



ABInBev

**INVESTOR
SEMINAR
2018**



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ABInBev



ABInBev

**FELIPE
DUTRA**

Chief Finance &
Solutions Officer

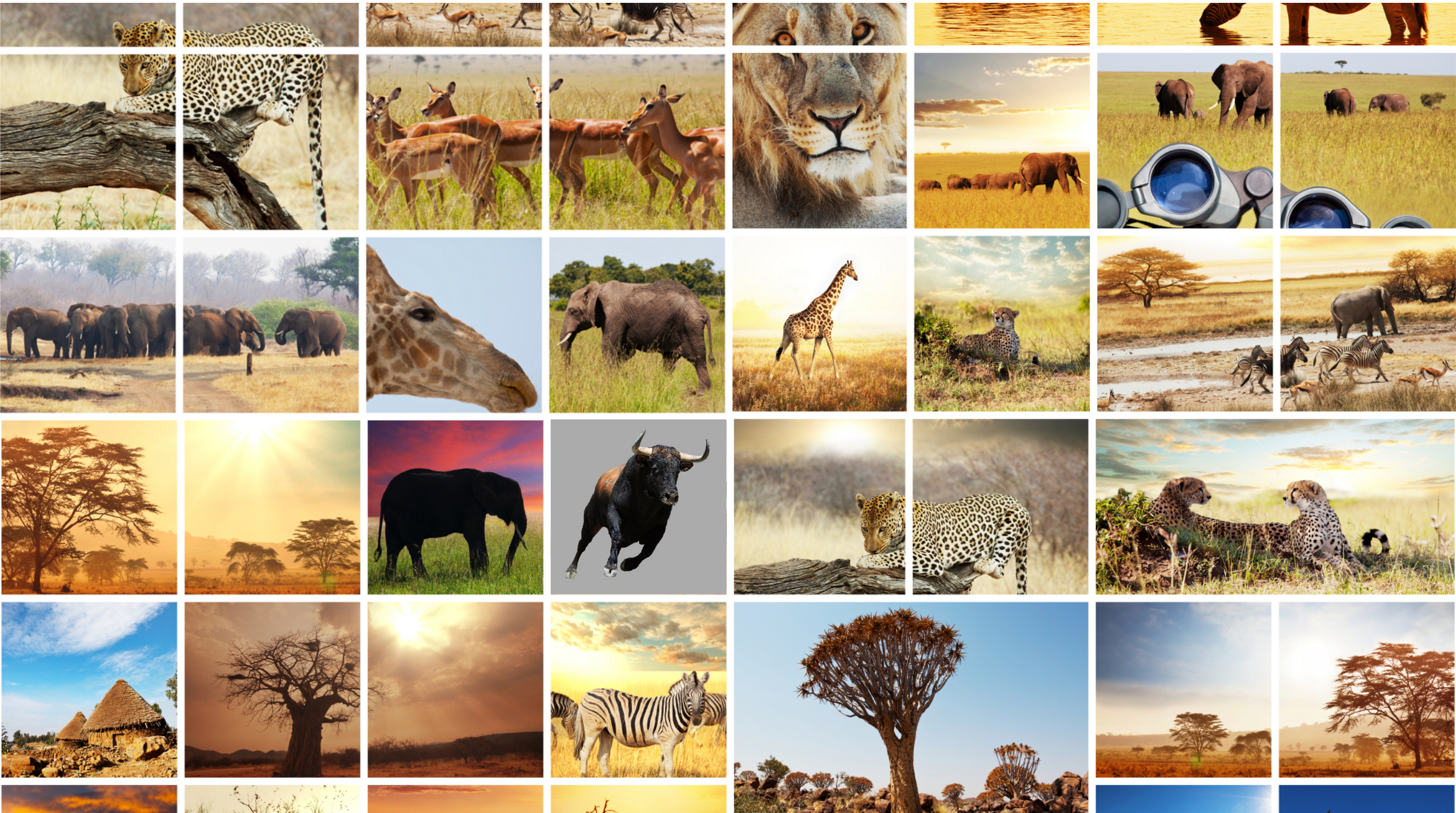


Born in Rio de Janeiro

28 Years in our company

Favorite beer: Michelob Ultra

I'm most proud of: Being part
of the team that made
AB InBev happen





Our financial position today is far stronger than it was during the Anheuser-Busch combination

2008		2018
\$37B	Market capitalization	\$198B
\$12.1B	EBITDA ¹	\$22.3B
4.70x	Net debt to EBITDA	4.87x
\$3.9B	Liquidity (cash & cash equivalents + revolving credit facility)	\$16.9B
4.2%/3 years	Weighted average coupon / tenor	3.4%/12 years
✓	Short-term refinance need	✗
✓	Financial covenant	✗
✓	Need to issue equity	✗

Source: Company financials and market data as of 31 December 2008 and 30 June 2018

¹ Represents Pro Forma EBITDA in FY2008 and Normalized EBITDA for the twelve months ending 30 June 2018.



ABInBev

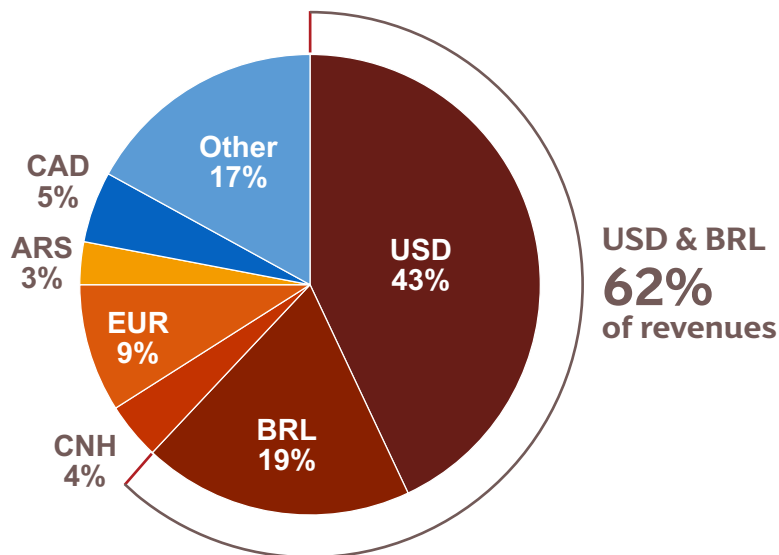




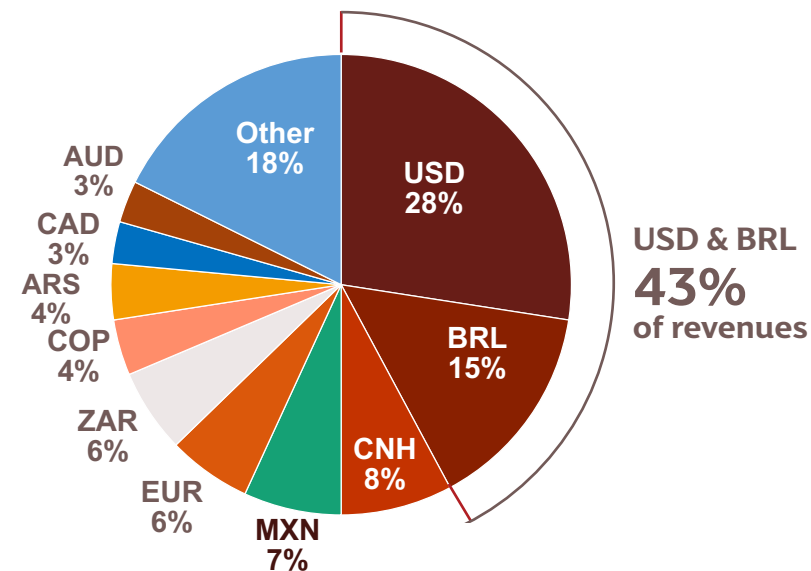
We have dramatically enhanced our global scale and diversification

