

Investor Seminar
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Thanks David. Good morning everyone! I'm very proud of what we've built in Brazil, and had a great experience and learned a LOT in Canada. But, I'm even more excited about the transformation we've been driving in the U.S. Sales Organization

So, my presentation today will focus on how we translate our Sales Strategy into an effective Market Execution! As you saw earlier in David's presentation, the US Beer market is extremely complex. As a result of these market complexities, we faced a dilemma in the US during the Integration process: How do we take advantage of our scale in a very fragmented market? To address the dilemma, we combined the Best of AB with the Best of Inbev.

From AB we found a powerful technology infrastructure and robust sales tools. From Inbev, we brought a strong culture and highly structured processes, leveraging our strategic planning, disciplined execution, and a proven management system. But, we learned from other markets that we operated in before AB, that just copy and pasting the Brazil or Argentina Sales Machine model would not work in the US.

So, we created our own US Sales Machine framework, combining the best of both companies, while respecting the complexity and dynamics of the local market. The base of this framework is our Capture, Analyze and Deploy Wheel. Historically, AB has captured in the market millions of data points, but has never leveraged the data to build and deploy a consistent sales strategy. We've invested a lot of time and effort to analyze these data points, develop a long term Sales Strategy, and more importantly, deploy this Strategy using our Scale in a very standard and consistent way.

We then defined five critical areas to build our Sales Machine framework Game Plan, which is the translation of our sales strategy Account Level Planning, or POC planning, sales force segmentation, Sales Process playbook and, technology. So, now let me give you a brief overview of each initiative starting with the Game Plan!

The Game Plan objective is to provide clear Sales Priorities and execution guidelines to twenty seven thousand sales Reps across the country. We first take into consideration our four key Channels: Convenience, Grocery, Package liquor, and the On Premise. We then prioritize our brand programs within each channel. The first priority is our monthly Big Bet which will always be linked to Bud Light and Budweiser. Our next priorities are the Premium Plus and High end brands. Although these brands are smaller than Bud & bud light, they are driving the industry growth. And priority 3 has our Value and Latino programs. Value is still 30% of our volume and Latinos are a key demographic for us! This is an actual example of our 2014 game plan!

From there, we define for each program, a playbook that provides very detailed activation guidelines and clear expectations. These playbooks help wholesalers and retailers buy into our trade programs.

Ok, now, let's move to our Account level Planning tool or POC Planning! This tool is a game changer for us! The tool allows us to recommend the trade investment for each individual account in the country ensuring wholesalers know our Game Plan guidelines and invest their sales dollars in proven programs that are linked to our sales strategy. AB wholesalers have the "freedom" to make their own investment decisions.

So, POC Planning has been a challenge to some wholesalers but, we have successfully worked with them to implement the process this year in more than 70% of our operations. As I mentioned before, we gather lots of data and insights that give us a competitive advantage. We input many different sources of data into the tool, like 140 million zip code based household shopper panel, millions of store level planograms. Then, we funnel all of this data, along with our channel and brand priorities, into our POC planning tool.

The tool models all of the inputs using big data, and creates monthly display, SKU and brand programming recommendations, for each individual POC. The outcome of our "POC Level Plan model" is a data-driven business plan by Account. This business plan provides clear monthly Account Level objectives for Displays, Assortment, Trade programs and space targets.

We have NOT heard of any CPG that has the ability to provide this granular information and objectives at the Account level. That's powerful! As a result, in 2013, we have sent out over 3 million POC level objectives with 90% of them being executed by our Wholesalers. More importantly, in accounts where POC Planning has been implemented, we have seen a volume lift of 1.4% vs. control accounts. In 2014, we will increase our POC planning coverage to 90% of our Wholesalers. OK, that is POC Planning!

Now let's talk about our Sales Force Segmentation. Historically, wholesalers have adopted a geographic approach with one Rep calling on all different channels. Based on our RTM expertise from other countries, we quickly move to a channel-specific Segmented Model, dedicating one Rep into one specific channel. This approach, allows us to be more specialized in the marketplace!

And in order to bring the right structure for each individual Wholesaler, we developed a "Sizing model" to identify the right number of sales reps in each operation. As a result, we have increased our channel specific routes by 24% this year, delivering 3.4% volume lift. Next year we have an ambitious Goal to Scale Up the Segmentation Model implementation to 85% of the wholesalers.

Ok. But with this army of people on the street, next step was to define their routines and processes to set clear directions and expectations. So, we developed our standard Sales Process Playbook! The Sales Process Playbook standardizes routines and tools using our PDCA methodology. Each Playbook covers the daily routines, target settings, Compensation, and reporting systems.

In addition to the Sales Rep playbook, we have standardized playbooks for all of the key sales positions throughout the organization, including Key Account Managers, District Managers, and Merchandisers. We truly believe standard processes and tools drive consistent execution!

Now, let's move to the last part of my presentation. Technology! Mobility is our Platform to connect all of this information back to the sales rep. As you saw throughout my presentation in such a complex market as the US analytics, big data, modeling and intelligence are critical to identify opportunities and deliver optimal objectives to the Sales Reps.

But, if there is one thing that I have learned in my 17 years of sales experience, it's that no matter what we do we must keep it very simple for the Sales Rep! That's what we call internally: complexity in a Box! When a sales rep enters a POC he has to know exactly what we expect from him in that specific account. So, here is where we connect everything.

It all starts with our game plan which is the translation of our sales strategy into specific brand programs prioritized by Channel. From there, we define our POC blueprint providing a monthly individual business plan for each account. Then we send out specific objectives to our Sales Reps. Rep's can easily check these objectives on their iPad's. When a Sales Rep enters an account, the objective pops up on their screen and they can see clear guidelines with a picture of how the Display should be built.

We will be sending out from St Louis next year, over 9 million objectives to our Twenty Seven Thousand sales reps across the country. We also provide a daily Standard dashboard where the Sales Reps can track their overall performance with visibility to Volume objectives, Share of Displays, Base Distribution and other key metrics that drives the business. And to guarantee a "healthy pressure" in the system, we provide the same visibility to our management team via their iPhones.

Our managers can walk into any store in the country and see what objective was supposed to be executed in that specific account so they can evaluate the account execution and check compliance. We track the results by channel by month and send feedback to wholesalers on how they are performing in their markets. We have executed over five hundred thousand "Score the Store" surveys, this year!

All right. With this disciplined approach, leveraging standard processes and tools, we guarantee a very consistent market execution across the entire country. And before finishing my presentation I would like to show you a quick video to give you a more visual representation of what I just presented Please roll the video [video rolls].

As a result of our Sales Machine implementation, we have been delivering strong growth in our Key Sales execution metrics for the past 2 years our SKUs per POC are up by 16%. We gained 2.5 percentage points on displays, almost a share-point in space, and two percentage-points of share of features. These are strong results!

Ok, At this point, I hope you are confident that we are building the BEST Sales Machine in the world. With that, I would like to invite Sanjiv, our Trade Marketing VP, who has been with the company for 20 years in a wide variety of marketing and sales roles. He will explain how we are going to use this great infra-structure to drive our Trade Marketing programs. Thank you very much!