

AB InBev Investor Seminar
November 14th, 2013
Brian Perkins, VP Budweiser - Budweiser Family

Good Morning. As introduced, my name is Brian Perkins, and I am the VP of Budweiser for our US business. I've been with AB InBev for three years – beginning in our global innovation group here in New York City and I recently relocated to St. Louis for the Budweiser role.

Prior to joining AB InBev I worked in brand strategy consulting, investment banking, and a start-up – and I got my MBA from Harvard Business School.

I'm very excited to talk with you about Budweiser today.

As you may know, Budweiser is the most valuable beverage alcohol brand on the planet.

In the recent Interbrand “Best Global Brands” survey, we ranked number one in beer, number one in alcohol and second only to Coke and Pepsi in total beverages.

More to the point, our global brand value grew by 6% versus last year, giving US a \$12.6 billion valuation.

Of course, that is the global brand value, and we are seeing a lot of promising growth outside of the US, but the US represents just under half of total brand contribution, and the US is the heart and soul of this brand – the cultural engine that drives the success of the brand world-wide.

Therefore, we are acutely focused on the US Budweiser business.

Following the merger in 2008, we committed to reversing a long term decline, and stabilizing Budweiser. We're not quite there yet, but stabilization is working.

We see this also from a share perspective. We're still losing share, but we see marked improvement in the trends, and when we factor in the impact of our brand family extensions – like Black Crown – the Budweiser mega brand has shown strong share improvement. Particularly in the past 6 months.

These results are consistent with the improvements we see on a weekly, monthly, and yearly basis in terms of brand health.

To illustrate this, I wanted to show you some examples – direct from consumers – of how we are improving perception of Budweiser.

In 2010 we ran a qualitative research study to audit the brand health of Budweiser.

We gave consumers a stack of magazines and asked them to create a collage of images representing the “best of Budweiser”. This is what they created. On the positive side you can clearly see themes of fun, Americana, and hedonism. However on the negative side the overall

feel is brash, superficial, rural, low-brow, and somewhat irresponsible.

So in 2013 we were excited to run the exact same research methodology with the same representative sample of consumers.

Here you have the “best of Budweiser” image collages from 2013. You’ll see that the overall look and feel is entirely different.

Here you have images of fit and healthy young adults, classy suburban and urban lifestyle images, mass-premium watch brands – even a reference to our own innovation. Americana is there, but it has a heft and class not visible in 2010. This is a major milestone – we have driven re-appraisal and moved perception on this brand.

In fact, every one of our focus groups picked out one image to reflect the best of Budweiser in 2013: This image of a proud suburban dad.

I think this nicely illustrates what Budweiser represents to Americans today: well-groomed, hard-working, proud... real and authentic. Confident and optimistic about the future.

Obviously I don’t have numbers here, but these visual representations closely track the up-tick we see in our brand health metrics between these time periods.

This is a huge achievement and bodes extremely well for Budweiser’s future performance.

Budweiser has two distinct types of drinker: the traditional, loyal Budweiser fan – typically more male and above the age of 35; and the millennial drinker – typically more co-ed and more of a repertoirst drinker.

Needless to say, we have big bets in place to attend to both segments.

Let’s start with the traditionalist. We have three big bet programs that target this consumer: Major league baseball, NASCAR and what we call “red, white and blue” – our patriotic packaging that connects with our military better world partner: the Folds of Honor foundation.

Budweiser is the official sponsor of major league baseball – one of the most-watched sports in the US, and this property over-indexes with the older consumer. The baseball season dovetails with the summer selling season for beer and we activate it in a big way.

As well as sponsoring the league, we sponsor 23 of the 30 mlb clubs, which means we have an unparalleled ability to own every consumer touchpoint with this sport, and drive relevance with the traditionalist Budweiser drinker.

Here are some examples of how we leverage baseball in a 360 degree way: 360 for US means driving execution of the property at every conceivable consumer touchpoint.

In this case, everything from TV, to digital, to experiential, to point of sale materials emphasizes

the quality, authentic association between Budweiser – the great American lager and baseball – the great American pastime.

Moving on to NASCAR. NASCAR is a very targeted sports property for US. As a sport it has specific geographic pockets of high relevance – mostly in the southern US. So we are pretty surgical about where we deploy our brand assets.

The fact is that NASCAR commands a huge audience – 75 million fans! Even better, NASCAR fans are avid Budweiser drinkers and extremely loyal to Budweiser.

We sponsor a number of the big ticket NASCAR events like the Budweiser Duel, Budweiser Speedweeks and the Daytona 500.

We also sponsor Kevin Harvick – one of the most high profile and charismatic drivers in the sport. But if you don't live in a NASCAR area – you won't see any of this, and that is by design.

Ok let's talk about our third big bet program for the traditional Budweiser drinker. Red, white and blue celebrates patriotism, and Budweiser's strong commitment to the military.

Every summer – around the 4th of July weekend – we execute a national roll out of our patriotic packaging.

This generates enormous buzz in the system – really energizes our wholesalers to drive massive, dazzling displays – they clamor for this every year – and consumers love it.

This becomes the high point of our summer selling season – when the great American lager celebrates America's birthday with America's favorite packaging.

