Category Leadership

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We needed to become more CUSTOMER CENTRIC

2011

2013

Rebuilding retailer relationships through

trust + content

Beer is…

BIG

#1 Category

CSD

#2 Category

BEER

#3 Category

CIGS

Source : IRI Cross-Category MULC YTD 9/8/11

EFFICIENT

Of Total Alcohol

1/2

Sales

1/3

Space

1/8

Inventory

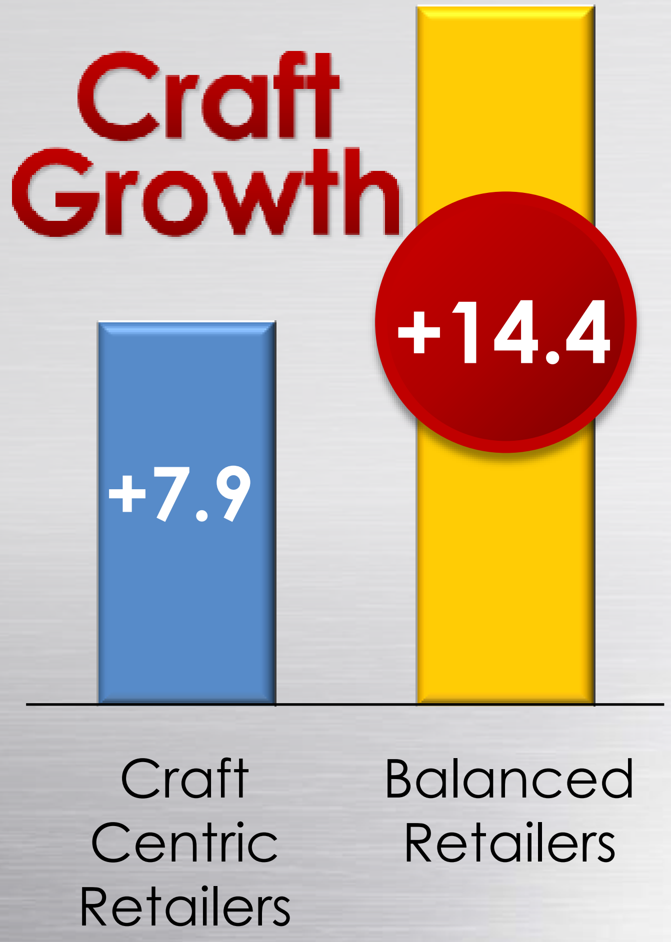
Source : Adams Handbook Advance 2010,
2011 Willard Bishop Study and Beer Poll 12mo ending Dec 2010

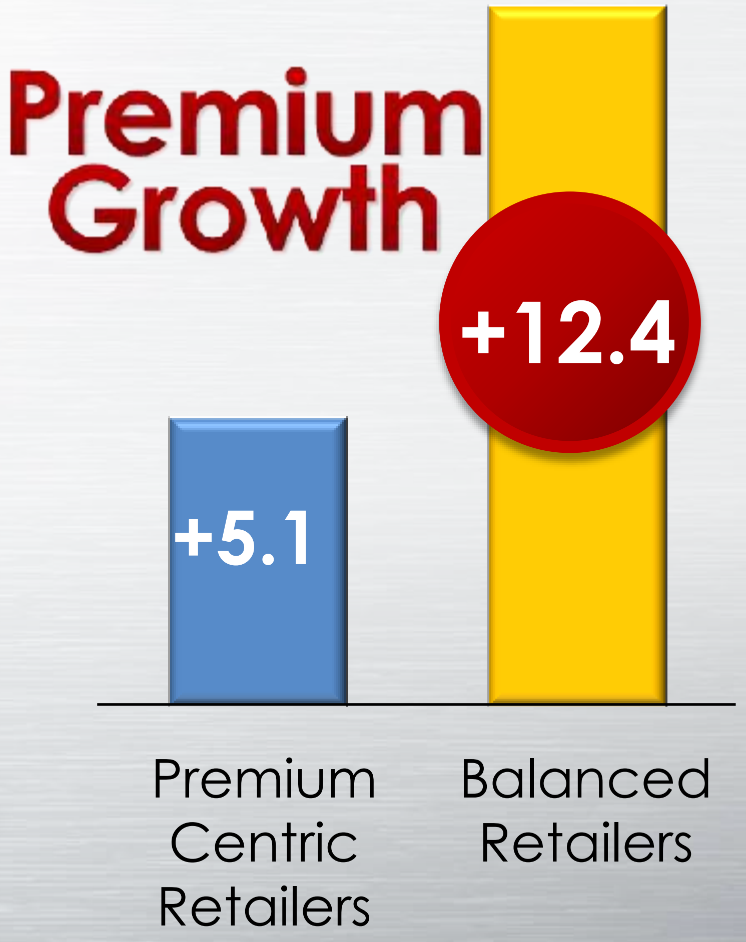
Best performing retailers were growing the Category in Balance

