



**ABInBev**

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**INVESTOR  
SEMINAR  
2018**



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**ABInBev**

**ROBERTO  
JARRIN**

BU President  
Africa East



- Citizen of Ecuador, Born in Rio de Janeiro, Brazil
- 11 years in our Company
- I'm most proud of having developed teams that sustainably accelerated growth in every country I have worked in



**BU**

**East Africa**

**Growth Strategy**



# BU East Africa

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Represents 14% of Africa Zone volume

## South Sudan:

Population	12 million
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Beer PCC	1L
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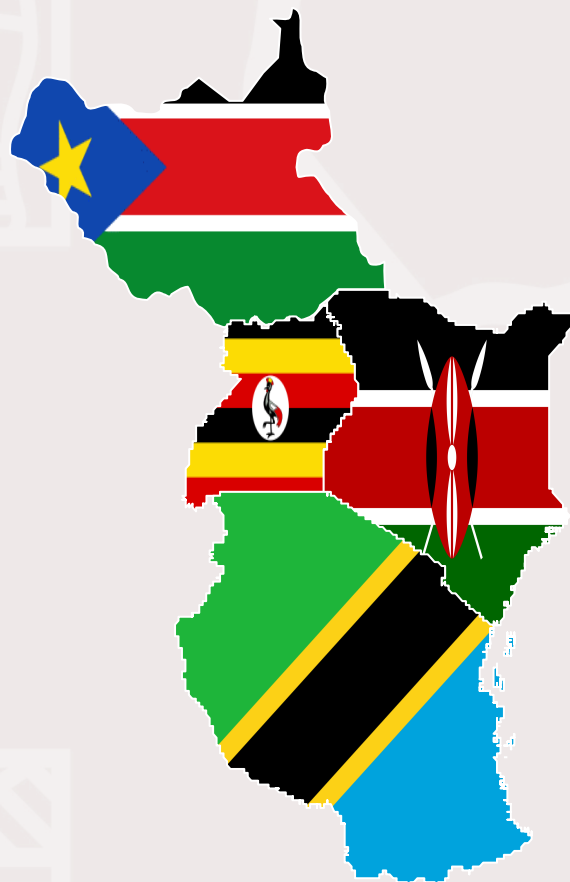
ABI Share	Average
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## Uganda:

Population	42 million
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Beer PCC	9L
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ABI Share	High
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## Kenya:

Population	49 million
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Beer PCC	10L
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ABI Share	Low
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## Tanzania:

Population	55 million
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Beer PCC	8L
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ABI Share	High
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# Tanzania and Uganda have a massive opportunity to develop the category, sourcing from informal home brew

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Source: 2014 WHO, Global status reports on alcohol and health, internal data