2008

Revenue
by
Currency



2017



Nearly **300**
beer brands

285 million hl
in volume

Operations
in **30+**
countries

Over **500**
beer brands

613 million hl
in volume

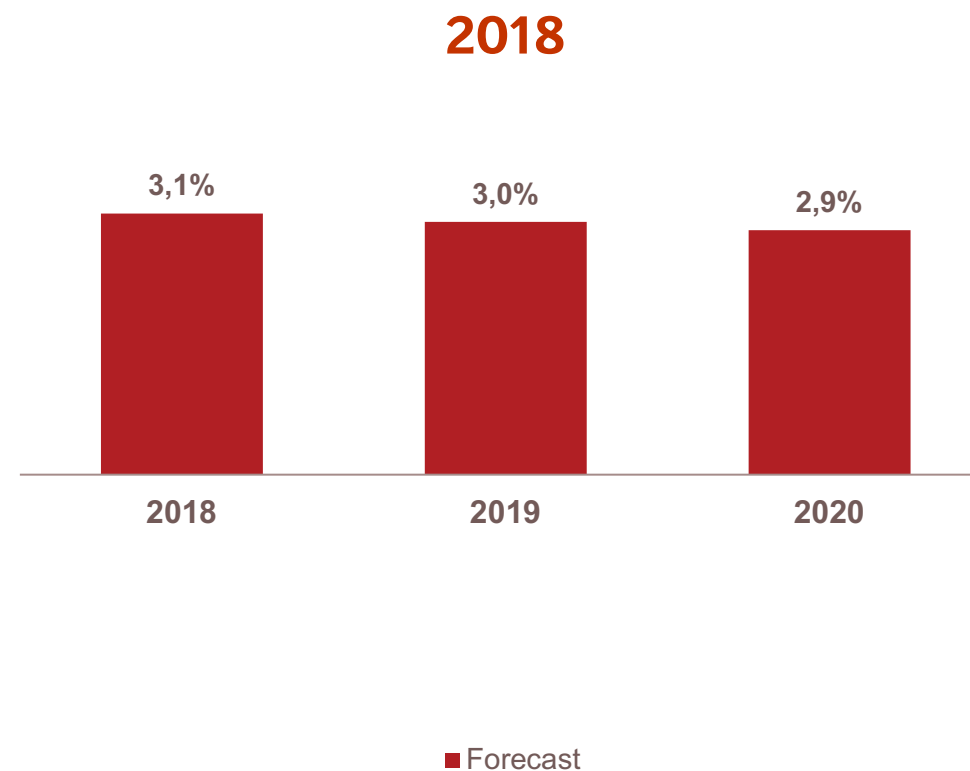
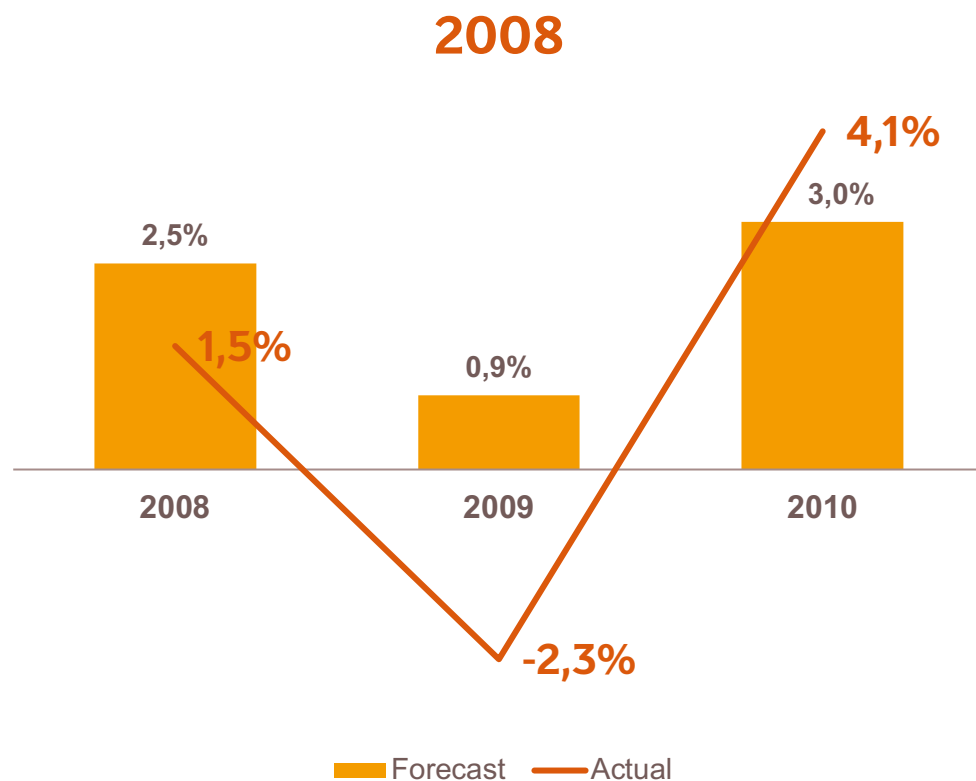
Operations in
nearly **50**
countries

Note: Numbers may not sum to 100% due to rounding



The economic outlook for the world was more bearish in 2008 than it is today

World GDP Growth Outlook





Source: World Bank





Given this backdrop, the path to deleveraging is different today than it was in 2008

	Macro Backdrop	Financing	Operating Flexibility	Path to Deleveraging
 ANHEUSER-BUSCH	Global financial crisis	Expensive short and medium-term debt	Extremely limited flexibility, no room to pursue opportunistic initiatives / investments	<ul style="list-style-type: none">• Significant divestitures• Dividend cut• Bare bones CapEx• Early days of core working capital management at +2.1% of net revenue
	Relatively stable global growth	Historically low cost, long-term debt	Significant flexibility to invest in long-term future of our business	<ul style="list-style-type: none">• Divestitures driven by regulatory reasons• Core working capital management as a best practice, replicated across the enlarged footprint at -13.4% of net revenue in 2017





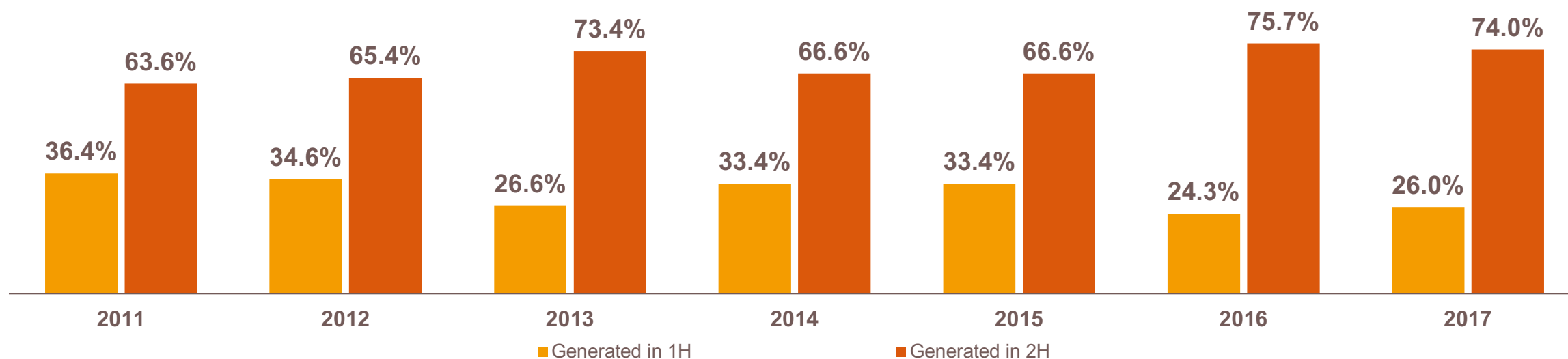
Deleveraging occurs primarily in the second half of the year due to the seasonality of our cash flows

Our **Net Debt/EBITDA** ratio as of 30 June 2018 is 4.87x, up from 4.80x as of 31 December 2017

We have historically generated **~65-75%** of our annual cash flow from operating activities in the **second half of the year**

We expect this to be toward the **high end of the range** in 2018 given the timing of certain tax payments in HY18

Seasonality of Cash Flow from Operating Activities



Note: Based on reported figures for cash flow from operating activities, which is presented net of interest and taxes.





Debt portfolio and liquidity position provide our business with operating and financial flexibility

Addressed large near-term maturities to significantly reduce refinancing pressure

\$16.9B liquidity far exceeds debt maturities in any given year

Diverse currency mix provides access to liquid debt markets

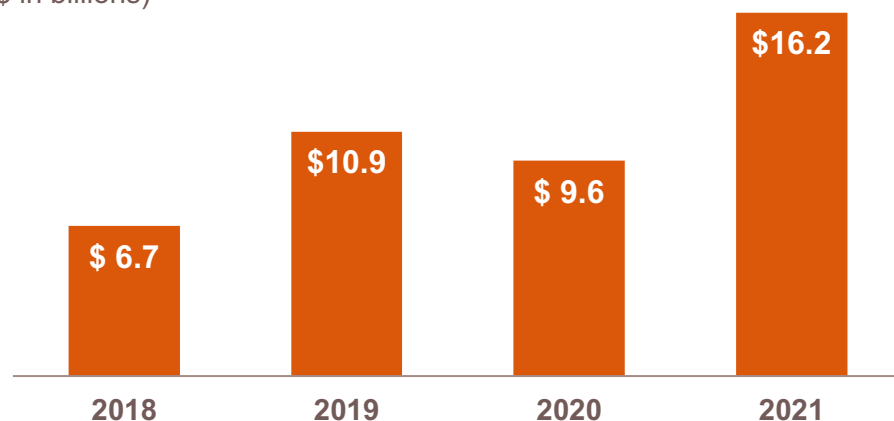
~93%
of debt is fixed rate

31 Dec 2016: \$43.3B due between 2018 - 2021

30 Jun 2018: \$20.6B due between 2018 - 2021

\$23.1B Total Liquidity

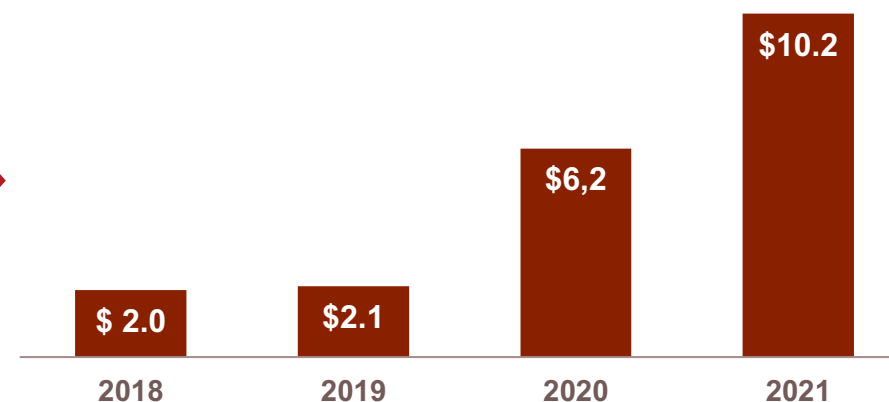
(\$ in billions)