Strategy	Observations	Winning percentage	Winning trend vs. ROM	Losing Percentage	Losing trend vs. ROM
Category	**327**	**47%**	**+7.1%**	**53%**	**-4.9%**
Craft Premium	43	21%	+4.9%	79%	-4.3%
Premium Craft	53	70%	+5.3%	30%	-0.9%
Balanced approach	107	93%	+8.4%	7%	-2.6%
All other strategy	124	7%	+2.6%	93%	-5.8%

327 RMA's surveyed vs. ROM over 6 months – Supermarkets, C-Stores, Mass March Drug – IRI Latest 26 weeks 6/23/13.
Winning is defined as an RMA with Category trends – 1% better than ROM. Dominate Strategy is defined as segment trends of RMA – 1% better than ROM

Balanced Retailers produce better Craft and Premium trends





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Post-BPA Deployment Beer Category Revenue

ALL TIME HIGH

Source : IRI MULC Ending 9/9/12

BPA recommendations helped us revert Premium feature trends

Premium features down 10 years!

Source: Feature vision year to date 2012

Retailer Perception that Beer is a net drag on the P&L

GOOD

Traffic Driver

BAD

Lower Margins

15.6%

BEER VS.

25.0%

TOTAL STORE

MISSING

Recommendations

Identifying Retailer Goals and Metrics

Planogram Compliance

OOS Reduction

Basket

Clean Store

Gross Margin %

Rate of Sale

Inventory Reduction

Operating Profit

Market Share

Conversion

Revenue Growth

Sales per Foot

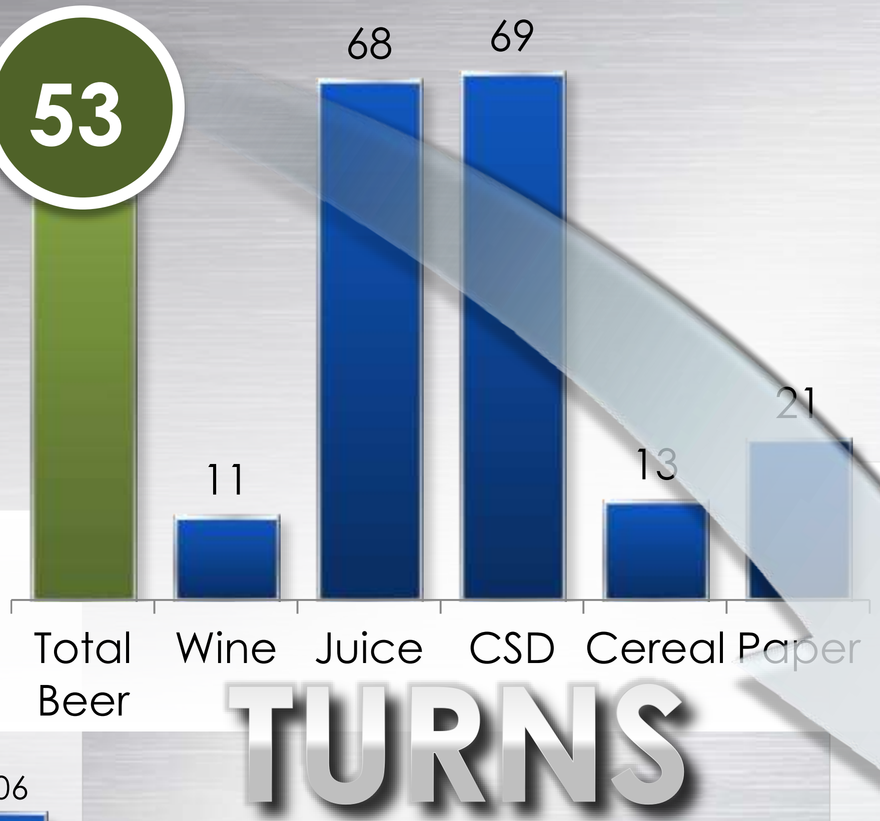
Key Metrics to Drive Cross-Category Comparison

