability

## AB InBev EBITDA Margin

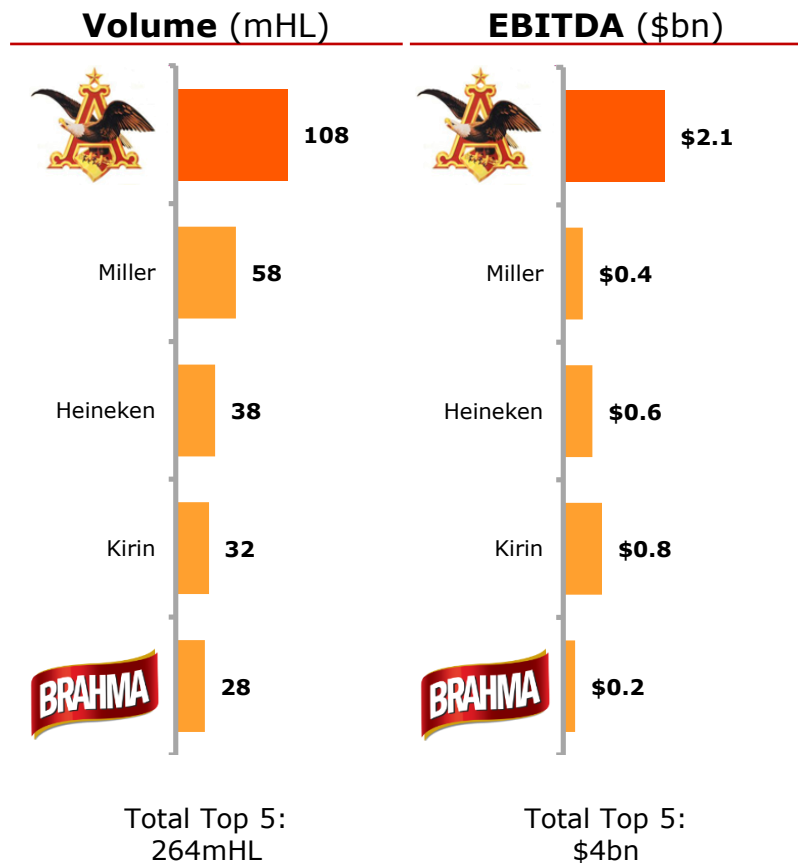


Source: Company Information.

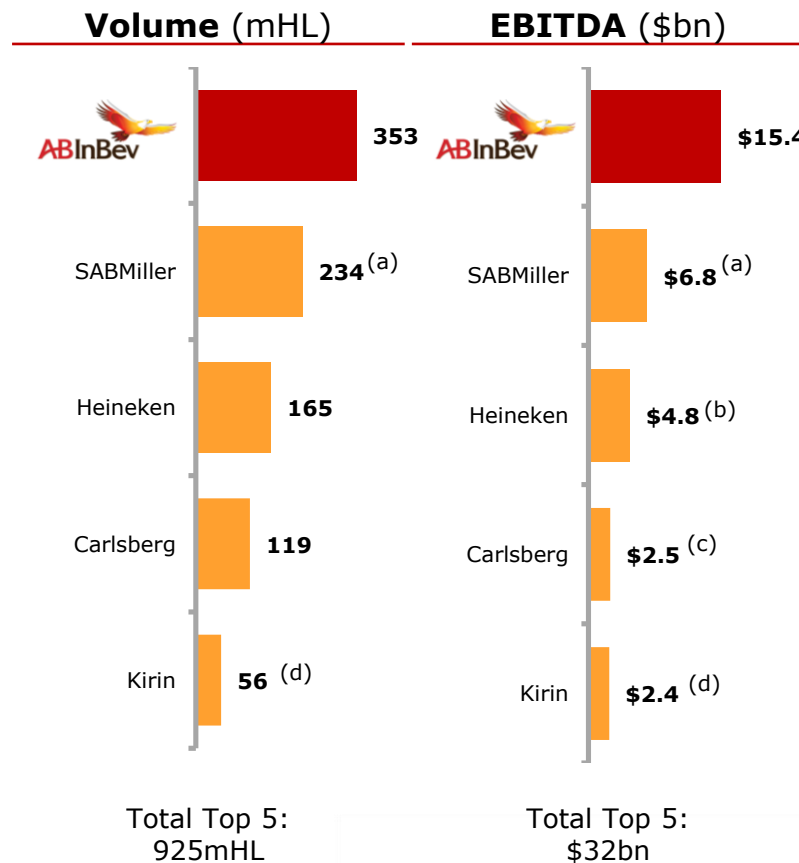
(a) Assumes full year contribution of Anheuser Busch.

