Graham Staley: And Luiz, if you can come back to the stage with Paul and your team. We’ll have a short Q&A on the brand section we have just seen.

Chris Pitcher: OK, Chris Pitcher from Redburn. A high-level question, but at the marketing department, the cost of going all in next year, can you do that and not eat into the U.S. operating margin?

And then secondly, on the NFL property which you have had for three years, can you be honest, has it really delivered what you’d hoped thus far?

Luiz Edmond: We are not disclosing any of our investments at this point, as I said. We're always continuously looking into the programs we have and in [any] one year - the ones that are working, the ones that are not working. And then investing in the ones that we believe are going to be more successful. Sometimes we show the percentages, we never show things we are eliminating in order to be able to invest in those new programs that we are betting on.

Having said that, our investment has been -- I would say that on average investment in the company has been following our top-line growth. So you should see similar impacts going forward.

Sometimes if we believe that things are working and they will generate value for us, we invest more. So, as we deploy the programs in the market, we evaluate the impact and then make decisions with Brito whether we want to invest more or not. Paul, do you want to speak to the NFL?

Paul Chibe: Yes. With respect to the NFL, my view and our view on it is that it remains the premier asset in sports. When you look at audience delivery, fan participation, engagement, loyalty, there is no other asset that we could buy in the sports world that’s comparable to the NFL.
And the other thing that we're very pleased with, on top of the consumer piece, which is formidable, is our ability to execute at retail. Because we're the official NFL sponsor, we're able to work with other official NFL sponsors like Frito-Lay and Pepsi to work on retail programs that permitted us to get more display activation than we would have otherwise. So it's a great asset, one we believe in, and one we will continue to support fully.

Priya Ohri-Gupta  Thank you. Priya Ohri-Gupta, from Barclays. I was wondering just given a lot of the commentary around the millennial, if you could talk a little bit about how you prevent cannibalization between Bud Light and Budweiser and what are some of the learnings that you get from, say, the sort of the more unique marketing aspects that you use to target that audience?

Paul Chibe:  Well, you know, let me start off and say that to have concern about cannibalization between Bud Light and Budweiser, it’s not necessarily a completely full view because remember that as a beer marketer, we only have 48 share, so to me there are 52 to go.

So the thing is that when you look at how brands interact, all of our brands are focused against how do we bring new users into the brands and have those [users] have our brands in their repertoire?

Now, with respect to Budweiser and Bud Light, one of the things that we're focused against as you saw, how we're positioning those two brands against what are considered the core beer occasions.

But from a mindset and from a focus and from a marketing standpoint, they have different tonality, different points of view, in terms of how they go to market. You know, Bud Light being a more modern youthful brand, Budweiser carrying the tradition and heritage of the brand.

So there will be overlap but we manage it and we think we’ve managed it well in that about one third of the business in United States is between Budweiser and Bud Light trademark products.

Luiz Edmond: Paul’s job, and somehow my job, is to make sure that each one of these individuals [on the stage] don’t go after exactly the same consumer.
Obviously, everybody wants to go after the biggest opportunity, and grow their brands. Our job is to maximize the portfolio of the company. And that’s how the segmentation work helps us a lot.

Having a very good segmentation of the market and understanding consumers helps us fine-tune the position of the brands separate them apart but, of course, not separate them to the point that big clusters are available for our competitors too.

So we need to make sure that we have the right balance of brands competing against the clusters of consumers in an optimized way but never allowing -- giving too much space for competition to go after the big groups.

Olivier Delahousse: Thank you. Olivier [Delahousse] from Natixis. When the megatrends for the consumer that you mentioned were individualization, sense of well being premiumization, localization and flavor, and these are -- they’re not short term megatrends, they’re more trends that might accelerate -- might have been accelerating but have been there for a while.

And for a while, we're seeing the [beer] category, losing share of throat to wine and spirits. And these megatrends seem to have been more favorable for these categories or maybe better addressed by these categories.

And I was wondering to what extent the initiatives that you’re showing in terms of innovation, you seem to have accelerated that but -- don’t you believe you should do even more and maybe indeed potentially invest more also in marketing? And therefore is the -- shouldn’t we believe that it would be wise for the industry overall and maybe for you, guys, as well to accept margin dilution in the short term for the -- maybe next couple of years?

