

AB InBev Investor Seminar
November 14th, 2013
Rob McCarthy, VP Bud Light - Bud Light Family

Good Afternoon, My name is Rob McCarthy and I lead the Bud Light business in the US. I joined the company 17 years ago in Canada, in Public Affairs, but have spent most of my career in Marketing. In late 2009, I came to the US to lead Budweiser, and took over the reins of our number 1 priority, Bud Light, this past February.

I am responsible for what we call Bud Light Mega ... which includes all the brands under the Bud Light trademark, including Bud Light Lime, Platinum and the Ritas.

Our mission is to grow both share of beer, and share of throat, with all the Bud Light brands. I've compiled the overview today into three sections.

First, we will take a look at total Mega brand performance.
Then, I will touch on connecting with Millennials.
And we will close, with a brief look at the incredible suite of assets that Bud Light employs, to best connect with US beer drinkers.

The Bud Light Mega story really is AN INCREDIBLE ONE.

It's a story that includes: The recent launch of the Bud Light Lime Ritas. With close 2 million barrels sold in 18 months, at a 170 price index.

And Bud Light Platinum. With close to a full share point in its second year – easily the most successful launch since Bud Light Lime.

And then there's Lime itself ... The first flavored beer to truly achieve national status. Lime has experienced a lot of pressure recently from new entrants, but it is hanging in there. Bud Light Lime today, is 2 ½ times the size of Redd's Apple Ale, and 40 % bigger than Blue Moon.

You can see in the time-series depicted, with each of the successful launches of Lime, Platinum and the Rita's ... total Mega share propelled forward to a new height each time.

And of course, we have Bud Light as the base. As Paul said the largest and most important beer brand in the US. Bud Light remains uncontested as the number 1 beer in America. More than one in 5 beers consumed in the IRI universe is a Bud Light. And, almost one in 4 beers consumed every day in the US, is a Bud Light Mega brand. Our confidence in the Mega strategy plays out in Brand health as well.

More beer drinkers today are claiming a Bud Light brand as their favorite, than at any time in the brand's history. And it's growing.

Now, I'd like to spend few extra minutes to talk to you about our two newest Bud Light family

members – Platinum and the Ritas.

In 2012, we unveiled not one, but two, significant innovations into the US beer market. In fact, we left all other category launches in the dust. The list you see behind me is year-over-year revenue growth generated in 2012 and 2013.

In 2012, Platinum and Lime-A-Rita absolutely ran away with category growth. In fact, Platinum was the number 2 grocery launch of all CPG categories. So, topping 2012 was a tough task, but we did it.

Straw-ber-rita not only led the way, but Lime-A-Rita kept growing right along with it. Pretty amazing stuff.

Both Platinum and the Ritas are more than just trail-blazers in terms of volume and revenue. Platinum essentially created a new segment in beer – Higher Alcohol Premium Plus.

This is a segment that we capitalized on this year, with the launch of Budweiser Black Crown and Beck's Sapphire. All in, this segment represents 29 million annualized cases and it is all ours.

And the Ritas actually created a completely new category. Alco-fusion -- The intersection of beer and cocktails. We believe, the fact the Ritas were born of the sociability of beer, makes them relevant in way more occasions than traditional FMBs.

We also know, both of these launches are substituting for wine, and hard liquor, at very high rates.

The chart you see here is from the IRI consumer panel. It represents where Platinum and the Ritas, sourced their volume.

A few highlights:

- Lime-A-Rita sourced more from Wine & Hard Liquor, than from beer.
- 12 per cent of Straw-ber-Rita volume was completely new to the category.
- And Platinum sourced 44% of its volume from Wine and Hard Liquor.

Now let's switch gears and talk about Bud Light base, and our on-going quest to connect with Millennials. Bud Light became the Nation's most popular beer, by always connecting with young adult beer drinkers.

First, it was the Baby Boomers ... all the way back to the "Gimme a Light" launch campaign. Then ... Generation X and now, The Millennials.

If ever there was a brand, perfectly suited to connect with the elusive Millennial consumer ... it is Bud Light. Because Bud Light itself, is actually a Millennial. Take a look. (Bud Light Millennial Video Plays)

In order for a brand to “Win”, with ANY “new” generation, you need to connect. To connect, you need to be current. YOU NEED to be relevant. To be PART of culture, NOT, an outsider looking in.

