

AB INBEV'S INVESTOR SEMINAR 2018

JOHANNESBURG, SOUTH AFRICA

TUESDAY, 7 AUGUST 2018

CHIEF MARKETING OFFICER – MIGUEL PATRICIO

Good afternoon everyone.

I am Miguel Patricio.

I have been with this company for 20 years, and have had the opportunity to lead Marketing in Brazil, North America, as well as leading the Zones in North America and Asia-Pacific.

Now, for the past 6 years I have been the Global CMO. What I am most proud of is how ABI has evolved to become more consumer-centric, in the last years.

So let's begin..

Anne shared with you how our three strategic frameworks drive organic growth. Now, I will build on it, to tell you:

- 1) how we are bringing the Category Expansion framework to life with our strong portfolio of Global and local brands
- 2) and how we are transforming our digital and creative abilities to address evolving consumer trends across markets

Let's go to the first point...

The market maturity model helps to guide our portfolio development choices.

And our portfolio of brands are what drive category expansion.

As consumer needs evolve, our portfolio of brands builds to support differentiation and premiumization.

There is no better case to share with you then the continued success of our Global Brand portfolio...to show how we are expanding and premiumizing the category across markets.

Our Global Brands are our engine for growth.

In 2017 they contributed to more than one third of our total revenue growth...and the strong momentum continues with the global brand first half revenue of 2018...we delivered 9.1% revenue growth, and outside of their home markets that number is even higher, +14.6%.

As we know, as markets mature, new consumer needs and occasions develop, making it very important to have a strong portfolio of premium brands.

Within the global brand portfolio, each brand maintains its own positioning, occasion, and price point, allowing differentiation and minimizing overlap.

Budweiser is the perfect beer for high energy, premium party occasions, and is the trade-up from core beer in lower maturity markets.

Stella Artois, with a rich history of over 600 years, and its iconic chalice, is positioned to elevate the food experience

Finally, Corona is truly a lifestyle brand, designed to be inviting to men and women in the escape moment.

Along with differentiation through branding, we reduce cannibalization by positioning the three global brands at different points on the price ladder, with Corona typically the highest of the three.

Now, let me take a few more minutes to discuss each brand in further detail.

I will start with Corona, our most premium global brand

Corona has a very clear role to play in the portfolio in co-ed social occasions, offering the perfect proposition to trade up.

This brand is really expanding fast and growing everywhere. 2 years ago, 36% of Corona's revenue came from outside of Mexico. Last year, it surpassed 50% of total Corona revenue.

The brand is also doing well its home market, with volumes up mid-single digits in 2017. Corona encourages consumers to spend more time outside, disconnecting from daily pressures.

The soul of the brand comes to life through its experiential platforms.

You will get a chance to experience a Corona spiritual home this evening, which is one of the points of connection that we have designed to bring the spirit of Corona alive.

Additionally, last year, Corona held more than 7,500 "Corona Sunsets" outdoor music festivals around the world, all meant to show consumers that "this is living".

And although Corona encourages consumers to spend more time outside, just spending time outdoors isn't enough. It's also our job to protect it, to create a Better World.

Through Corona's partnership with Parley for the Oceans, we have committed to help clean up the ocean by making 100 islands plastic free by 2020 – cleaning up the outdoors so that we can spend more time there.

This strategy gives consumers and Corona the opportunity to start a conversation. Moving on to Stella Artois, one of our beers with the longest heritage in our portfolio.

It is from our home country of Belgium and dates back to 1366.

Stella Artois all about enjoying life the European way, or the “joie de bière”, as we like to say.

Stella Artois asks people to be truly present and enjoy each moment, especially those around a dinner table with family and friends.

This brand is a star in our portfolio, with growth accelerating around the world. 2017 Net Revenue growth accelerated to +12.8%, up from +6.3% the year prior.

Like Corona, Stella Artois is also committed toward our shared dream of Bringing People Together for a Better World.

In fact, Stella Artois was the pioneer in our portfolio with our “Buy A Lady A Drink” platform, launched in partnership with water.org and Matt Damon.