**\$22.7bn
near-term
debt
reduction in
the last 18
months**

\$16.9B Total Liquidity

(\$ in billions)



Note: Numbers may not sum due to rounding





Our risk management framework is designed to address embedded volatility associated with our global footprint

Net Debt

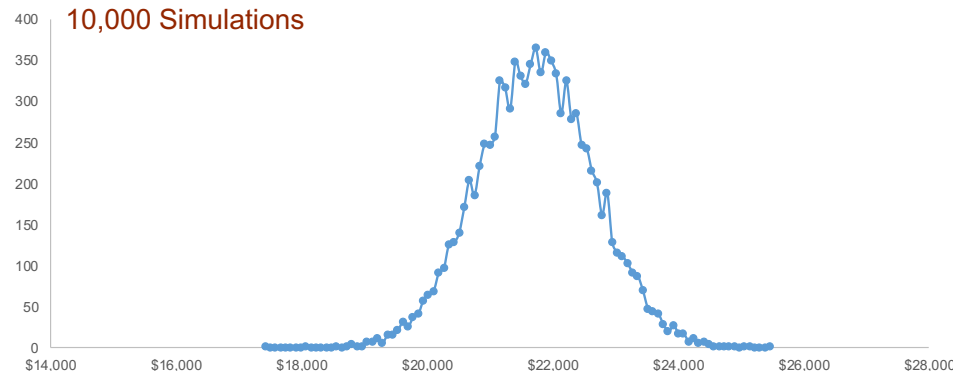
Net Debt should be higher when FX is favorable, lower when FX is a headwind

Risk management focuses on debt composition to counterbalance EBITDA FX volatility, given the footprint we have chosen

EBITDA

Our business footprint has inherent FX volatility

2017 Normalized EBITDA Distribution
10,000 Simulations



Mean:
\$21,760M

Standard Deviation:
\$927M

68% Confidence Interval:
\$20,833 - \$22,687M

95% Confidence Interval:
\$19,906 - \$23,614M



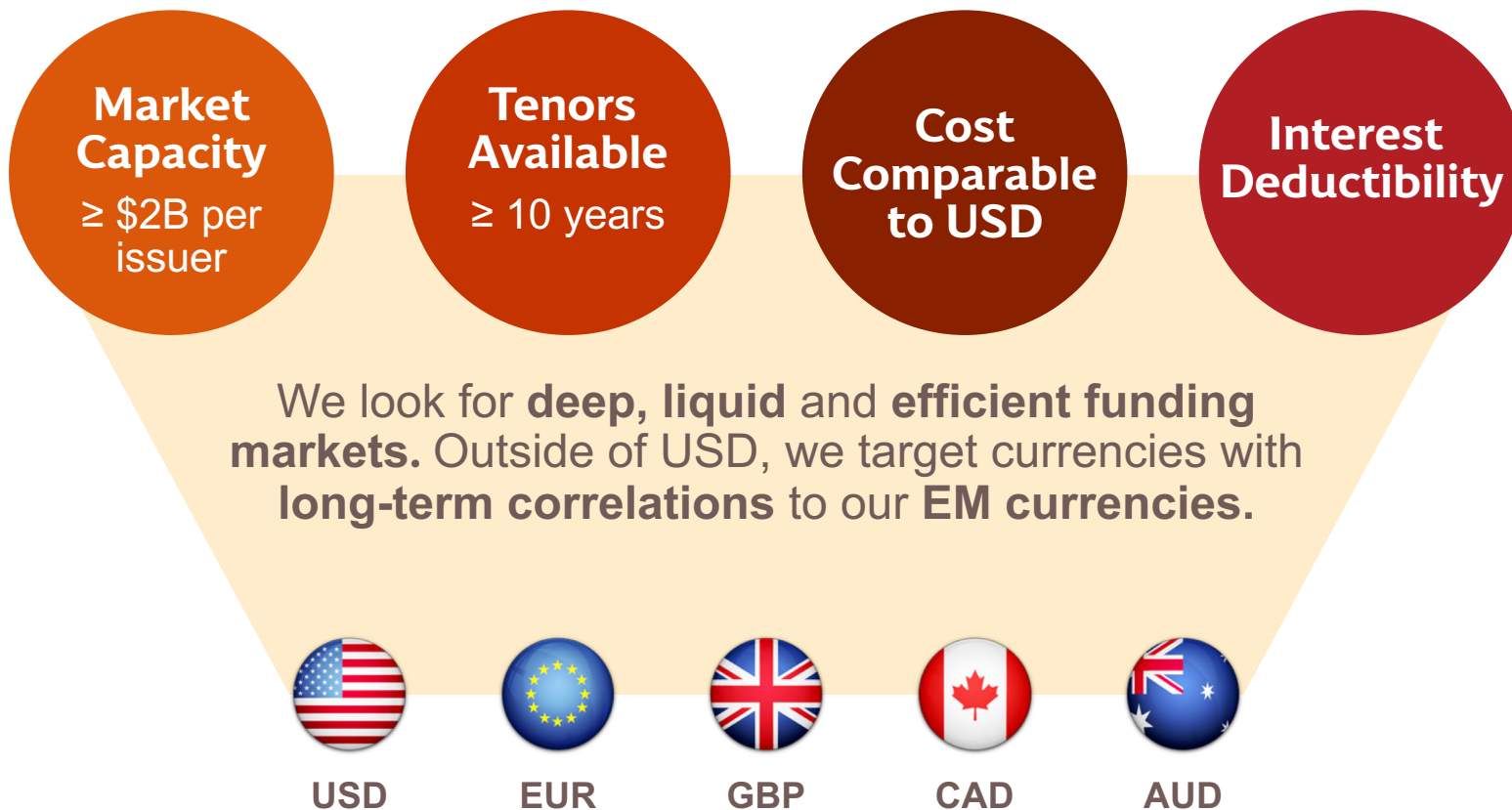


Practical limitations rule out debt funding in emerging markets

On an unconstrained basis, **optimal portfolios** consist of high proportions of debt in EM currencies to match our earnings profile

However, **EM capital markets cannot provide the quantum nor tenor of debt we require**, and the cost is prohibitively expensive

Practical Constraints





A perfect FX match between our EBITDA and Debt profile is constrained by market depth, tenors and benchmark costs to USD

	Market	% of AB InBev 2017 EBITDA	% of AB InBev 2017 Debt	Estimated Market Capacity (USD)	Tenors Available	Yield Differential vs. USD
Current Core Financing Markets	United States	27.8%	58.3%	●	●	
	Euro	2.7%	32.3%	◐	◐	-2.4%
	Sterling	1.1%	3.2%	◐	◐	-1.5%
	Canadian Dollar	3.1%	2.1%	◐	◐	-0.5%
	Australian Dollar	4.4%	1.8%	◐	◐	0.0%
Emerging and Other Markets	Brazilian Real	16.1%	0.3%	○	○	7.0%
	Mexican Peso	7.6%	-	○	◐	3.7%
	South African Rand	5.7%	0.6%	○	◐	4.9%
	Onshore Renminbi	5.6%	-	◐	○	1.5%
	Colombian Peso	5.3%	-	○	◐	2.3%
	Peruvian Sol	3.9%	0.0%	○	◐	1.1%
	South Korean Won	2.5%	0.9%	○	○	-0.3%

Note: Based on reported figures as of 31 December 2017 and AB InBev estimates.





