AB InBev Investor Seminar 2018
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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

FELIPE DUTRA
Chief Finance & Solutions Officer
Our financial position today is far stronger than it was during the Anheuser-Busch combination

<table>
<thead>
<tr>
<th>2008</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market capitalization</td>
<td>$37B</td>
</tr>
<tr>
<td>EBITDA¹</td>
<td>$12.1B</td>
</tr>
<tr>
<td>Net debt to EBITDA</td>
<td>4.70x</td>
</tr>
<tr>
<td>Liquidity (cash &amp; cash equivalents + revolving credit facility)</td>
<td>$3.9B</td>
</tr>
<tr>
<td>Weighted average coupon / tenor</td>
<td>4.2%/3 years</td>
</tr>
<tr>
<td>Short-term refinance need</td>
<td>✓</td>
</tr>
<tr>
<td>Financial covenant</td>
<td>✓</td>
</tr>
<tr>
<td>Need to issue equity</td>
<td>✓</td>
</tr>
</tbody>
</table>

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.
We have dramatically enhanced our global scale and diversification.

**Revenue by Currency**

**2008**
- USD 43%
- BRL 19%
- Other 17%
- CAD 5%
- ARS 3%
- EUR 9%
- CNH 4%

USD & BRL 62% of revenues

**2017**
- USD 28%
- BRL 15%
- Other 18%
- AUD 3%
- CAD 3%
- ARS 4%
- COP 4%
- ZAR 6%
- EUR 6%
- MXN 7%
- CNH 8%

USD & BRL 43% of revenues

**Key Figures**

- 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

<table>
<thead>
<tr>
<th>Year</th>
<th>Forecast</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td>2009</td>
<td>0.9%</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>4.1%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>3.1%</td>
</tr>
<tr>
<td>2019</td>
<td>3.0%</td>
</tr>
<tr>
<td>2020</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Macro Backdrop</th>
<th>Financing</th>
<th>Operating Flexibility</th>
<th>Path to Deleveraging</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global financial crisis</td>
<td>Expensive short and medium-term debt</td>
<td>Extremely limited flexibility, no room to pursue opportunistic initiatives / investments</td>
<td>• Significant divestitures</td>
</tr>
<tr>
<td>Relatively stable global growth</td>
<td>Historically low cost, long-term debt</td>
<td>Significant flexibility to invest in long-term future of our business</td>
<td>• Dividend cut</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Bare bones CapEx</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Early days of core working capital management at +2.1% of net revenue</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Divestitures driven by regulatory reasons</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Core working capital management as a best practice, replicated across the enlarged footprint at -13.4% of net revenue in 2017</td>
</tr>
</tbody>
</table>
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 approximately 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:

<table>
<thead>
<tr>
<th>Year</th>
<th>1H</th>
<th>2H</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>36.4%</td>
<td>63.6%</td>
</tr>
<tr>
<td>2012</td>
<td>34.6%</td>
<td>65.4%</td>
</tr>
<tr>
<td>2013</td>
<td>26.6%</td>
<td>73.4%</td>
</tr>
<tr>
<td>2014</td>
<td>33.4%</td>
<td>66.6%</td>
</tr>
<tr>
<td>2015</td>
<td>33.4%</td>
<td>66.6%</td>
</tr>
<tr>
<td>2016</td>
<td>24.3%</td>
<td>75.7%</td>
</tr>
<tr>
<td>2017</td>
<td>26.0%</td>
<td>74.0%</td>
</tr>
</tbody>
</table>

Note: Based on reported figures for cash flow from operating activities, which is presented net of interest and taxes.
Diverse currency mix provides access to liquid debt markets. 

~93% of debt is fixed rate.

Addressed large near-term maturities to significantly reduce refinancing pressure.

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

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

31 Dec 2016: $43.3B due between 2018 - 2021
$23.1B Total Liquidity

30 Jun 2018: $20.6B due between 2018 - 2021
$16.9B Total Liquidity

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

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.

We look for **deep, liquid and efficient funding markets**. Outside of USD, we target currencies with **long-term correlations** to our EM currencies.

**Practical Constraints**

- **Market Capacity**: $2B per issuer
- **Tenors Available**: 10 years
- **Cost Comparable to USD**
- **Interest Deductibility**

**Currencies**:
- USD
- EUR
- GBP
- CAD
- AUD
A perfect FX match between our EBITDA and Debt profile is constrained by market depth, tenors and benchmark costs to USD