This platform continues to bring clean water to millions of people throughout the developing world, giving them their time back to spend with their communities and families.

We will share more on this great partnership and the work we are doing together on Thursday during the best practice presentations.

Now, I'd like to tell you about Budweiser.

The global role of Budweiser is to offer consumers a trade up from core beer, especially in early-stage maturity markets. It is about high energy, social occasions, and it is the flagship premium brand in the party space.

Budweiser embodies the energy of cities around the world. It is perfect for those who make the most of the opportunities around them.

This global scale allows us to leverage the world's biggest platforms, like this year's FIFA™ World Cup in Russia.

The 2018 FIFA™ World Cup was the biggest commercial campaign in AB InBev history activated in more than 50 countries.

We achieved phenomenal results during the World Cup, as you heard from Brito during the Q2 results.

We exceeded our goals,

- Budweiser was #1 in Share of conversation vs other FIFA and World Cup sponsors.
- In fact, Budweiser led the digital space ahead of all FMCG brands during the tournament
- The brand achieved 28% in earned media,
- And delivered double digit revenue growth outside of the US in Q2.

Here in South Africa, we used the 2018 FIFA™ World Cup as a platform to launch the brand, and the results were incredible.

South Africa alone contributed more than 9% to total Budweiser growth from April- June. The Brand was activated in more than 13,000 outlets and reached 10 million people. Our local brands also activated the World Cup in over 40 markets, leveraging best practices and ideas in real time across markets, and contributing to revenue growth.

The World Cup is an amazing example of how we are leveraging the equity of our brands and scaling ideas around the world.

One example you can see here, is how we leverage the same consumer insight, to create one single creative idea for our classic lager brands that play similar roles in their local portfolio

Now, since we are talking about core brands, let's go back to the Category Expansion framework. We don't only use it to unlock the strength of our global portfolio of brands but also to shape our local core brand portfolio.

There are continued growth opportunities here...and today we have the knowledge and the capabilities to execute them in a value enhancing way as we have for our Global Brands.

The framework defines the role of brands in a consistent way by market maturity, following us to scale learnings faster and across our brand portfolio in three ways:

- Defining brand positions to reduce overlap
- Articulating brand roles within the local portfolio
- Executing best practices to scale success faster

You'll see on Thursday, a case from Argentina and how they leveraged the Category Expansion framework.

The same way that our global brands play different roles in the portfolio, based on price point and occasion as we said before...our core brands have their own role to play to maximize the benefits of our portfolio.

The main differentiation is in Core Lager, in what we call Classic and Easy Drinking beers.

By clustering local brands that share similarities across the world, we can better understand the trends across markets, and capture learnings and best practices to develop road maps to growth for our core and premium brands

As you heard with Anne, beer starts in Cluster 1 with men drinking on premise accounts with Classic lagers.

At this stage, volume comes from our classic lager brands that are rooted in masculinity, sports, and national pride – many of these brands are highlighted on the slide here.

As you just saw for the FIFA™ World Cup, we are leveraging creative concepts and best practices across these brands...

As markets mature and beer becomes more co-ed, expanding into more occasions, the core beer portfolio also extends to include Easy Drinking brands, providing beers that are designed for socializing, lighter in flavor and more session-able.

Our Easy Drinking beers deliver a highly refreshing, perfectly balanced and crisp lager for mixed gender, social drinking occasions.

You will learn more about one of our most successful examples of an easy drinking lager from Australia on Thursday.

Easy Drinking brands share best practices and innovations across different markets, and here are two examples that we just launched –

- Ring pull (an easy open bottle format with a distinctive opening sound)
- and Bud Light Flavors (line extensions that welcome younger, legal drinking age, mixed gender consumers to enjoy in the category).

In summary, we are using the Category Expansion frameworks to build the right portfolio at the right time, exercising our capabilities in creating strong brands that connect with consumers across occasions.

Now, let's go to the third point, Consumer connections.

Here we will show how we are delivering on category expansion through the evolution in our consumer connections, reflecting the changing consumer habits.