Bud light sits in a pretty exclusive group of US brands that Millennials consider to be their most favorite. These are the brands they most connect with. In beer, that Brand is Bud Light.. for both men and women.

We started our journey, toward a new Bud Light advertising campaign, with very open minds. We started by talking to consumers. Specifically, Millennials. We did A LOT of research. We talked to them about beer, we talked about advertising, we talked about light beer advertising, and we talked about Bud Light advertising ...

Hearing directly from consumers, was both enlightening and encouraging. Enlightening, because it was consistent and clear, that they want Bud Light to talk to them and treat them as intelligent consumers.

And it was encouraging, because not only do consumers think Bud Light can do it, they want Bud Light to evolve with them.

This next video is a representation of the winning positioning we tested. This positioning, has in turn led to the advertising currently in development. Take a look. (Bud Light Do More Video Plays.)

THIS video represents the Bud Light that American beer drinkers, want to buy. The one they want to engage with.

We are full-steam ahead on the new Bud Light advertising campaign, and you will see it debut on Super Bowl.

Now, let’s talk about the Bud Light properties and assets we employ to connect with beer drinkers in the US. It is truly an incredible list.

Led by the biggest of our bets – The NFL. I will more about the NFL later.

In 2014, we will have another anchor to the plan with the World Cup. Budweiser and Bud Light will share the World Cup sponsorship, providing consumers with two different takes on the event, and will also allow our system lots of flexibility to execute.

The NBA and NHL offer incredible local, and national, connection opportunities.

That middle column is focused on the Hispanic consumer.

UFC is obviously not exclusively Hispanic. But it indexes at almost a 200 with Hispanic males who are avid fans.

That logo under the UFC is the Mexican National Soccer Team. Bud Light was the first

American brand to sponsor the team, and it is a partnership that has paid big dividends for the brand.

And finally, we have a few of the Music festivals that Bud Light partners with. Music is increasing in prominence in the Bud Light plan every year. Next year, regardless of whether consumers experience Bud Light Music locally, digitally, or at national events, the communication will be seamless and really focused on connecting.

All in, this one chart represents endless opportunities to connect with US consumers, through passion points that they care about, and want to engage in.

I mentioned the NFL as the biggest of our bets. It certainly is.

The NFL is unmatched in its affinity with US sports fans it's by far the number 1 sport in America. Fans watch more than 200 hours of NFL on TV per season.

This is part of the reason that 8 of the 10 highest rated programs in 2012 were NFL games.

Only the Summer Olympic Opening Ceremonies and The Grammys made the list - in 9th and 10th place!

Each year of our sponsorship, since we took it over 3 seasons ago, we have focused on the fan.

In 2014, we're going to go bigger than we've gone before, with a new theme that puts the 180 million NFL Fans Front and Center.

We will do it by bringing "Acts of Fandom" to life. Our goal is to surprise and delight NFL fans all season long. Our first big Act of Fandom, will be in April, when we will Draft a fan from each city, and ink them to a 1-day "Fan" contract, to represent their team at the NFL Draft; But before we even get to the draft, we need to cap off the 2013 season – in style.

We started planning Super Bowl 2014 even before the game finished last February. With the event moving to New York, we made the decision to go bigger than we've gone in the past. Something never been done before. Have a look at what we are planning for Bud Light Hotel this year. (Bud Light Hotel Video Plays).

It will be quite a show.

As you can imagine, the Bud Light activation calendar is pretty active. We have programming in market every week of every month of the year. And we are constantly striving to bring new news to everything we do

In February, we will launch nationally what is probably the biggest piece of "new news" in our plan. The new Bud Light Cool Twist Aluminum shaped bottle. We believe in this bottle design so much, we invested over \$150 million dollars to develop it. And, it was a wise investment, because it's a shape that really resonates with consumers. Our new Cool Twist aluminum bottle

shape is more refreshing, more modern, and more innovative than the competition's bottle.

We will be treating this new pack, as a major piece of news in 2014. Take a look at our Bud Light Cool Twist Aluminum bottle launch video. (Stark Launch Video Plays.)

Bud Light is a fun brand. There are three things I would like to leave you with today.

First, the Bud Light Mega strategy has been very successful. Bud Light Mega sits at an all-time high Market share.

We are as confident as ever, that Bud Light is perfectly poised to capitalize on the Millennial opportunity.

And finally, Bud Light's portfolio of assets and properties is incredible, and presents unprecedented opportunities to connect with consumers that no other brand can touch.

Thank you.

###