Paul Chibe: I can talk about marketing, if you want to talk about margin dilution?

Luiz Edmond: We will not be discussing the margins and levels of investments. We always invest in programs that we believe will bring a return for the brand in the short term or in the long term. So we’re trying to do two things here. We're trying to address our market share performance, our volume performance and at the
same time the share of throat performance, right, and maintain our growth and profitability of our operations here in the U.S.

And it’s a combination that you don’t always have perfect answers for that. You’re always looking at what you’re doing, and the results you’re collecting and then looking at the trends and defining how much more you need to invest or not.

But it’s just not investing more that will deliver results. It’s investing better. So you heard about us talking about segmentation, big data, analytical capabilities, just because we believe we can still sweat our assets, or our investments much more than we're doing today.

It’s a combination of investing in the right programs, and more if those programs are working and there’s more opportunity to invest on top of what you’re doing today. That’s what will define our success in the future and therefore margin expansion and things like that. So it’s not about the level of investment that we have, it’s about the return you’re bringing with the investment that you are putting in the market. That’s what we're doing.

Paul Chibe: And let me speak to the four megatrends. I think to make the automatic conclusion that megatrends are in the favor of other segments is wrong because, what we view it as, is huge opportunities and platforms for us to innovate and to grow our business and to take volume away from the other segments.

And then the other thing you have to keep in mind is that from our occasion-based focus there are occasions that, 20 years ago, were dominated by beer, that over time because of imagery, hard liquor or -- primarily hard liquor had moved into.

What we see is our focus on elevating the category, premiumizing the category will help us defend, will help us take. So we see the megatrends as platforms for growth and we see the opportunity behind the megatrends to put the right story-telling behind their brands, to give our brands meaning, is the opportunity to recover from any share total erosion we might have seen.
Luiz Edmond: I have two comments on that. One is on the share of throat, it’s not all about the programming or the media. It’s also about our execution in the market. And for historical reasons, we lost our focus in the on-premise.

And most of the hard liquor activation happens in the on-premise and that’s why you saw Ricardo here presenting earlier today a lot of our programs there, because we kind of left that space open and we’re not talking to consumers in the trade as we should. And you’ll see a lot more of that in the future.

And also on the consumer trends, I don’t think we showed all the megatrends. We showed you some megatrends to connect with what we are doing with the brands. We have more of these mega trends, but we didn’t want to share.

Alice Longley [Alice Longley, Buckingham Research]. My question is a clarification of market share. I understand that you’ve been losing market share I guess primarily because you’re over weighted to value and sort of under weighted to the high end.

But what I’m hearing today is it sounds like this year anyway you’re gaining share in value, you’re gaining share in premium and you’re gaining share in the high end. Is that accurate or did I get that wrong?

Luiz Edmond: If you divide the market in three, high end/ above premium, premium and value…

Alice Longley: That’s how you divided it.

Luiz Edmond: We are gaining share in the high end, a little bit of share in the high end, we are maintaining our share in the premium space, and we are gaining share in the value. However, because of the composition of the segments, we still lose share.

Luiz Edmond: So it’s the composition of the segments that drives our market share losses. It’s not the brand performance in each one of the segments.

Alice Longley: So you’re just holding share in premium? I thought with the -- where do you put Bud Light Lime-A-Rita and Straw-Ber-Rita, is that in premium?
Luiz Edmond: Yes, when you combine everything, premium to premium plus, Budweiser and Bud Light, Budweiser improved, versus previous years, but it’s still losing share. And more recent months, we are gaining share, that’s what he showed, according to IRI. And then if you get Platinum, plus Lime-A-Rita, plus Bud Light, Bud Light is at an all time high share, maintaining the share, versus previous years.

Alice Longley: I’m sort of looking for market share data beyond IRI because it’s so limited. Do you think in premium, you’re holding share, just to repeat what I think you said?

Luiz Edmond: Yes, we are maintaining share.

Alice Longley: OK, thank you.

Andrea Pistacchi: Hi. It’s Andrea Pistacchi from Citigroup. To what extent do consumers associate Platinum and the Ritas with the Bud Light mother brand? And how do you assess the risk that the long term impact on Bud Light’s equity by pulling the brand in so many different directions and assessing this strategy versus one of using different brands – new brands for new consumer occasions?