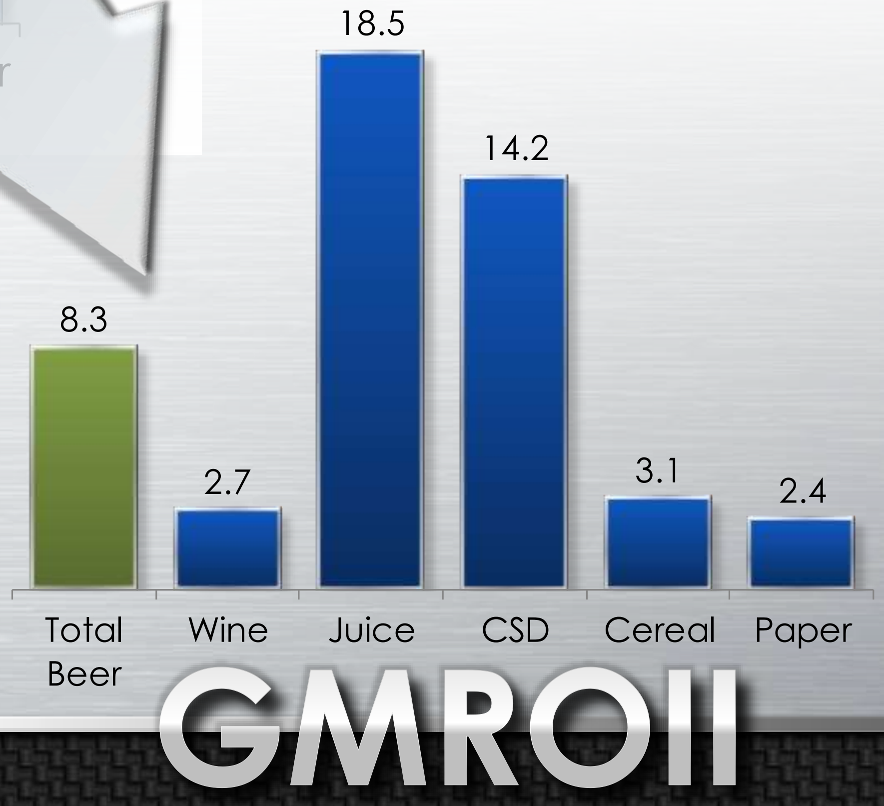
Total Store Revenue	Contribution of total retail dollars
Space Allocation	Space allocation share Gross margin dollars per foot
Inventory	Gross Margin Return on Invested Inventory (GMROII) Days of inventory
Operating Costs	Logistic savings from DSD Merchandising savings from DSD

Beer over-delivers vs. Space Allocation

Beer accounts for 3% of Dollars in 2% of Space

Beer is efficient!





SOURCE: 30 store visits; IRI; Kantar; team analysis

Beer is profitable
from a fully-loaded grocery perspective

	Total Format – P&L	Beer – P&L
Net Sales	100.0%	**100.0%**
COGS	75.0%	**84.4%**
Gross Margin	25.0%	**15.6%**
Labor	11.8%	**6.0%**
Occupancy	2.0%	**2.2%**
Distribution	6.8%	**3.0%**
Other	1.5%	**1.2%**
Operating Profit	**3.0%**	**3.3%**

Beer has 10% Better Operating Margin than Average

Source: McKinsey Consulting and Kantar Retail Analytics

YBPA, the most comprehensive deep-dive into beer retailer economics ever

- New retailer segmentation
  - Channel
  - New retailer segmentation
  - Population density
  - Beer Space
- Quartile Retailers by annual store revenues
- Clustered retailers by quartiles
- Compressed clusters to identify the

"REVENUE LEADER"

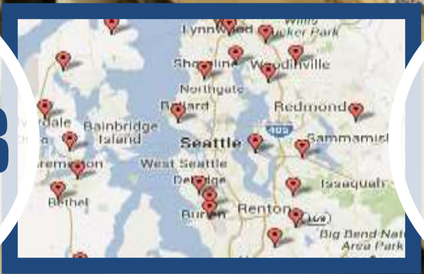
ANHEUSER-BUSCH, INC. Mobility SELLING SYSTEM

MarketTrack The Power of Market Intelligence

pmt PLANOGRAM MANAGEMENT TOOL

TERADATA

IRi Growth delivered.