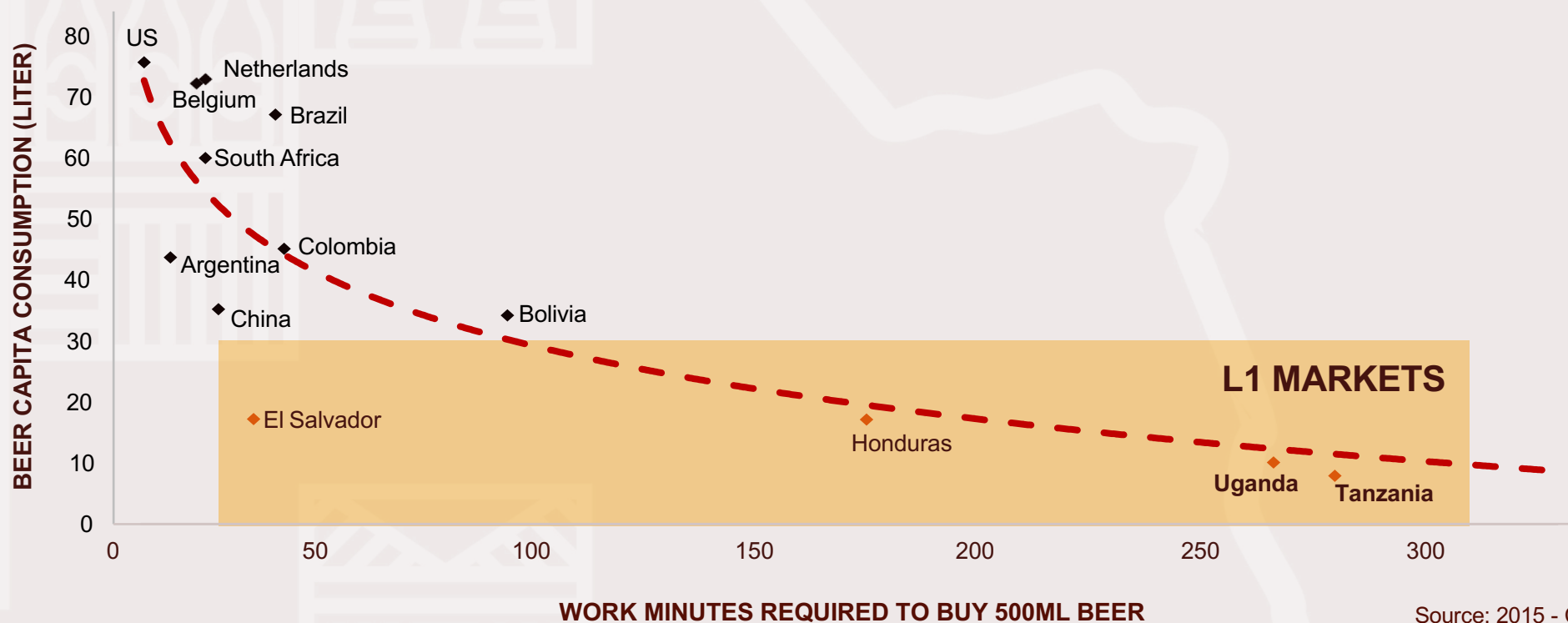




# The relative cost of beer is high in L1 markets leading to low per capita consumption

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Beer PCC against work minutes required to buy a beer across markets globally



Source: 2015 - Canadean, World Bank





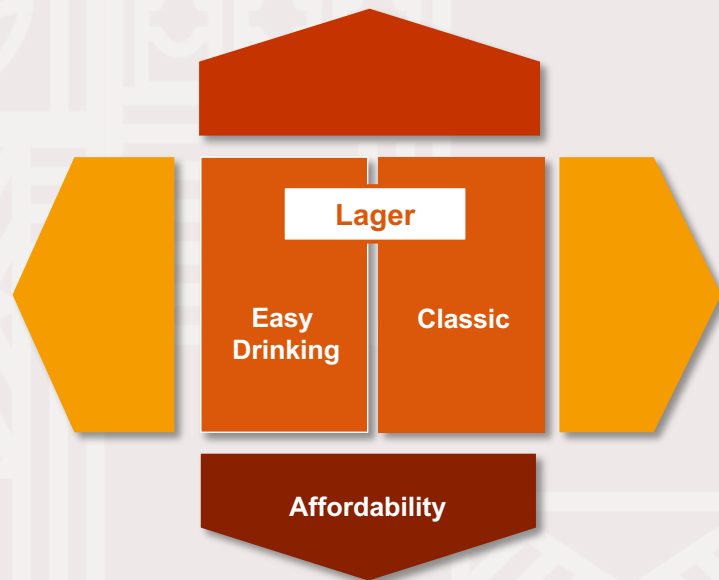


# BU East Africa's mission is to make beer more accessible

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## Mission

Increase penetration by making beer accessible (available and affordable)



## Growth Strategy

1. Protect & grow the core

Core price moderation and brand development

2. Grow affordable segment share

Sourcing from informal home brew

3. Increase availability

RTC implementation and improved POC execution

4. Premiumize growing urban areas

Opportunity for Budweiser





# 1. Protect and grow the core:

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**Grow the Core with improved affordability and brand development**

## Opportunities

**Improved Core Affordability**

**Out of Pocket Opportunities**



## Initiatives

Ensure we are not pricing ahead of inflation, allowing income to grow faster than price

Introduce small packs to target key price points and address out of pockets constraints