The packaging looks outstanding – but it has a higher purpose. We connect our patriotic packaging with a major 'better world' pillar for US – Our military foundation partner: Folds of Honor.

Folds of Honor donates scholarships to the children of fallen and wounded veterans.

The brand donates every year – but even more importantly our wholesalers are champions of this – they really get behind it – and make local community donations to veteran families.

We connect this at retail by alerting consumers to the fact that buying Budweiser benefits military families.

Let's take a look at one of these donations to show you how powerful this can be. (Folds of Honor video plays). Really powerful stuff and really making a difference to people's lives.

It also becomes a unique cause within beer that only Budweiser can truly own as the great American lager.

Ok – those are the big bets for our traditionalist consumer. Now let's talk about what we are doing to connect with Millennials.

The first thing I'll point out is that Budweiser is actually one of the fastest growing premium beer brands with Millennials.

IRI data indicates that we are outpacing competitor brands like Coors Light, Heineken and Miller Lite with this critical consumer.

In terms of the investments we are making here, I'll begin by talking through some of our innovation priorities.

The first one is called Project 12. This is a program designed to put a human face to Budweiser, to have one on one conversations with consumers, and to show beer drinkers what our brewers can do.

Project 12 is a collaboration and crowd-sourcing effort with our 12 breweries and our 12 brewmasters.

Our 12 brewmasters begin with 12 small batch lager recipes and then we bring millennial consumers into the process to taste and vote on these brews at our Budweiser made in America music events. The best brews get voted to the top and we release a sampler pack of these brews to the market. It's really less of a volume play and more of a brand equity play. Consumers get to meet and talk with our brewmasters and sample small-batch new products, which is special coming from a big iconic brand.

This generates a lot of buzz – particularly in the brewing community.

Perhaps more importantly, engagement with this program generates a measurable positive halo to Budweiser.

For example, at the Budweiser made in America festival this summer, 93% of the 12,000 LDA+ consumers who sampled Project 12 stated an improved perception of the Budweiser brand.

In fact, one of the beers from the 2012 Project 12 program was so successful that we launched it nationally this year: that beer is Budweiser Black Crown.

Black Crown is on course to deliver almost twice the volume of Sam Adams Boston Lager in 2013. This launch is positioned to appeal to the millennial 'repertoire' beer drinker, and it is clearly achieving this. Sourcing around 40% of its volume from wine and spirits – and – within beer.

Showing high interaction with craft beer brands like Sam Adams and Blue Moon – while showing low cannibalization of main-brand Budweiser.

In fact the overall drinker profile of Black Crown is younger, more Hispanic and more African

American than Budweiser – so we really are recruiting new drinkers to the Budweiser franchise.

It's a fantastic beer – a golden amber lager brewed with fire-roasted caramel malt. Those who try it really like it.

In fact, Black Crown has a very high rate of repeat purchase – higher than competitive innovations like Redd's Apple Ale.

Higher even than our most successful innovation in the country: Lime-A-Rita.

This brand only has 40% awareness, so it has a lot of run-way.

We've only just begun to roll it out on draught, as well as some other pack formats.

2014 is going to be a big year for Black Crown.

Finally, I want to talk about our biggest Millennial property – our ambitious re-entry into music that we said would re-establish Budweiser's iconic position in LDA+ popular culture.

That property is Budweiser Made in America – a huge music program that we co-founded with Jay Z, our creative partner and a great friend of the brand. And brought together in support of our charitable partner: United Way.

Budweiser Made in America is a large scale music and sampling program that spans the entire spring and summer selling season.

This year we hosted 30 music parties in 30 cities throughout the US, with a total attendance of 45,000 millennial consumers.

These parties culminate in one massive festival in Philadelphia which takes place over the Labor Day weekend.

This September, 120,000 Millennials filled the Ben Franklin Parkway in Philly for an unprecedented two-day event.

Headliners included Beyoncé, Calvin Harris, Deadmau5, Nine Inch Nails, Phoenix and many other big acts.

And if you think 120,000 attendance is impressive, consider the fact that we had 2.5 million consumers watching the event online – and we reached over 100 million consumers in social media.

We went all in on digital amplification – including a complete YouTube takeover and the first ever livestream on Spotify.

Let me show you a quick video to illustrate the epic scale of this event and how it drives re-

appraisal of Budweiser. (Budweiser video plays.) As you can see, Budweiser made in America was quite a success.

To sum up, I would emphasize a few points:

First: Budweiser is the most beverage alcohol brand in the world, and the US is the socio-cultural engine for this success. We are committed to long term stabilization of Budweiser in the USA.

Next: Budweiser has two distinct consumer segments: traditionalists and Millennials.

We are investing in a big way behind our traditional, loyal drinkers by owning baseball, NASCAR, and celebrating patriotism with our red, white and blue packaging and military better world initiatives.

For the millennial drinker, we are responding to powerful consumer demands for variety, provenance and authenticity with our innovation bets like Project 12 and Budweiser Black Crown.

At the same time, we are building for the long term with a major investment in music that is Budweiser made in America. This property is weaving Budweiser into the cultural fabric of the USA, and we will continue to invest here for years to come.

Thank you very much for your time – I hope to see you grabbing some buds at the happy hour this evening.

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