AB InBev's Risk Management Principles

Key objectives

Maximize
returns 

 Optimize
RISK / RETURN



Protect
against tail risk 

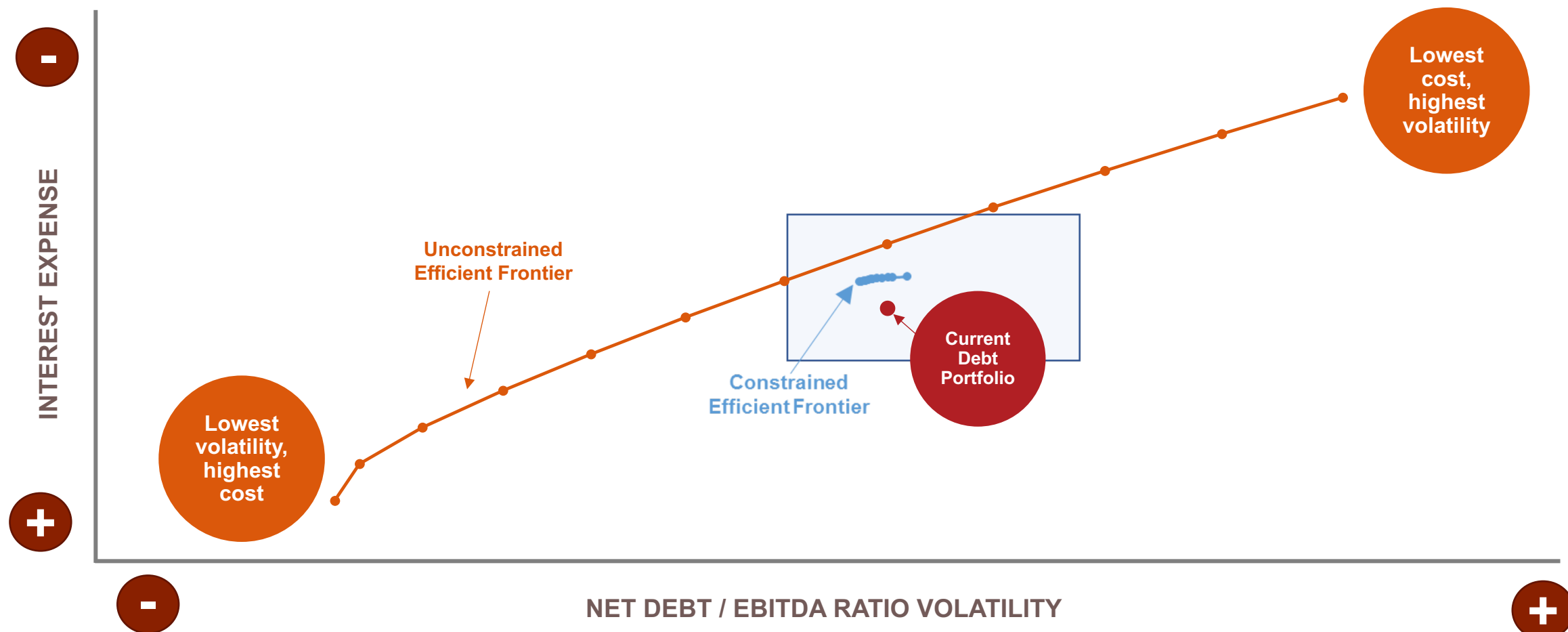
Efficient Frontier Framework

- Updated our risk management methodology over the last 10+ years as business expanded
- Today, we employ a **sophisticated efficient frontier model** to manage our net debt mix with the goal of optimizing cash flow generation and net debt ratio stability
 - Simulates FX rates over various time horizons
 - Examines all mathematically possible debt portfolios and **determines the outcomes which produce the minimal net debt / EBITDA risk** at each level of earnings cost (interest expense)



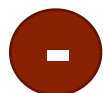


Our debt efficient frontiers





We continue to shift our portfolio toward an optimal point on the constrained efficient frontier, which involves more EUR, CAD, GBP and AUD debt

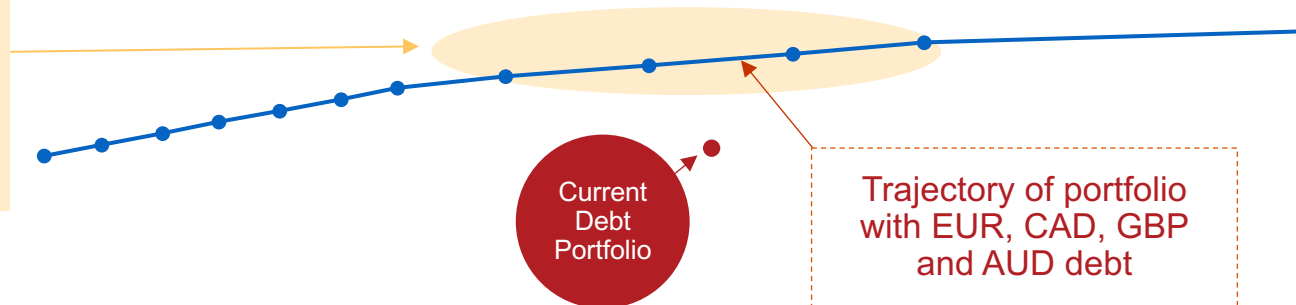


INTEREST EXPENSE



AB InBev's Optimal Range

While all portfolios on the efficient frontier are optimal in theory, we target this area because diminishing risk is not worth an erosion in cash flow past a certain point



Issuances in EUR, CAD, GBP and AUD move us closer to our desired point on the constrained efficient frontier

- Debt in these currencies lowers our weighed average cost of debt and lowers our net debt ratio volatility
- We have issued in all of these markets in the last 15 months

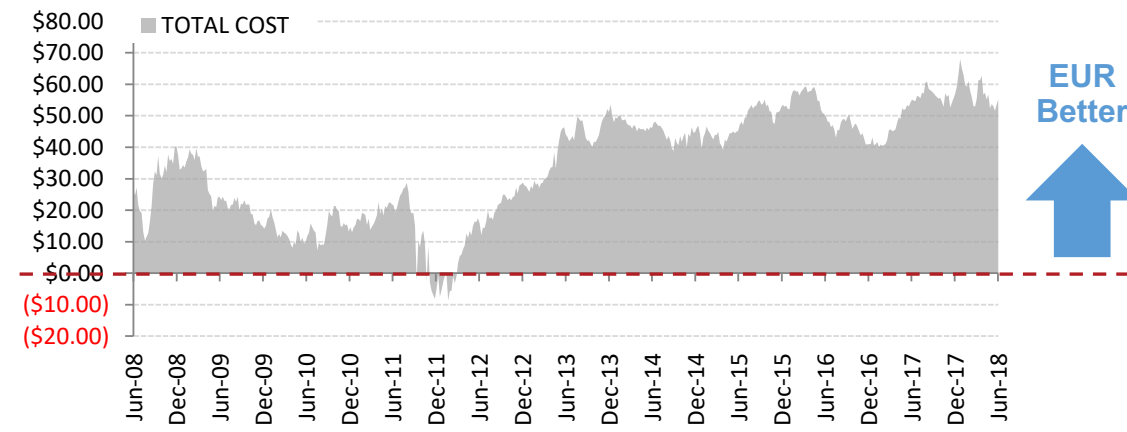
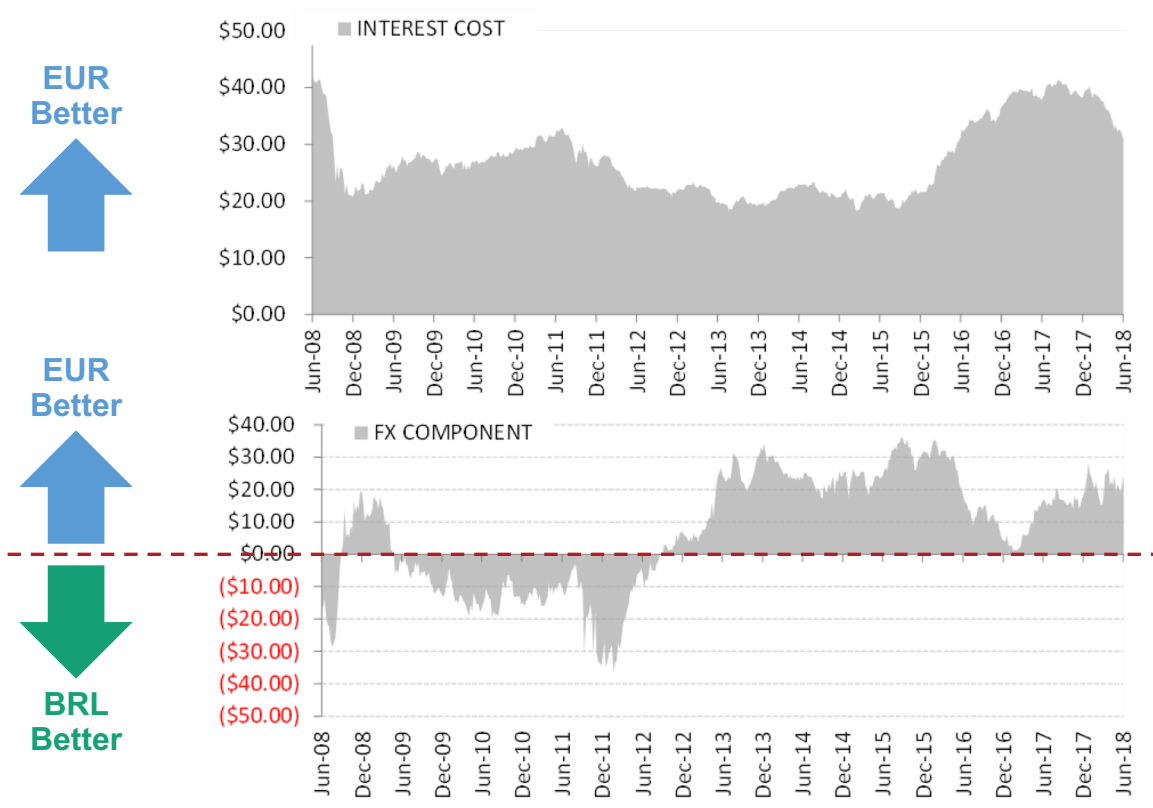
NET DEBT / EBITDA RATIO VOLATILITY





The biggest FX mismatch between our EBITDA and Debt profile is BRL and EUR, but given interest rate differentials, EUR debt continues to be a good offset for BRL exposure

Over any 3-year rolling period, with a brief exception toward the end of 2011, EUR funding has provided lower overall costs and effective net debt currency offset



Above graphs show the total costs of \$100 of debt over a 3-year rolling period between a EUR and a BRL denominated loan