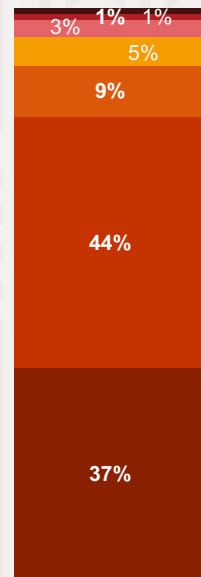


# Improve core affordability over time by letting consumer income grow faster than prices

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## Tanzania

Population distribution by SEL



2017

ABC

D+

D

E2 – E1

E3

E4

E5

Income per SEL – 2017

Average income per day

> USD 12

~ USD 5

~ USD 2

~ USD 1

95%

2017

Average minutes of work to buy beer

Core: 77

Affordable: 58

Core: 192

Affordable: 144

Core: 384

Affordable: 288

Notes: SEL refers to socioeconomic class, determined by average daily income in USD: Class E: < \$2/day; Class D: ~ \$5/day; Classes ABC: >\$12/day

Source: Canback analysis, internal data





# 1. Protect and grow the core:

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**Grow the Core with improved affordability and brand development**

## Opportunities

**Improved Core Affordability**

**Out of Pocket Opportunities**

**Strengthen Core Equity**

**Elevate Core Equity**

## Initiatives

Ensure we are not pricing ahead of inflation, allowing income to grow faster than price

Introduce small packs to target key price points and address out of pockets constraints

Develop strong Classic Beer Brands targeting the traditional male sharing with friends occasion and driving pride for the country

Develop differentiated Easy Drinking Brands targeting mixed-gender recruitment of the growing LDA segment







MAISHA NI



ULIPOFIKA  
NI MBALI  
VUTA PUMZI

MAISHA NI *Safari*

KUNYWA KISTAARABU. HAIUZI KWA WENYE UMRI CHINI YA MIAKA

Born  
1977.



18+

www.talkingalcohol.com



# ROAR FOR UGANDA

ELGON CUP

UGANDA VS KENYA

AT LEGENDS RUGBY GROUNDS  
JUNE 10TH, 2017, AT 2 PM.

50k (VVIP)  
30k (VIP)  
20k (Gen)

#1 FAN OF UGANDA RUGBY



## SHOW YOUR PASSION



## BREWED WITH PASSION



TRUE UGANDAN  
REWARD FROM THE SOURCE







*"The world's youngest continent" WEF 2018*





Kuwa star wa video,  
**Mwagika**  
Zama  #Mwagikachallenge



HAIUZI KWA WENYE UMRI CHINI YA MIAKA 18. TAFADHALI KUNYWA KISTAARABU.





 **KAMPUS  
TURNUP**  
@VALHALLA  
EVERY TUESDAY  
FRESH GIVEAWAYS  
SLEEK DJS • LIT JAMS



**REFRESH  
YOUR BEAT**



 Refreshingly  
Different.