<table>
<thead>
<tr>
<th>Market</th>
<th>% of AB InBev 2017 EBITDA</th>
<th>% of AB InBev 2017 Debt</th>
<th>Estimated Market Capacity (USD)</th>
<th>Tenors Available</th>
<th>Yield Differential vs. USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>27.8%</td>
<td>58.3%</td>
<td>☐</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>Euro</td>
<td>2.7%</td>
<td>32.3%</td>
<td>☇</td>
<td>☇</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Sterling</td>
<td>1.1%</td>
<td>3.2%</td>
<td>☇</td>
<td>☇</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Canadian Dollar</td>
<td>3.1%</td>
<td>2.1%</td>
<td>☇</td>
<td>☇</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Australian Dollar</td>
<td>4.4%</td>
<td>1.8%</td>
<td>☇</td>
<td>☇</td>
<td>0.0%</td>
</tr>
<tr>
<td>Brazilian Real</td>
<td>16.1%</td>
<td>0.3%</td>
<td>☇</td>
<td>☇</td>
<td>7.0%</td>
</tr>
<tr>
<td>Mexican Peso</td>
<td>7.6%</td>
<td>-</td>
<td>☇</td>
<td>☇</td>
<td>3.7%</td>
</tr>
<tr>
<td>South African Rand</td>
<td>5.7%</td>
<td>0.6%</td>
<td>☇</td>
<td>☇</td>
<td>4.9%</td>
</tr>
<tr>
<td>Onshore Renminbi</td>
<td>5.6%</td>
<td>-</td>
<td>☇</td>
<td>☇</td>
<td>1.5%</td>
</tr>
<tr>
<td>Colombian Peso</td>
<td>5.3%</td>
<td>-</td>
<td>☇</td>
<td>☇</td>
<td>2.3%</td>
</tr>
<tr>
<td>Peruvian Sol</td>
<td>3.9%</td>
<td>0.0%</td>
<td>☇</td>
<td>☇</td>
<td>1.1%</td>
</tr>
<tr>
<td>South Korean Won</td>
<td>2.5%</td>
<td>0.9%</td>
<td>☇</td>
<td>☇</td>
<td>-0.3%</td>
</tr>
</tbody>
</table>

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

- Lowest volatility, highest cost
- Unconstrained Efficient Frontier
- Current Debt Portfolio
- Lowest cost, highest volatility
We continue to shift our portfolio toward an optimal point on the constrained efficient frontier, which involves more EUR, CAD, GBP and AUD debt.

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.
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
Digital Transformation

We defined 5 major digital transformations to enable our future growth

<table>
<thead>
<tr>
<th></th>
<th>Present</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customer</td>
<td>40% digital sales (EDI, Telesales, B2B)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>60% non-digital</td>
</tr>
<tr>
<td>2</td>
<td>Consumer</td>
<td>8% earned media</td>
</tr>
<tr>
<td></td>
<td></td>
<td>E-commerce operations in 20 countries</td>
</tr>
<tr>
<td>3</td>
<td>Supply Chain of the Future</td>
<td>CoS efficiency through technology</td>
</tr>
<tr>
<td></td>
<td></td>
<td>50 fully automated breweries</td>
</tr>
<tr>
<td>4</td>
<td>Operations</td>
<td>Global Capabilities Center (GCC) process penetration from 13%...</td>
</tr>
<tr>
<td>5</td>
<td>Data &amp; Analytics</td>
<td>0% critical data in the data lake, few decisions enabled by algorithms</td>
</tr>
</tbody>
</table>

Digital Transformation

Customer

- 40% digital sales (EDI, Telesales, B2B)
- 60% non-digital

Uplift 3-5%

Consumer

- 8% earned media
- E-commerce operations in 20 countries

Supply Chain of the Future

- CoS efficiency through technology
- Exponential growth in year-over-year savings
- 50 fully automated breweries

Operations

- Global Capabilities Center (GCC) process penetration from 13%...
- to 25% across all functions

Data & Analytics

- 0% critical data in the data lake, few decisions enabled by algorithms
- 100% critical data in the data lake

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

**Customer Contact Model**

**Effectiveness**

- **Total Revenue Non-traditional**
  - 2016: B2B 27%, TELESALES 33%, EDI 40%, TRADITIONAL 71%  
  - 2017: B2B 27%, TELESALES 33%, EDI 40%, TRADITIONAL 71%  
  - 2018: B2B 27%, TELESALES 33%, EDI 40%, TRADITIONAL 71%  
  - 2021: B2B 27%, TELESALES 33%, EDI 40%, TRADITIONAL 71%

**Cost to Sell**

- **Frontline Cost Reduction $/hl**
  - 2016: -3%  
  - 2017: -8%  
  - 2018: -20%  
  - 2021: *Preliminary Estimate*

**Service Level**

- **B2B Users Evolution**
  - 2016: 190K  
  - 2017: 450K  
  - 2018: 850K  
  - 2021: 2,500K

* *Preliminary Estimate*  
* *Cumulative YoY*
The platform allows us to analyze consumer behavior at the POC and provide valuable insights and recommendations to our customers.

Beer loses its share of alcohol leadership, primarily to whiskey.
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.
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%
Know our Consumers

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
Know our Consumers

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:

- A beer
- A football
- A soccer ball
Know our Consumers

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.

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.
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

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

- **Platforms**
  - Smart Brewery
  - Managed Brewery
  - Mobile Brewery
  - Connected Brewery

- **Clusters**
  - • Optimized
  - • Integrated
  - • Foundations

- **Modules**
  - • 3

- **Scope**
  - • Top ~50 breweries: Fully interconnected, automated and data-driven centralized control tower
  - • Middle ~75 breweries and key verticals: Optimize performance by connecting all assets and enabling mobile capabilities
  - • Basic state for all breweries ensuring full safety and quality requirements: Key machines and systems connected
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
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.
Data and Analytics

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

Opened Analytics Incubation center at the University of Illinois

Built Analytics Center of Excellence in India

Projects undertaken

People

Business Analysts
Data Engineers
Data Architects
Data Scientists

30
160
90
35
7
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

RESULTS

PILOT

PHASES OF TECHNOLOGY

LAUNCH

Pilot

SCALE

Valley of Despair:
When people get impatient for results

EMERGING

• Innovate from without
• Partnerships
• Non-consensus
• 2 pizza teams & Fail fast

SCALING

Exponential thinking

Incremental thinking

• Innovate from within
• +95% of focus
• Deliver both incremental and exponential projects
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