Digital Transformation Solutions

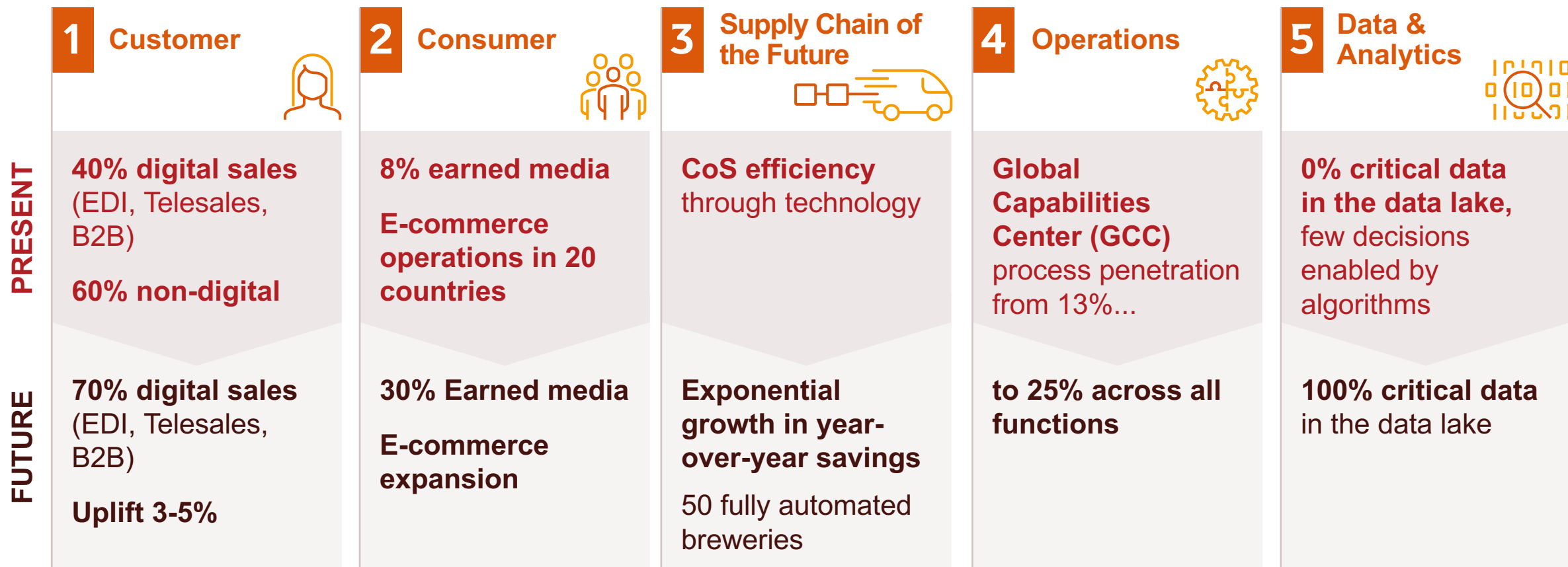


ABInBev
Solutions



Digital Transformation

We defined 5 major digital transformations to enable our future growth





Customer Contact Model

1

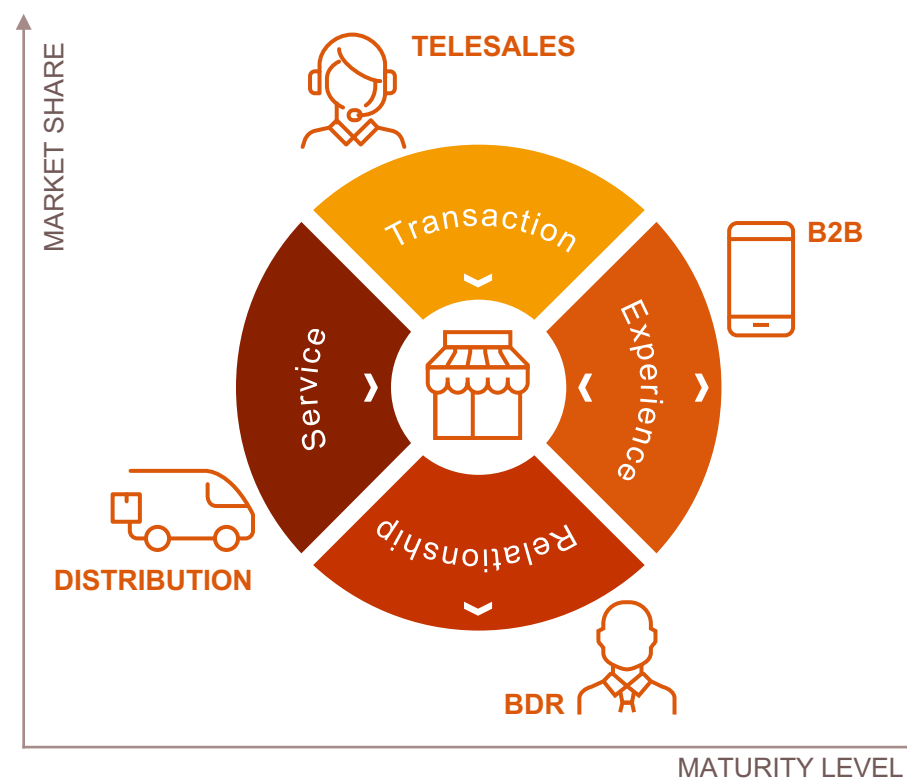
We are fundamentally changing how we interact with our customers

Our Contact Model Dream

from
traditional, face-to-face
order-taking sales model

to
comprehensive coverage
model, becoming a trusted
partner across the POC
owner's key activities

Full Service Model



Sales Organisation 2.0



People

Different set of capabilities



Process

Systems & Routines



Structure

Virtual Mindset & Relations



Customer Contact Model

1

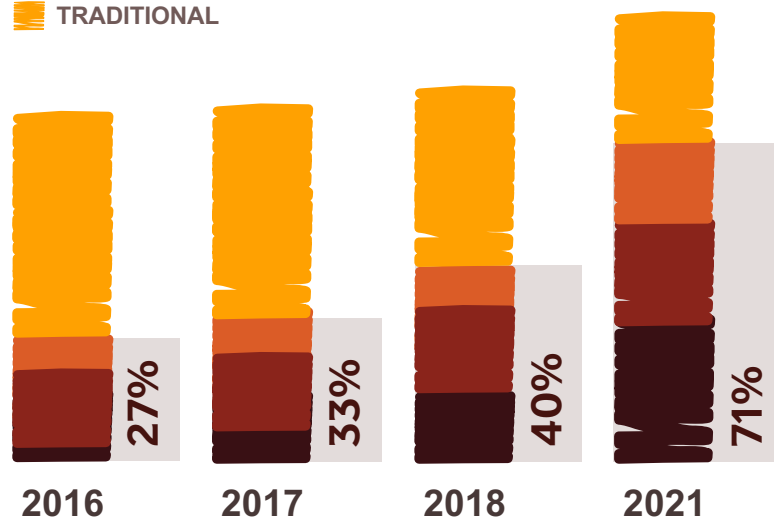
We are moving over 70% of revenue to non-traditional formats by 2021



Effectiveness



Total Revenue
Non-traditional

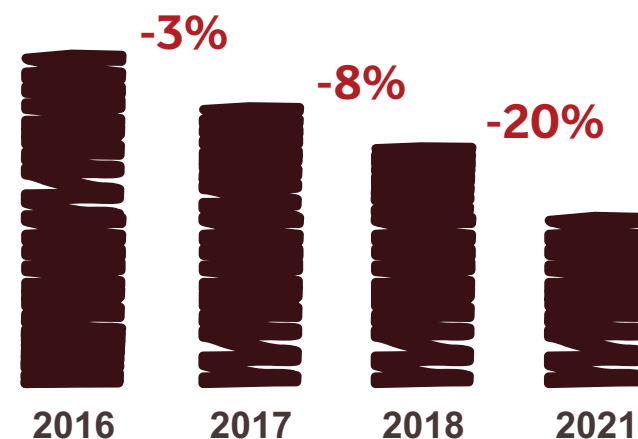


* Preliminary Estimate



Cost to Sell

Frontline Cost Reduction \$/hl

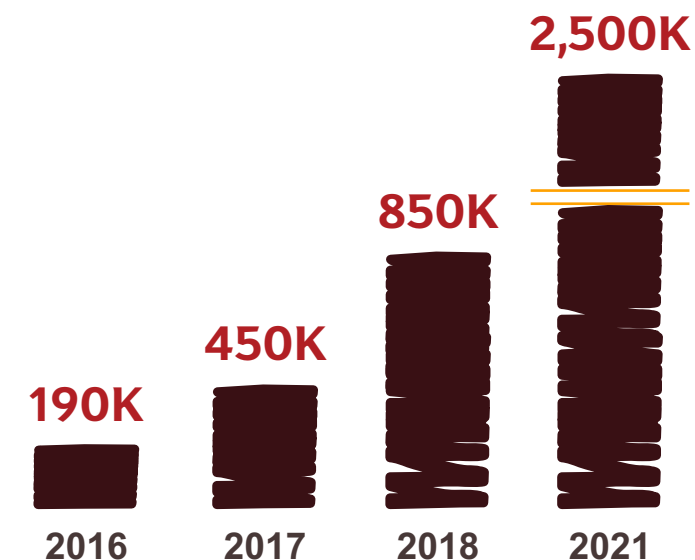


* Cumulative YoY



Service Level

B2B Users Evolution



* Preliminary Estimate



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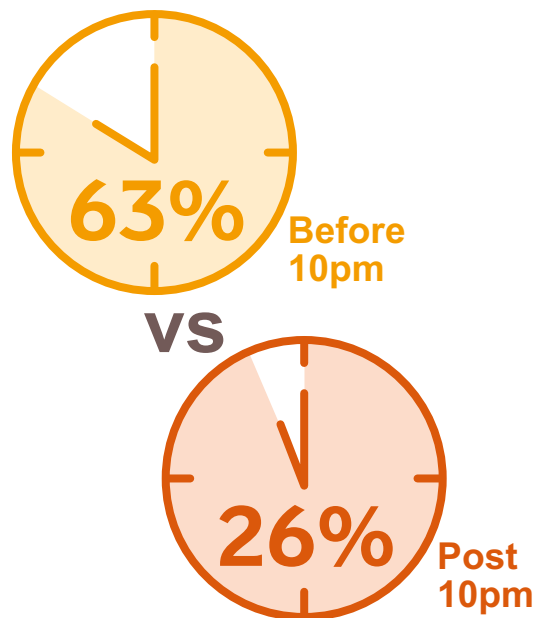