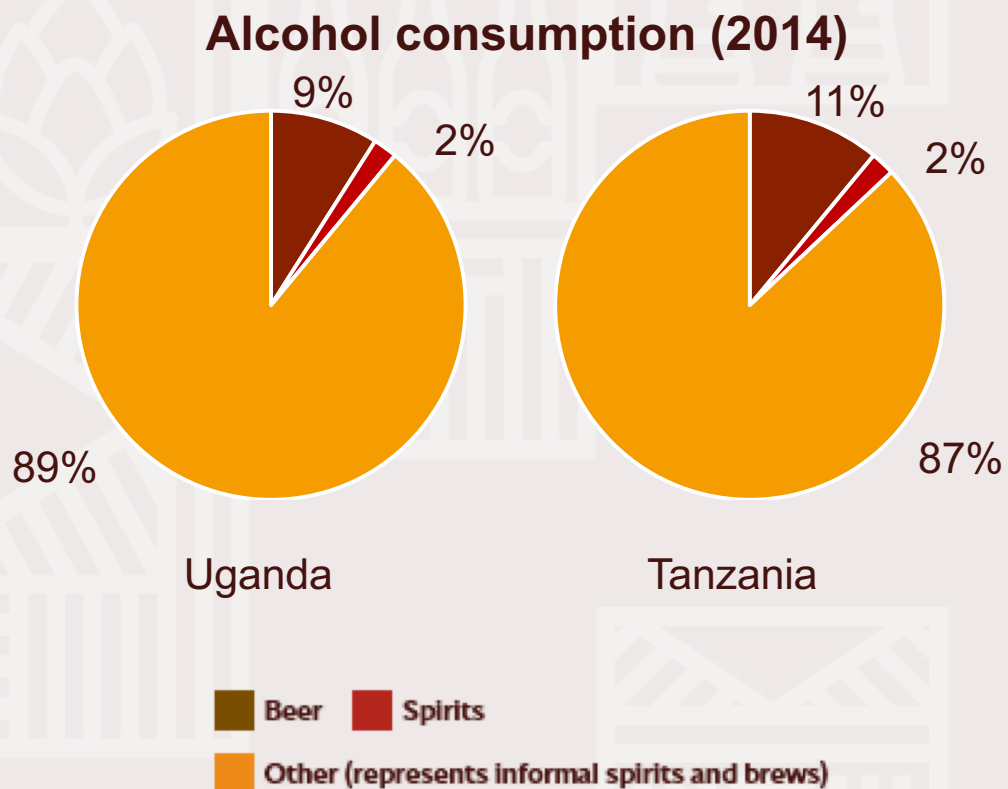




## 2. Grow affordable segment share:

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Grow per capita consumption by sourcing from informal homebrew and spirits



Source: 2014 WHO, Global status reports on alcohol and health







# Uganda was the first to negotiate a lower excise bracket as a way to drive affordability

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	2002	2017
VOLUME	365k hl	2,365k hl
MARKET BEER PCC	< 5L	9L
BEER EXCISE	FULL RATE	Imported Raw Materials: FULL RATE  Local Raw Materials: INCENTIVE





# The Eagle brand was launched to source from informal alcohol

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Develop a relevant and emotive brand concept that focuses on:



High quality local ingredients



Strong sense of local pride derived from being homegrown  
“created by us for us”