Paul Chibe: Yes, let me talk to that. I think one of the things that we do is we make sure that any concept that comes out of the brand has brand fit and permission from consumers. Which then also -- you can ask the question while that might be fine, consumers might permit you to go there, does that make strategic sense?

We think that from the segments that Bud Light is strong in, the imagery that it has and the occasions they play well in and has permissions to go on these spaces, and so for us, it’s not necessarily a disconnect from where it is as a brand and what it means and stands for, for consumers.

So the extensions, like a Platinum, helps premiumize the Bud Light Mother brand. The extensions like Bud Light Lime and Lime-A-Rita help extend the meaning of Bud Light. It’s youthful attitude, it’s fun. And what it means as a
totality into new occasions where we had the brand fit, but we didn’t have a product.

So that’s what’s great about Bud Light as a Mega, because Bud Light has permission to play at segments where we don’t have product presence and we can grow our business successfully with our Mega strategy approach.

Luiz Edmond: Having said that, we are paranoid about Bud Light and that’s why you saw the investment we made in the aluminum bottle, and in the 25 ounce and all of the investment we are doing in Super Bowl, Of course, as you do very successful innovation, we have a risk, not the consumer risk in my view, but the risk of internally you’re not paying as much attention as you should in the execution cannibalizing space in the market.

So we are paranoid about that and we have clear metrics to separate the Bud Light performance from everything else and the investments in Bud Light versus everything else. I don’t see any risk expanding the brand in too many directions -- quite the opposite. The directions are very consistent with what we want to achieve with the brand.

Caroline Levy: [Caroline Levy, CLSA]. [My question] was really around this on-premise being so much softer than the tracked data so far this year. For a minimum, it just seems to have got worse and not better. And I know you’ve got -- we were just talking about whether you’ve outlined specific on-premise programs clearly Shock Top and things like that would play to on-premise.

But what do you think is driving the particular weakness in on-premise? Is it the same things that have driven beer over all or do you really need to dramatically ramp up your spending behind your super premium brands?

Luiz Edmond: Yes, there are a lot of effects combined. From drinking and driving restrictions, to traffic, from Millennials not willing to go too far away from their houses and partying more at home and things like that.

But having said that, dollar-wise, the on-premise continues to grow as a channel - when you combine everything they sell. So it’s not that they’re losing audience, they continue to attract people into the on-premise.
And you see a lot of swings in the IRI data that is public. It’s probably the worst coverage that we get is the syndicated data that we see in the on-premise. Our internal data is, I would say, is less dramatic than maybe some of the data you’ve seen from IRI or Nielsen and things like that.

There are a lot of swings because for the most part, it’s very independent business and very fragmented business, so the samples they use do not necessarily translate 100 percent of the reality. But volume wise, the trend is not necessarily positive.

But dollar wise it’s a positive trend. So consumers continue to go frequently to the on-premise, to bars and restaurants, to go out and things like that. So it’s a major opportunity. It’s where brands are built. At least where beverage brands are built -- alcoholic beverage brands -- are built and we need to be there.

I just don’t see the data the same way you see. I don’t know if David has any other comment.

David Almeida: OK. I think that we made a lot of progress in the off-premise programs and in the on-premise we need to step up, we recognize that. Dollar trends are up, based on higher PTC, consumers go and they spend – if you look at beer for example, 17% of beer volumes are in the on-premise, but in terms of dollar spend, it should be 50%, because it’s expensive in the on premise. So in terms of dollar outlays it’s a relevant channel, and we recognize that we backed off in the on premise in the past few years, and as part of our plan for next year, we are very focused in the on premise, as Sanjiv showed, with very clear programs, very clear objectives and bringing our off premise mind set into the on premise. So that’s something where we need to really step up our game.

Trevor Stirling: [Trevor Stirling, Bernstein]. Yes, sorry to bang on about the on-trade but I wonder -- you guys, love gaps. One observation is the on trade is not just about money, it’s about skill sets and, be that distribution build, and about the launch of Black Crown, I can see that in every grocery store, I struggle to find it in bars.
Tap rotation quality, just how to activate in the on-trade and do you even need different people to sell into high end on-trade bars. Is that a fair thing to say that’s a gap that needs to be closed?