# Became the Global Leader in Beer in Two Decades

## Top 5 Global Brewers 1990



## Top 5 Global Brewers 2011

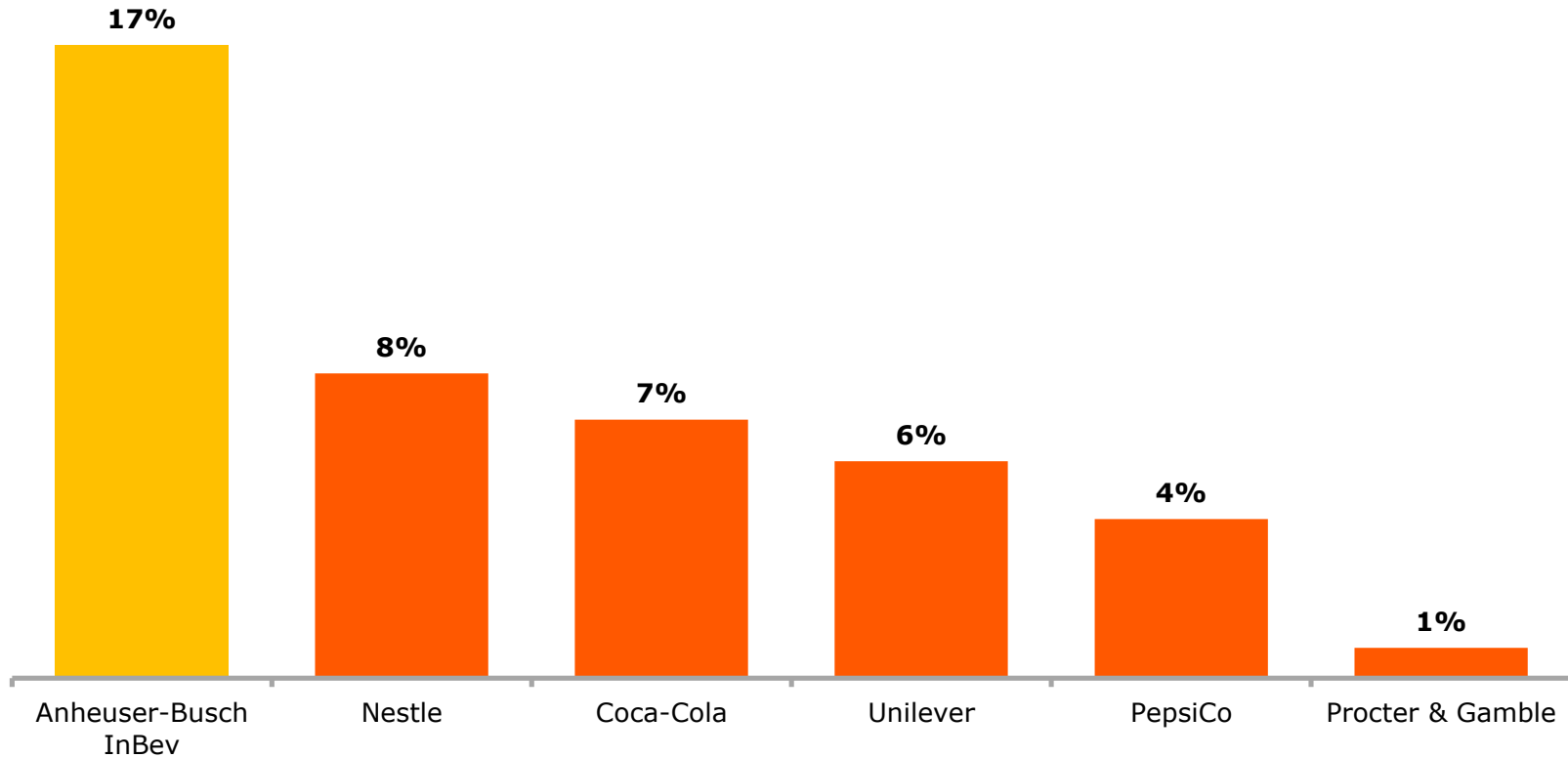


Source: Company information, Wall Street Research.  
 Note: Volumes include beer only; EBITDA as reported unless otherwise noted.  
 (a) Includes MillerCoors share; pro forma for Foster's.  
 (b) EBITDA as reported converted at EUR to USD of 1.39, year average.  
 (c) EBITDA as reported converted at DKK to USD of 0.19, year average.  
 (d) Includes San Miguel share; pro forma for Schincariol.



# Annual Average Stock Performance Since InBev Creation

Stock Performance CAGR September 2004 – June 2012



Source: Factset as of June 22<sup>nd</sup>, 2012.



# Successful Corporate Responsibility Programs

Promoting Responsible Drinking

Giving Back to our Communities

Leaders in Sustainability

Strong Environmental Commitment



Best Beer Company in a **Better** World



Combination Will Enhance Career Opportunities for Employees





# Key Next Steps

# Key Next Steps

- Complete required filings
  
- Receive regulatory approvals
  - ❖ Hart-Scott-Rodino (U.S.)
  - ❖ Non-U.S. Antitrust Clearances – Mexico and others
  
- The transaction is expected to be completed during the first quarter of 2013, after the following steps have taken place:
  - ❖ Merge Diblo and DIFA into Grupo Modelo
  - ❖ Launch Tender Offer for Grupo Modelo's outstanding shares
  - ❖ Grupo Modelo to sell interest in Crown to Constellation Brands



# Strategic Rationale

**A natural step in the long and successful partnership between the two brewers**

**Mexico is an attractive market in which to invest**

**Significant growth opportunities from combining two leading brand portfolios and networks**

**Unites Grupo Modelo's #1 position in the world's fourth largest profit pool with AB InBev's global leadership**

**Synergy potential from combined purchasing and sharing of best practices of at least \$600 million**







# Q&A





**Thank You**