Price Index: 73 vs Core

Healthy Margins

2002: A quality local Beer



2017: End of day reward

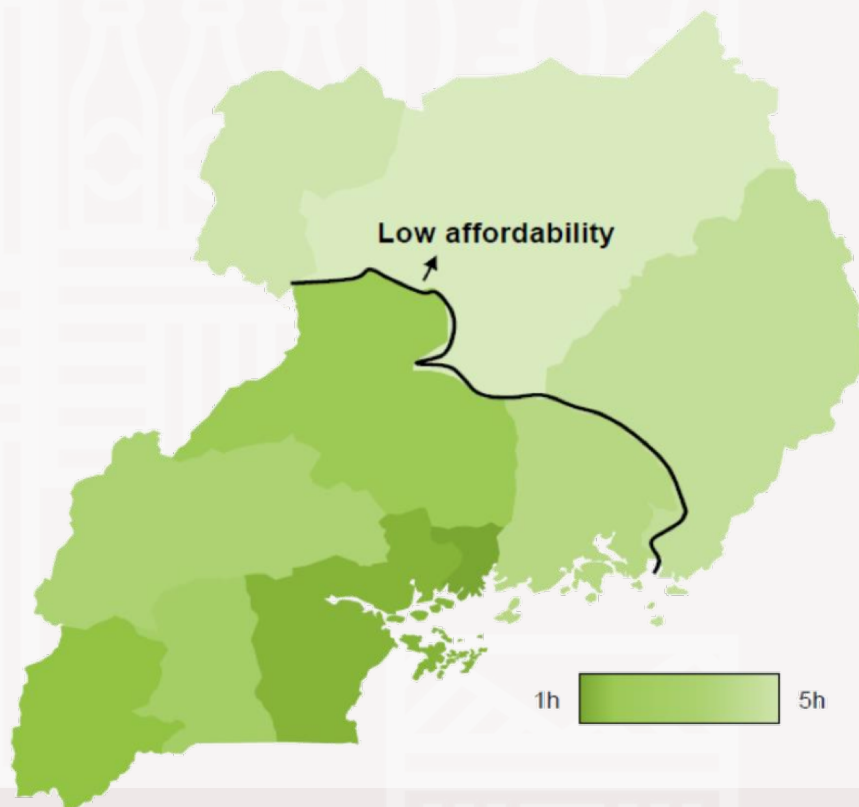




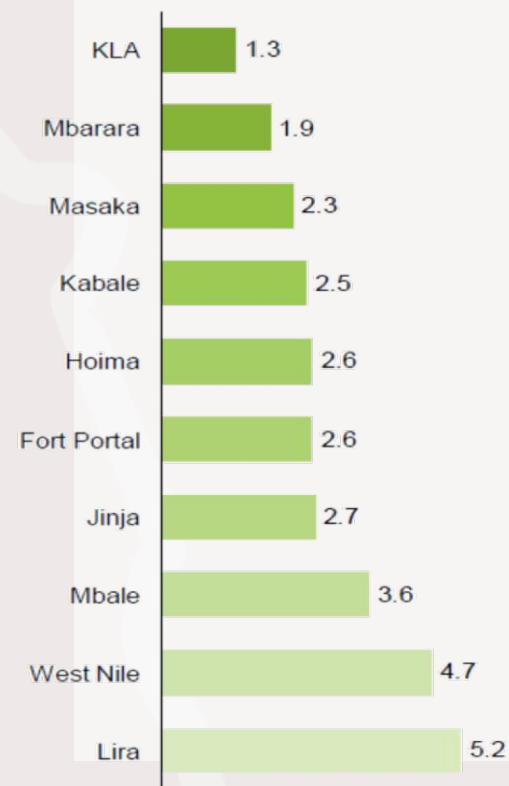
# Eagle in Uganda was launched in areas of low affordability to drive incrementality

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Map of work hours required to purchase 500ml beer