Contact Model - Connected POC

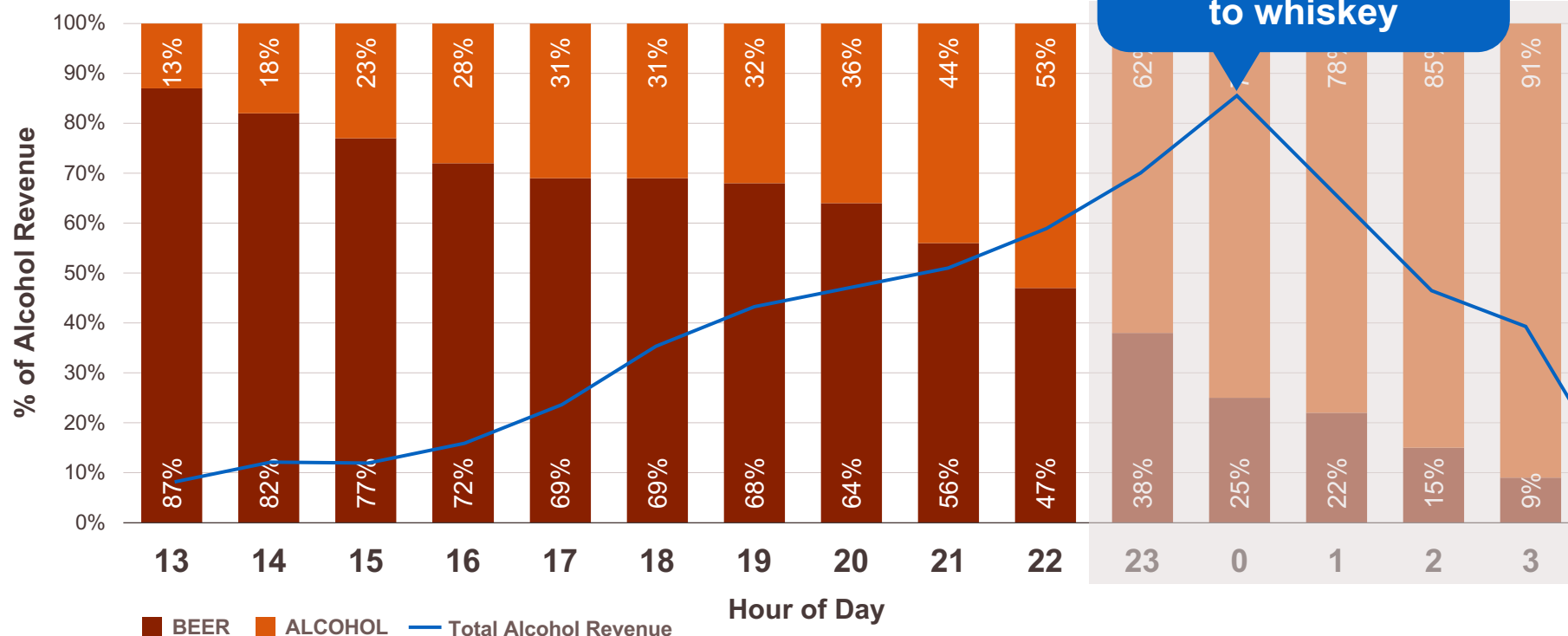
1

The platform allows us to analyze consumer behavior at the POC and provide valuable insights and recommendations to our customers

Beer Share of Alcohol \$



Beer, Alcohol, Total Alcohol Revenues





Contact Model - Connected POC

1

We can then create activations together with our customers to improve their revenues at very precise and tailored occasions

Example hypothesis:

In order to test this possible solution, an **activation was created** and a sample of POCs in our test market was selected based on the **size of prize opportunity**



**Test
market**

25%
coverage
with Connected POC



**BUDWEISER
LATE NIGHT
COMBO**

BUDWEISER 20 oz
+ WHISKEY SHOT

11\$⁺

TOUS LES SOIRS
DE 22H À 3H

Budweiser **ÇA VAUT
UNE BUD.**



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Contact Model - Connected POC

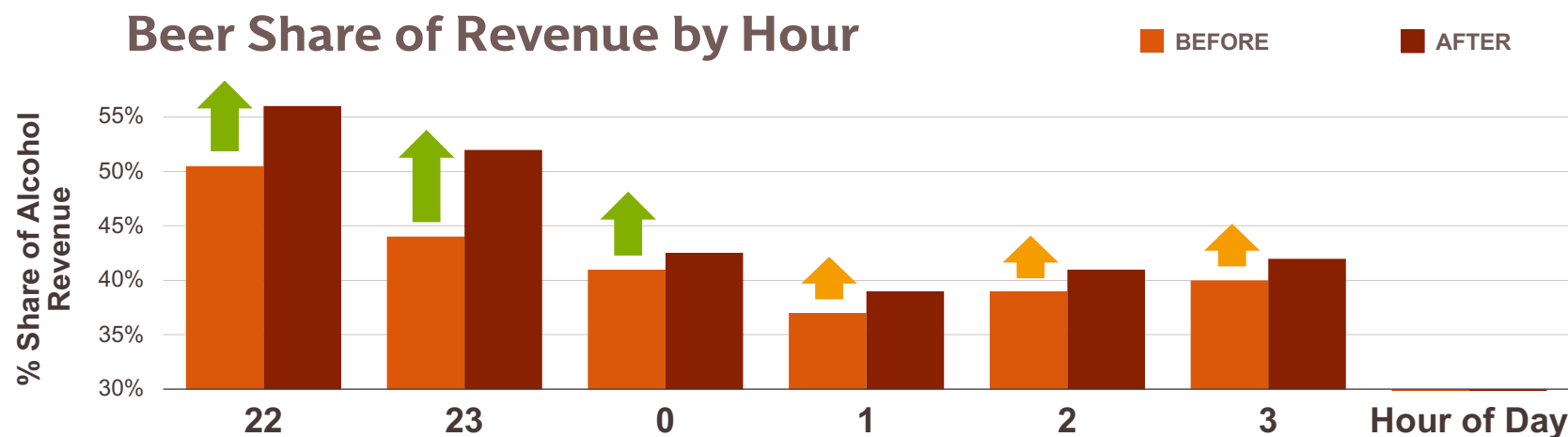
1

We continuously measure results together, with the POC owners, and adjust if needed

Results:

In the 20 test POCs,
AB InBev Share of Alcohol
post-10pm grew

+2.3%



AB InBev
Share of
Alcohol \$
+2.3%
After 10pm

Total AB InBev
Beer Volume
+3.8%
After 10pm

Beer
Penetration
+6.9%
After 10pm

Average
Transaction
Size
+3.3%
After 10pm

Total POC
Revenue
+5.1%
After 10pm



ABInBev



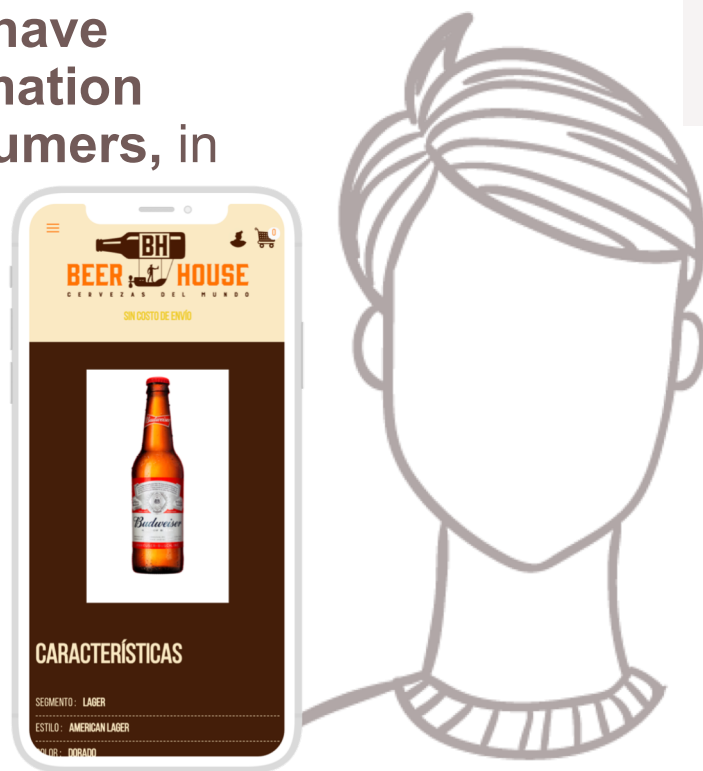


Know our Consumers

2

In order to increase our direct interactions with consumers we use our Data Platform to recognize behaviors of consumers visiting AB InBev & other websites

To start with we have very little information about our consumers, in most cases just a device ID ...