Leveraging **26.1GB** of data

POC Level data for **40k** accounts

YBPA = Your Balanced Portfolio Approach

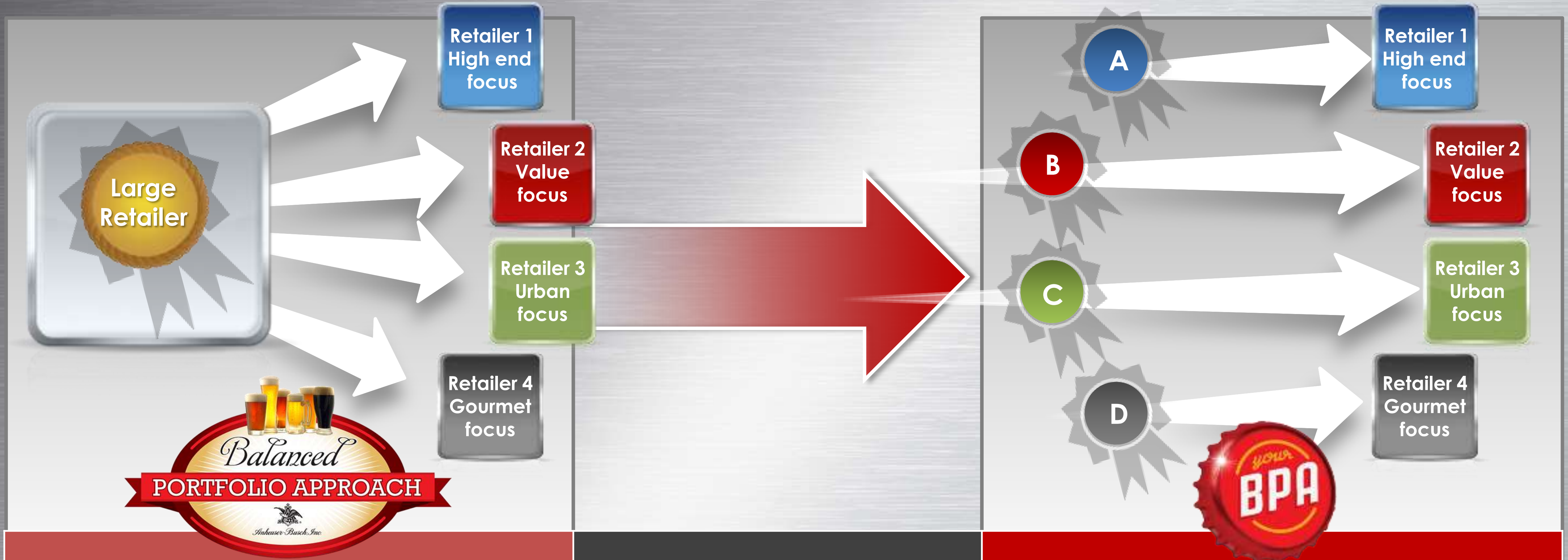
Retailer Segmentation Process

BY CHANNEL → **BY ROUTE TO MARKET** → **BY POPULATION DENSITY**

	S SAVVY MARKET	A ASSOCIATE MARKET	V VALUE MARKET	E EXPERIENCE MARKET
Out-of-Store Advertising	Loyalty, Coupons, Double Coupons	[illegible]	[illegible]	[illegible]
In-Store Advertising	[illegible]	[illegible]	[illegible]	[illegible]
Service Stations	[illegible]	[illegible]	[illegible]	[illegible]
Assortment / Pricing	[illegible]	[illegible]	[illegible]	[illegible]
Rewards	[illegible]	[illegible]	[illegible]	[illegible]

80% Correlation Between Revenue and Population

We are taking BPA one step further, driving "like-for-like" comparison



Old BPA	Criteria	New BPA
One set	Requirements	Four sets
None	Differentiation	By Segment
No consideration	Retailer Strategy	Considered
One strategy	Category Management	Four strategies

Differences in performance is driven by choices of assortment, space, displays and revenue management

	Q4	Q3	Q2	Q1
	Top Quartile			Bottom Quartile
Space Allocation *Linear Feet*				
Assortment *Total SKUs*				
SKU Density *SKUs/Ft*				
Features *Per Week*				
Price Index *Vs. Premium*				