Work hours by sales region 2015







# The Uganda case study has been expanded to other countries in Africa

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Uganda



Local Sorghum

Tanzania



Local Cereal

Mozambique



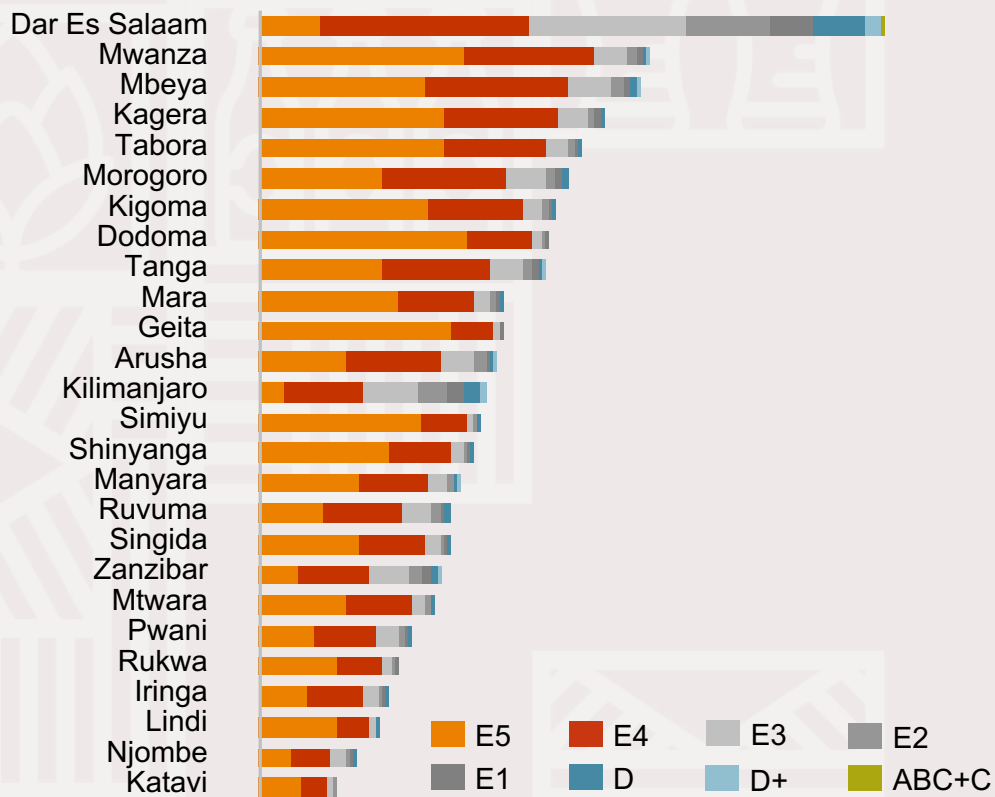
Local Cassava / Maize



# Also deploying the same focus in rural areas where growth opportunity is big

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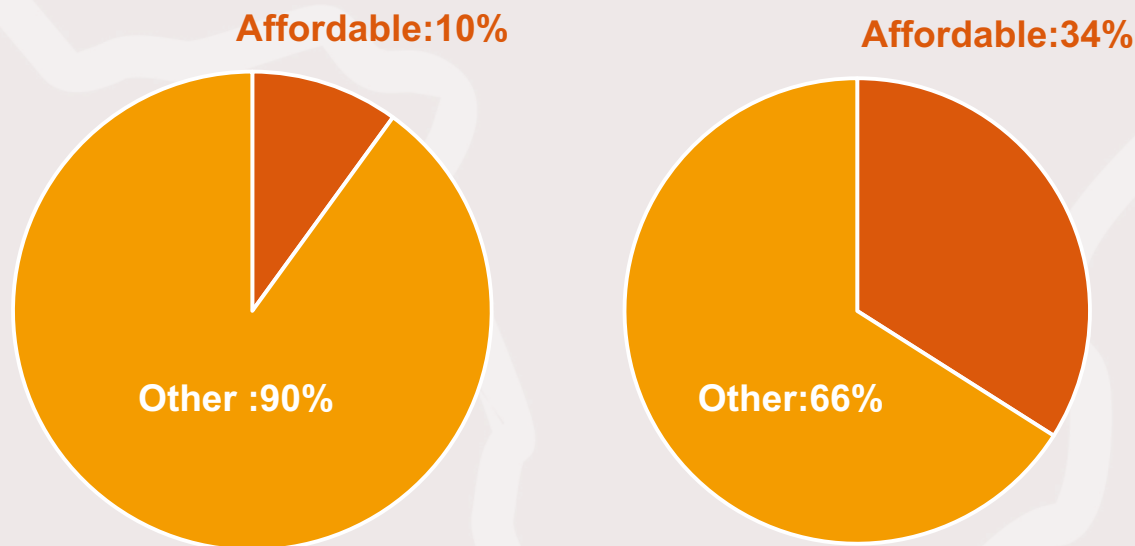
Tanzania PCC is lowest in rural areas with high percentage E5 and E4 SEL population



Affordable mix is high outside of Dar es Salaam (% volume mix)

Dar es Salaam

Other regions



Notes: SEL refers to socioeconomic class, determined by average daily income in USD: Class E: < \$2/day; Class D: ~ \$5/day; Classes ABC: >\$12/day

Source: Canback analysis, internal data







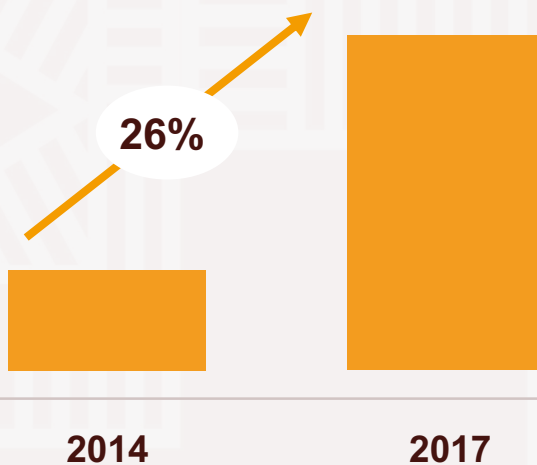
# Results of the affordability strategy expansion to other African countries have been strong