Over the last 10 years, it has become harder to reach consumers using traditional methods. As we have seen, TV viewership across our main markets decline and the costs to reach consumers increases.

And during this time, consumer attention has become more fragmented, with more people using ad blockers and subscriptions platforms that don't support ads.

However, it's not as simple as moving our ads from traditional to new media platforms.

Consumer word of mouth is today just as powerful and relevant as ads.

To adapt to the changing consumer trends, we have gone through our own transformation.

Throughout the years, we have been improving the effectiveness of our marketing capabilities, through scaling ROI, Social Listening, Content Basics, Creative X, In-House Agency model, earned media and data targeting....we are listening and reacting quickly to consumer behavior shifts.

We started in 2012, and by acting with speed and agility, the last two years have been exponential...I will talk briefly about three of the pillars of this transformation – ROI, Social Listening and Creative X. •And on Thursday Lucas will cover our In-house agency model.

Our ROI journey began in 2012, this is when we began implementing media mix modeling in our company, and today we cover over 75% of our spend across 19 markets.

We made this a core discipline across our marketing teams worldwide and have been able to improve our media return on investment by 20% in the past 4 years.

We also work with together with Marketing Analytics to co-develop a methodology to track the ROI of our sponsorships, and today we cover 80% of our spent across 10 markets.

Here are two examples that show how we have used the ROI discipline to help us grow and spend our marketing dollars more efficiently.

In 2014, in the US, our Facebook ROI was quite low, and using ROI learnings and best practices from different brands we were able to increase our ROI by 196% in the 3 years!

In Europe, using our ROI data helped us to better allocate spend and invest behind the right countries, brands and media channels. This has delivered an almost 20% increase in ROI in the past two years.

In 2013, we began to scale social listening

Today we are relying less on traditional one-way communication and putting more emphasis on driving earned media and creativity to capture consumer attention.

This means challenging traditional models, redefining relationships with our partners, and building new skills that are critical for our ability to connect better with consumers.

We are doing a lot of testing and learning, producing culturally relevant content in real-time and scaling winning concepts across the different markets

A great example comes from the US, where the Budweiser team found an interesting insight from social listening, which showed a spike in conversation each year on Mother's day around NBA Superstar, Kevin Durant and his tribute to his mother during his MVP speech.

Tapping into this cultural moment in a way that resonated with the brand, Budweiser launched this spot on Mother's Day, only 2-weeks after insight discovery.

This is a great example of how we are making our sponsorship assets work harder and faster for us.

This relevant content resonated with consumer, translating into great results.

Social conversations and impressions increased drastically as people engaged with the ad during Mother's Day

The last example I will share now, is on how we are cultivating creativity

Three years ago, we launched an internal creative program to reward the best creativity in the company, that we called CreativeX.

This year, we decided to test the water and for the first time really participate at the Cannes Festival of Creativity...and the results were awesome.

We won a total of 23 Lions, including 2 Grand Prix! placing us as one of the most awarded companies at the festival.

The first Grand Prix came from Carling Black Label in South Africa you will see tomorrow.

The second Grand Prix came from Budweiser in Brazil.

So...in summary,

1) First, today we are much better at predicting what will happen as markets mature

2)Second, we understand the portfolios we need to build in each market, and we know how to expand them, at the right time, and in the most efficient and effective way.

3)Third, our Global Brands, our engine for growth, are well positioned, addressing different price points, consumer needs and occasions, and already have great momentum

4)Fourth, today we also better understand the similarities and needs of our core brands around the world, and this allows us to leverage and scale best practices to maximize our portfolio

5)Fifth, our digital transformation and resource optimization journey has exponentially evolved, making marketing faster, more effective and better connected with consumers in this new era and fostering an internal culture of creativity

6)This is a super exciting moment for our company...because we are using the same discipline that we've had in finding efficiencies that we are applying now to building capabilities to grow top line

We know what we have to do, and we are confident in our ability to grow strong branded and relevant portfolios that resonate with consumers.

Thank you!