Beer	41.6
Craft	5.4
Import	4.9
Premium +	4.2
Premium	15.5
Value	11.6

Balanced Portfolio Approach customized research delivering “Your” BPA

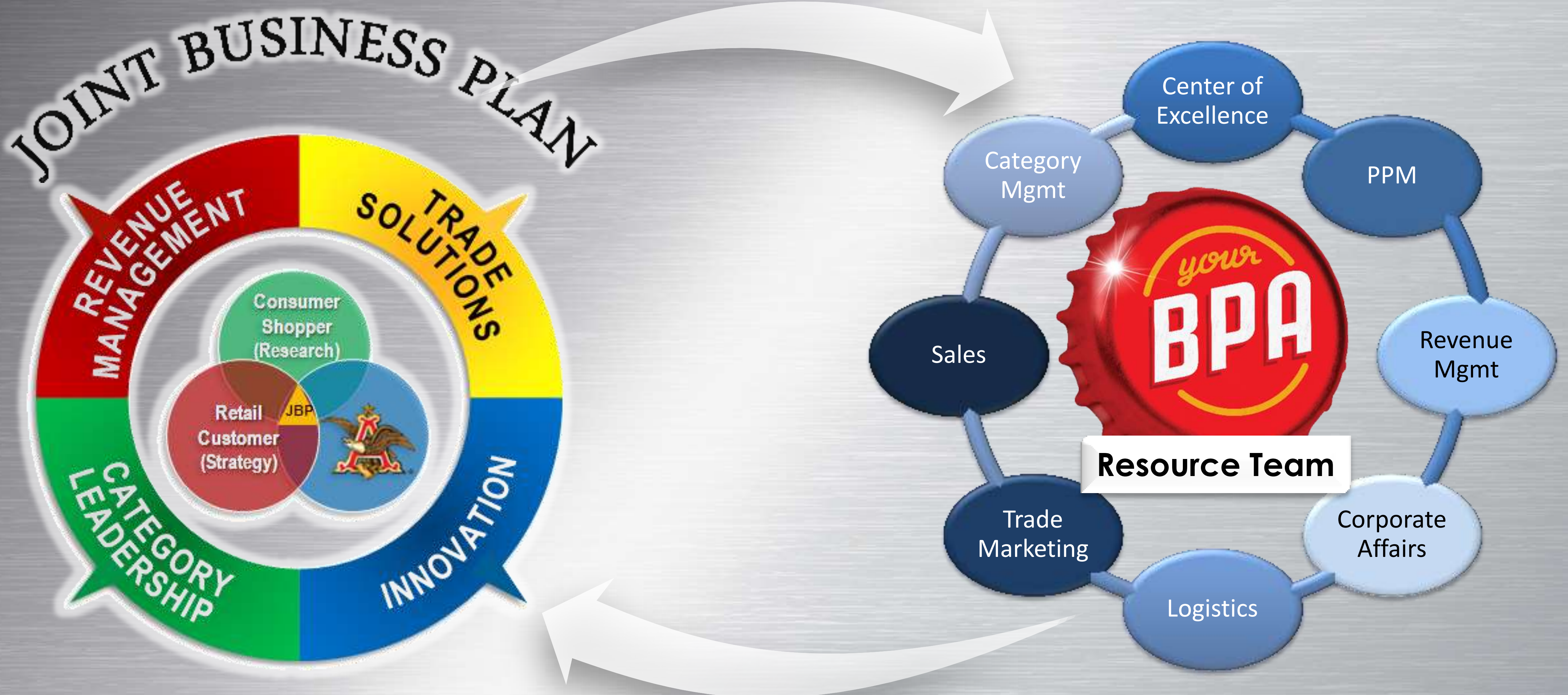
Retailer X is a Savvy Supermarket with high market share and high population density

"Your" BPA Quartile Analysis (for illustrative purposes)

	Revenue per Store	Space Linear Ft	Rev/Ft	SKUs	Rev/SKU	SKU Density	Displays	Display Size	Weekly Features
	1	2					3		
Retailer "X"	$400,000	60.0	$6,667	372	$1,075	6.2	5.5	248	0.7
Top Quartile	$1,000,000	68.6	$14,577	352	$2,841	5.1	6.5	358	4.9
Quartile 3	$750,000	63.8	$11,755	337	$2,226	5.3	5.6	248	5.2
Quartile 2	$600,000	61.4	$9,772	333	$1,802	5.4	5.5	220	5.1
Bottom Quartile	$300,000	55.9	$5,367	293	$1,024	5.2	4.4	186	5.2
Retailer Quartile	Q2	Q1	Q1	NA	Q1	NA	Q2	Q3	Q1

1. Top Quartiles Retailers generate $1.0MM in Revenue/Store; Retailer "X" has a $0.6MM opportunity/store
2. Retailer "X" has less space, but more skus than Top Quartile Retailers leading to greater sku density
3. Retailer "X" could add incremental Displays and Features to better emulate Top performing retailers

Consistent planning supported by Cross-Functional Resources



Category Leadership

Beer sales outpacing Total Store

Your BPA custom insights and recommendations

JBP framework to close gaps

Source: IRI MULC Cross category year to date 2013

Trust and content leads collaborative partnerships

new category captaincies

trust + content

CATEGORY LEADERSHIP

REVENUE MANAGEMENT

SALES EXECUTION

TRADE MARKETING