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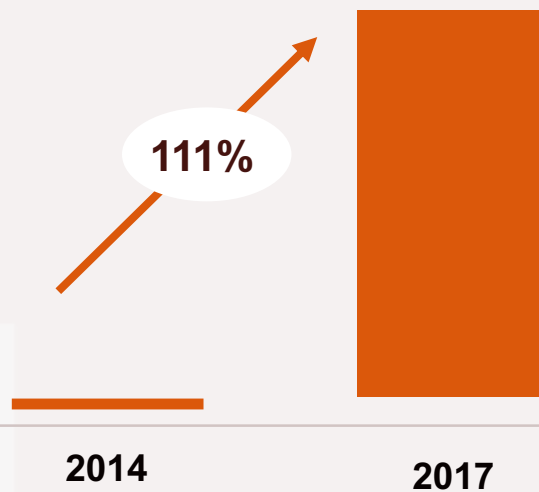
## Affordable volume growth



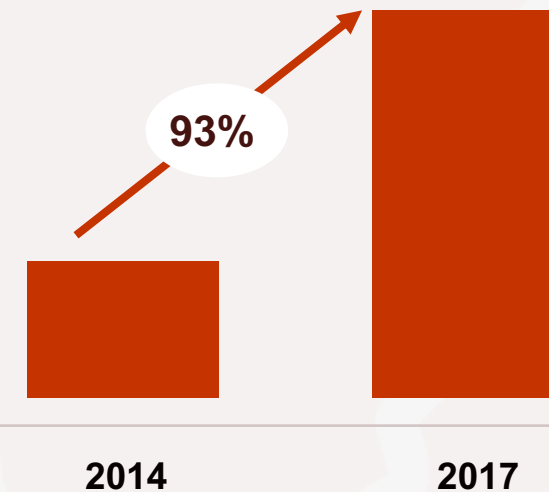
Mozambique



Zambia



Tanzania





# L1 and L2 markets with regional affordability opportunities could reapply the Uganda case

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## Beer PCC against work minutes required to buy a beer in Colombia



- COLOMBIA ILLUSTRATIVE EXAMPLE
- Affluent regions
- Affordability regions

Source: Canadean, PlatoLogic, World Bank Economics (DANE), prices (Nielsen) and internal calculations