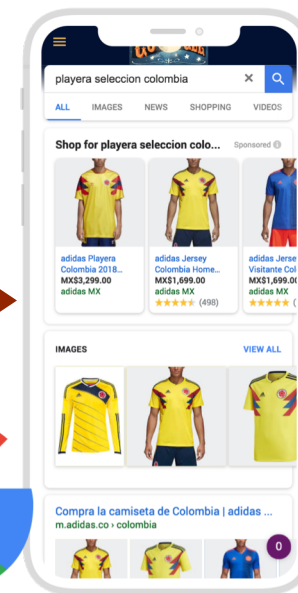


We are complying strictly to all EU GDPR guidelines and are now moving all regions to the same standards

I'm A036A18799605C
and I like Budweiser

A036A18799605C
is looking for a jersey

I'm A036A18799605C
and I use iPhone 7
ID: 3245xcrde567



ABInBev





Know our Consumers

2

With the help of the first basic information we can better tailor the offering based on what we learned about our consumer

We create an audience based on:



80C667959A310A
016A79C53806A9
590786A03CA619
7A01659A83906C
9618A09037AC65
1068A7A990365C
A663C9A0701598
A036A18799605C
75C9981036A06A
A369860A70C519
96083A6059A1C7
8091CA65A93076
81609A6C750A93
1CA53A06879069
A78A09C9661305

Google AdWords facebook

Budweiser
Sponsored ·

¡Aprovecha y no te quedes sin tu beerpack y camiseta de la selección!



¡Aprovecha nuestra increíble promoción!
En la compra de un beerpack Budweiser, llévate la camiseta de la selección nacional de Colombia.
BEERHOUSE.COM.CO

This ad will appear for **A036A18799605C** on the next website he visits





Know our Consumers

2

Meet A036A18799605, better known as Miguel Santos. Through our Consumer Data Platform we will collect and enrich the data about Miguel and present him with tailored content, promotions and relevant offers.

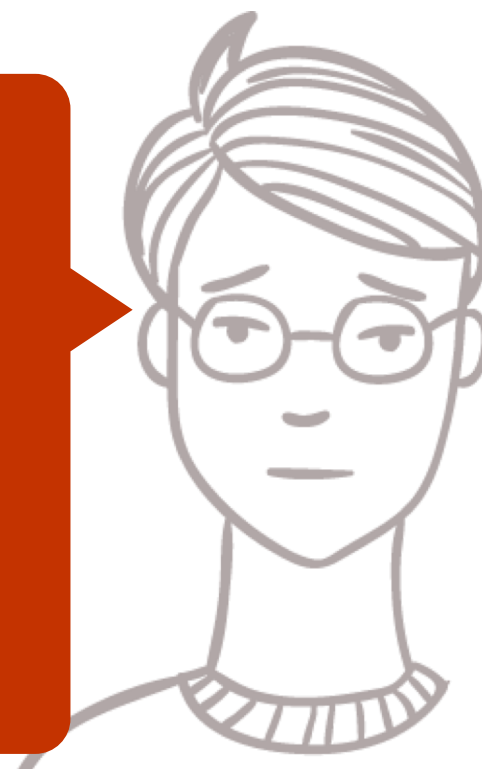
salesforce marketing cloud

salesforce DMP

salesforce social studio



I'm Miguel Santos,
I live in Barranquilla,
I like Budweiser,
love football,
use Facebook,
I'm 28 years old,
my email is
msantos@gmail.com,
I like online shopping,
I own an iPhone that I use
from 2 to 4 pm, etc.



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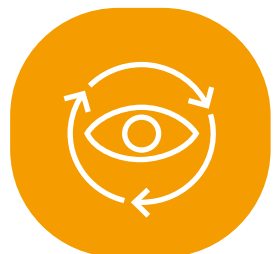


Know our Consumers

2

This data can be used in different ways to deliver a better consumer experience and allow us to grow efficiently

Insights



Complement existing
survey-based insights

Media Efficiency



10% efficiencies

B2C Sales



20 countries

Brand Building



Tailored content

Topline



Growth

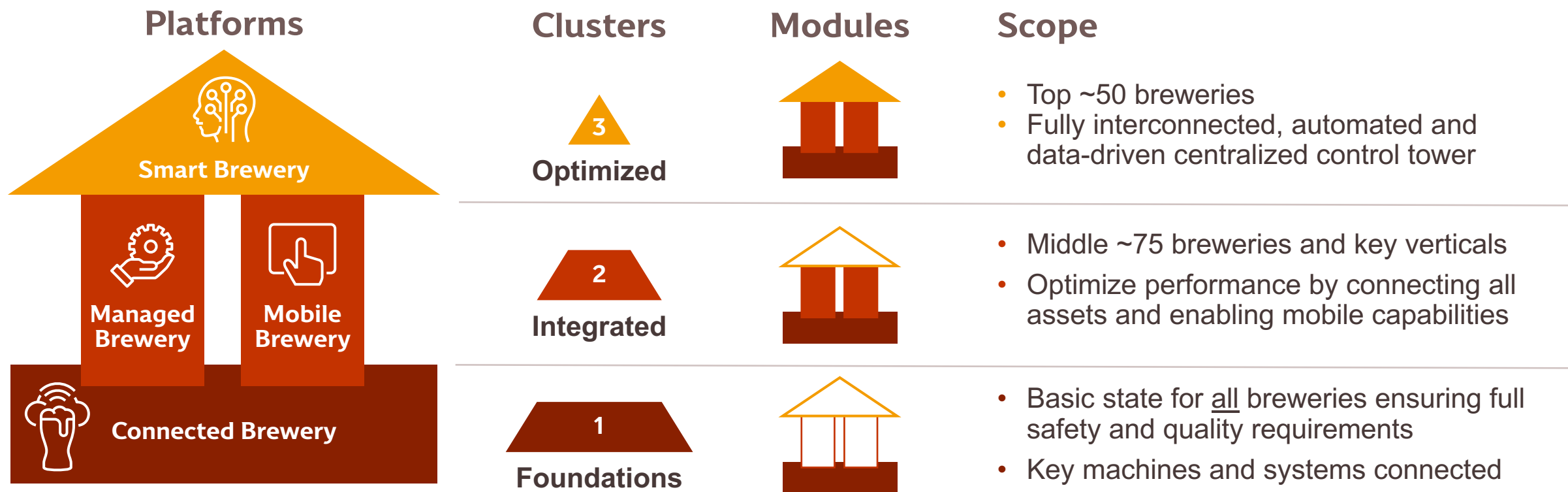




Supply Chain of the Future

3

We started to transform our supply chain to make greater use of technology to drive significant savings opportunities

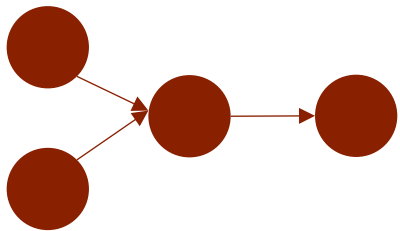




Streamlining Operations

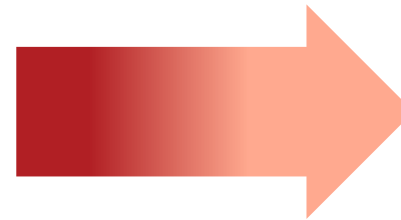
4

We are re-organizing our back office operations to capture sizable opportunities through simplification and automation driven by technology