Luiz Edmond: You’re absolutely right. That’s what David was saying and we made a lot of progress in the off-premise. Of course, it’s 80 percent of the volume. And the on-premise is not just about delivering a distribution and delivering the products to the trade.

You have to execute. You have to have experiential programs. You have to have a different draught experience - - for example when you look at Stella, when Stella is executed together with a chalice, our performance is much better than when the consumer in the on-trade is just using the regular chalice, the regular glass that they have.

So there are a lot of opportunities to connect with consumers in this channel but we need to step up big time in our programs and that requires a better segmentation from our wholesalers too because it’s a more expensive channel, and naturally they abandon that, but we need to bring the attention back and bring the programs and the people to execute in the channel. We see that clearly from the benchmarks we did against other alcohol companies and we are ready to step up as David said.

Lauri Brunner: Hi, thank you. Lauri Brunner from Thrivent Asset Management. A question for Rob. Help me with the appeal of the re-closeable cap. I think it would slow down consumption or buying fresh beers at my house but I’m just kind of wondering what that’s all about. Thank you.

Rob McCarthy: Yes, the cool-twist bottle is significantly appealing in shape and function. So what we know is more modern, more innovative more refreshing perception in shape. But also the functionality of re-closeable cap is a benefit, not in all occasions, but in a lot of occasions where the consumers see it as such.

On-trade is a big one for a lot of people, so for pool parties, outside – and you don’t have to put it back on. At your house, you can put it away.
Tony Bucalo: [Tony Bucalo, Santander]. Hi. Just two quick questions. The first one is the decision to move Rolling Rock which is a brand with a lot of heritage in it and a previously premium-esq positioning to value. Why did you make the decision to move it that way instead of up to maybe premium-plus?

And the second is just thinking about sort of your portfolio and its component parts, what brands or brand families are contributing the most to your sort of managed market share decline right now? Is it mostly in the -- is it then Natural? Is it Busch? Is there one specific brand that’s bleeding a lot of cases that we should be looking at?

Luiz Edmond: Yes, remember that when you look at the brands versus the total market in the other segments they are still losing share. The segment is declining, however, we're gaining share in the segment. So when you combine the two and look versus the total market, there’s still decline.

But having said that, the biggest loser is I would say is Natural, in our portfolio is Natural. It has to do with where the brand is bigger in some of the regions. And the decision to move Rolling Rock there was opportunistic because we're not investing in the brand, the brand was in decline and we realized that the brand had a lot of equity in the bank that we could use against the hipsters…

Tony Bucalo: Yes, they call it hipsters, yes.

Luiz Edmond: Yes, and PBR was actually doing a good job there and we found an opportunity to just bring Rolling Rock to the same place and it’s doing extremely well.

Tony Bucalo: So, you’ve gotten a lift from taking the price of Rolling Rock down? Are you seeing a lift in volume?

Luiz Edmond: Oh, yes. Big time. Big time.

Tony Bucalo: OK. And where is it priced versus Bud Light in terms of percentage?

Luiz Edmond: It’s probably 10 percent, right, 10 percent discount to Bud Light.
Tony Bucalo: So it’s indexing 90 versus Bud Light?

Luiz Edmond: I would say it’s in between Busch and Bud Light.

Tony Bucalo: OK, great. Thank you.

Karel Zoete: [Karel Zoete, Rabobank] Yes, in the U.S. in your marketing, you leveraged a lot on the sporting events. And in other markets around the world this has been risky. Can you talk a bit about the perceived risk in the U.S. and leveraging so much on sports?

Paul Chibe: Well, let me answer that. Let me step back and say that first off, the only perceived risk would be if that’s the only thing you do. So you then become from a consumer perception standpoint understood only as a sports brand.

And our brands are much bigger than that. When you think about Budweiser and Bud Light, they’re big brands that speak to broad consumer sets. And I’ll give you example on Budweiser. Budweiser sponsor sports, so it sponsors Major League Baseball and NASCAR, but we’ve also made a significant effort in the music space with Budweiser Made in America.

That’s to expand what the meaning of the brand is and show it from a cultural standpoint its permission to play everywhere. And so we don’t really look at it’s a risk-only if you only let that be what your brand stands for.