End-to-end / Harmonization

Better, faster, cheaper, simpler processes and policies



Penetration

Drive to best-in-class level of process centralization



New Capabilities

Incubate and scale new business services



Network Optimization

Efficient global footprint



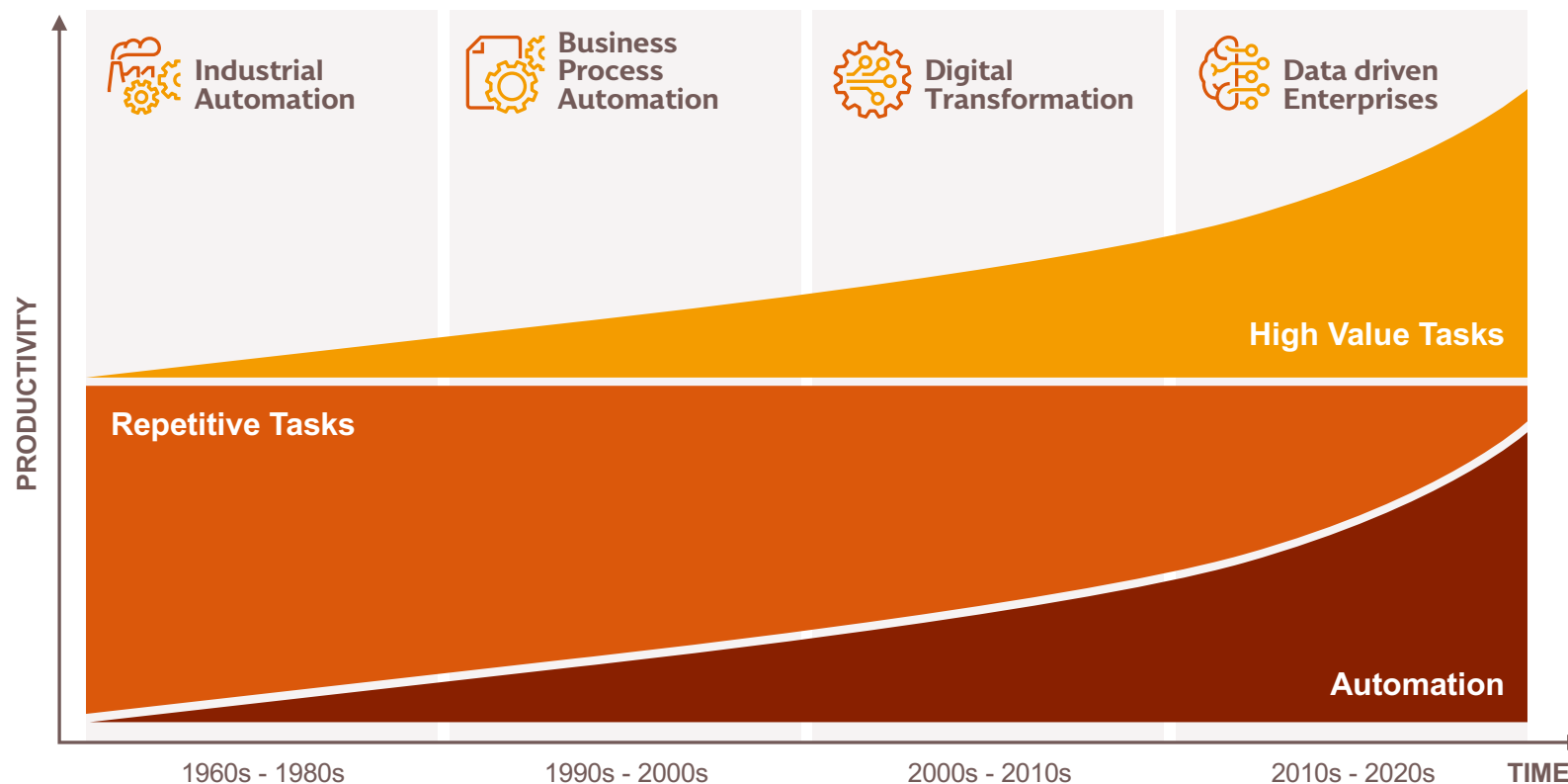


Streamling Operations

4

Our dream is to fully automate the transactional services and focus our capability centers on value-adding activities

We are replacing transactional activities using **robotization, AI and machine learning**



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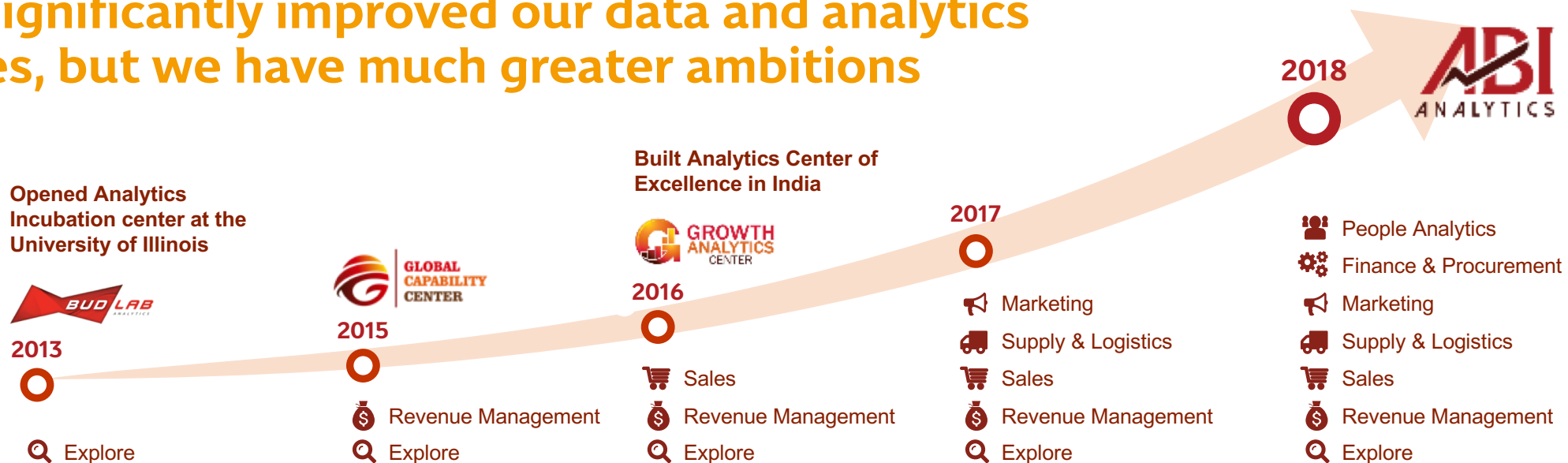




Data and Analytics

5

We have significantly improved our data and analytics capabilities, but we have much greater ambitions



Projects undertaken

6

16

96

200



People

Business Analysts
Data Engineers
Data Architects
Data Scientists

7

35

90

160



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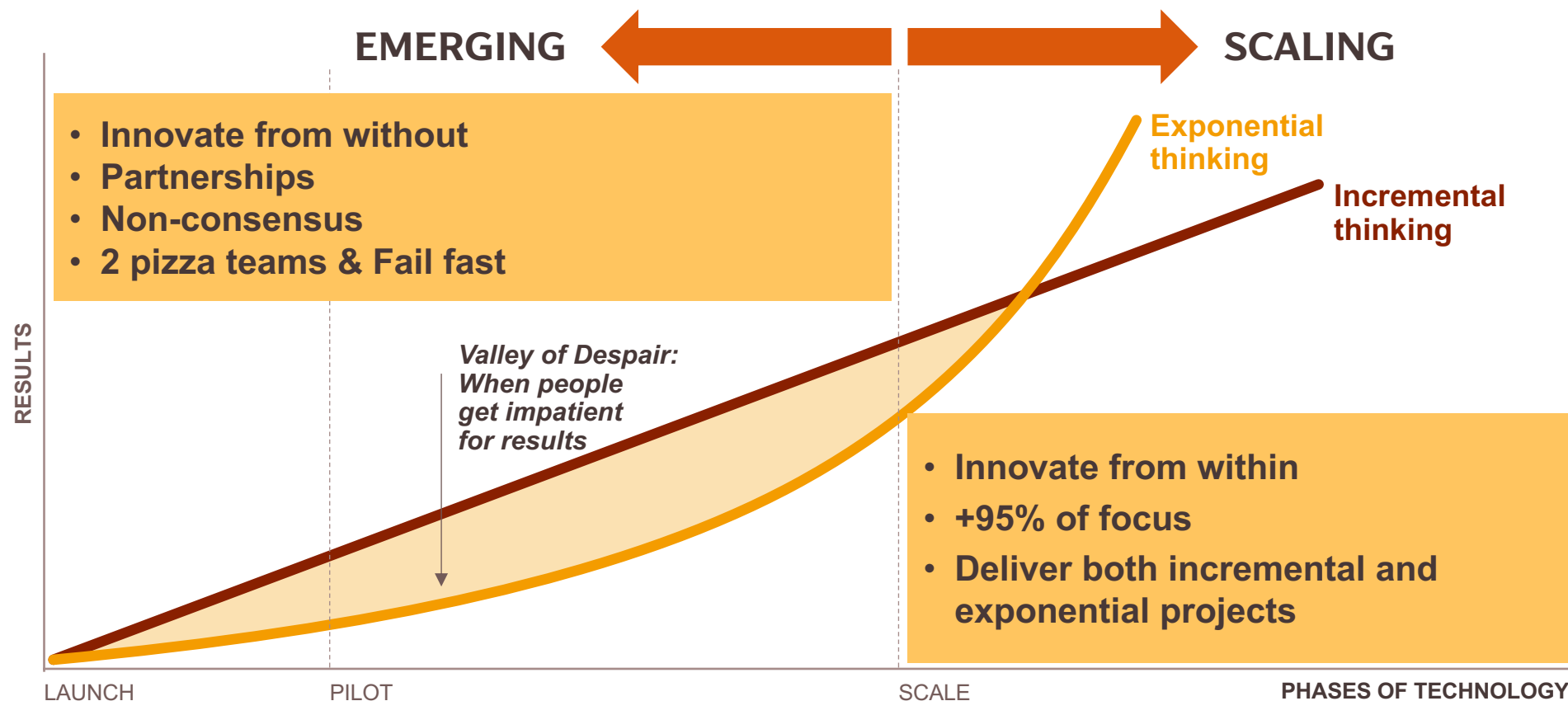


Constantly innovating

Investing in innovation through our footprint in Silicon Valley, Israel and Bangalore

Examples

- Voice & NLP
- Smart Packaging & Assets tracking
- Blockchain
- Image recognition
- AR/VR
- 3D/4D printing
- Smart transportation
- Chatbots
- Gaming





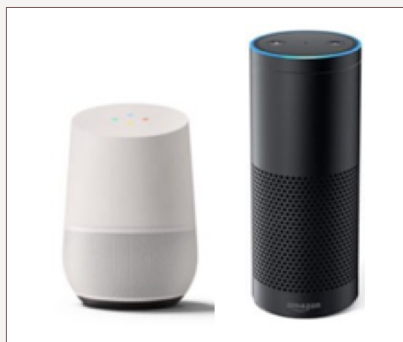
Constantly innovating

Big bets on a few trends we believe will have large opportunities for growth and efficiencies

A Voice & NLP

AB InBev applicability:

Connected Home pilot to create a platform to 'bring people together'



B Smart packaging & asset tracking

AB InBev applicability:

Pilots currently ongoing in Houston, TX for keg tracking and Canada for case tracking - ultimate goal is to track at bottle level



C Blockchain

AB InBev applicability:

Finalized our first pilot for export, other potential applications include farmers, 3rd party logistics, employees, customer and consumers





Thank you