As long as you’re activating in other properties like we do with Budweiser and like we do at Bud Light with music, Bud Light 50/50/1 was a big music asset that we executed, you’ll be fine.

Because sports though, you’ve got to think of it from a media standpoint. One of the advantages that we have, an in-going advantage to this transition in terms of how people view, what’s called linear TV is declining. People don’t watch TV in real-time. This whole notion of appointment TV on Thursday night to watch Friends - is gone.

The only thing that people really still pay attention to, to watch in real-time is sports. So our position in sports gives us an advantage in that we're able to,
with our position there, our activation there and our execution there, to deliver
eyeballs in real-time along with all the other things that we do that, with time
shift in television, we have a strong presence and we're able to then connect
with the consumers in the other areas of interest as well.

Karel Zoete: And when you think about regulation, is that a topic in the U.S., about sports
and alcohol?

Paul Chibe: No, and I think that’s a testament to the leadership that Anheuser-Busch and
our company has had in responsible drinking. And we partner, I personally
have conversations with the leagues in terms of how we can help with
education of the players, activating fan programs, and we’ve had our
longstanding designated driver program and it’s through our progressive
efforts in responsible drinking that leads to the environment where people can
go to a sporting event and enjoy it.

And the culture here in this country, people enjoy having a beer at a game and
it doesn’t create issues like, sometimes you see in other places.

Luiz Edmond: Here there are clear rules of the game like in baseball, they stop serving beer
in the 7th inning, and in football they stop serving beer after half-time, so there
are clear regulations, not regulations but agreements with the leagues, with the
networks in how we respect them. We have a major program called “Good
Sports” that we help, for example, the NFL with their teams, their players,
educating them, and we also educate fans that come to the stadiums on how
they should behave in terms of designated driver and things like that. So I
would say that we always need to be doing our job, but I don’t see it as a big
risk in the U.S.

Karel Zoete: All right, thank you.

Chiara Terzaghi: [Chiara Terzaghi from Moore Capital]. If I can ask a few questions on digital.
So what percentage is digital today of your marketing spend? And if I can try
to understand if it’s a decision coming from the CMO or the chief IT officer,
so within CapEx and marketing, who drives the decision? They’re big
investments. And how do you define those internally?
And then also producing content costs, some money, so are we seeing reallocation of the expenses away from traditional into digital or is it just more money because we want to have a bigger audience and we do recognize that content drives engagement but it has a cost and we are willing to bear that cost? Thank you.

Luiz Edmond: Let me tackle the first one and then Paul can tackle the second. We -- internally, we have a guidelines that come all the way from Miguel [Patricio], of where we want to be, at one point in time in terms of our share digital versus our share of non-digital.

But having said that, our approach is to maximize all the media that [we] have to talk to [our] consumer in the best way possible. So we don’t have a clear definition that “oh, we need to spend thirty percent, or twenty percent, or fifteen percent” – we have guidelines and we believe that’s where we need to go.

And for the most part, these guidelines are higher than what we are spending today because we see consumers more and more in the digital space so naturally you see a shift from traditional media to digital media and of course it’s not the person leading with digital that is making those decisions, we are always making those decisions every day, and we have a media group that is maximizing the reach and engagement with consumers. It’s their job, and Azania’s job, and Lucas’s job – who is not here-, to prove that we can move more dollars there with the analysis that they showed here, that we are getting a lift every time that we do that, that we are getting better brand health every time that we invest those dollars. But the decision belongs to Paul and the brand leaders.

Paul Chibe: Yes, let me talk about the comments around the cost of creating content because I think one of the things that has to be kept in mind is -- and this is another advantage of the Anheuser-Busch scale.

So 10 years ago, if we executed Bud Light Hotel, no one necessarily would be there with cameras, to film and document it and stream it, but we still made the investment.
So what’s great about all the things that we're doing like Budweiser Made in America, Bud Light Hotel, all the in-market activations around Bud Made in America, the thirty parties, I could go on - Stella Artois and the Kentucky Derby, for example.

It doesn’t take a lot of money to have someone there to help document and then edit and create awesome digital content. So because we have such an enormous footprint in marketing and we have this dollar spend on properties, it’s just an incremental investment to take it and you create great digital content and apply it in the marketplace. So again, scale gives us an advantage in this place.