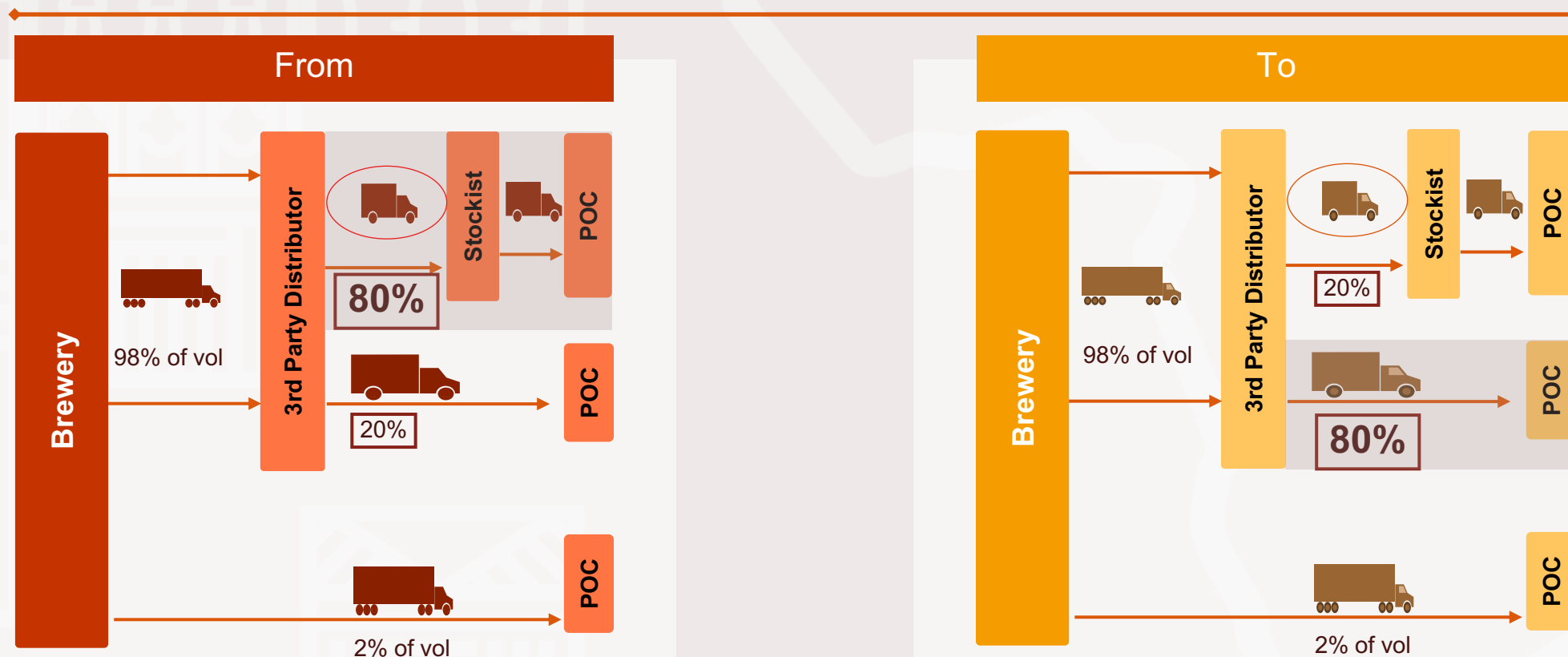


# 3. Increase availability:

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Implement an optimized RTC to improve POC execution

Tanzania Operation Example







# Launched DMS to improve distributor service, outlet coverage and line of sight

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## Rolled out in Tanzania



DMS is used for invoicing and provides visibility of distributor's operation

## Rollout in Africa in 2018

✓ Tanzania 2016

✓ Uganda 2017

Mozambique, Ghana, Zambia & Nigeria 2018

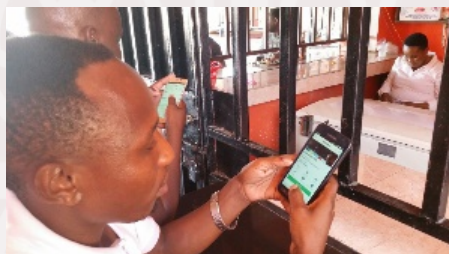




# Urban areas moved to direct order taking from retail while maintaining third party delivery

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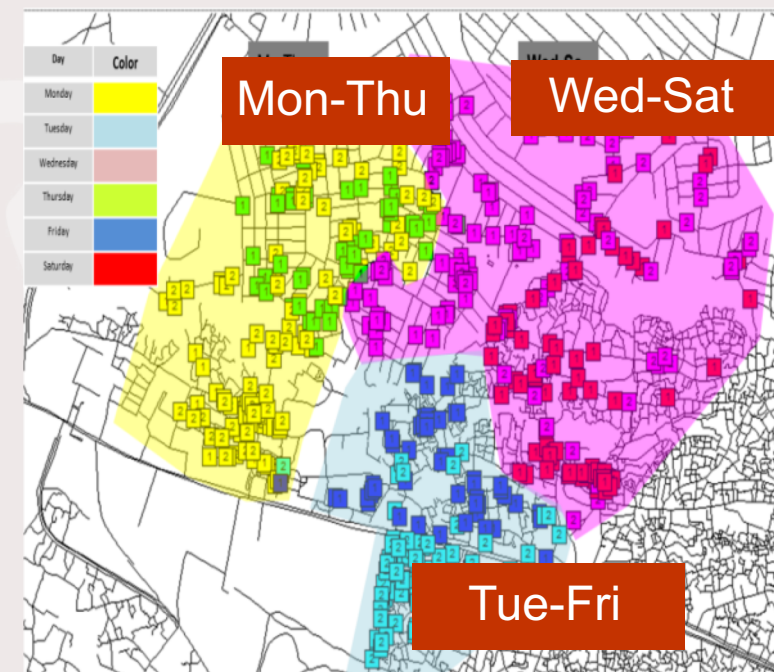
Tracking the KPIs to drive effectiveness and assure differentiated execution



Order generation by our sales rep



Delivery by distributor

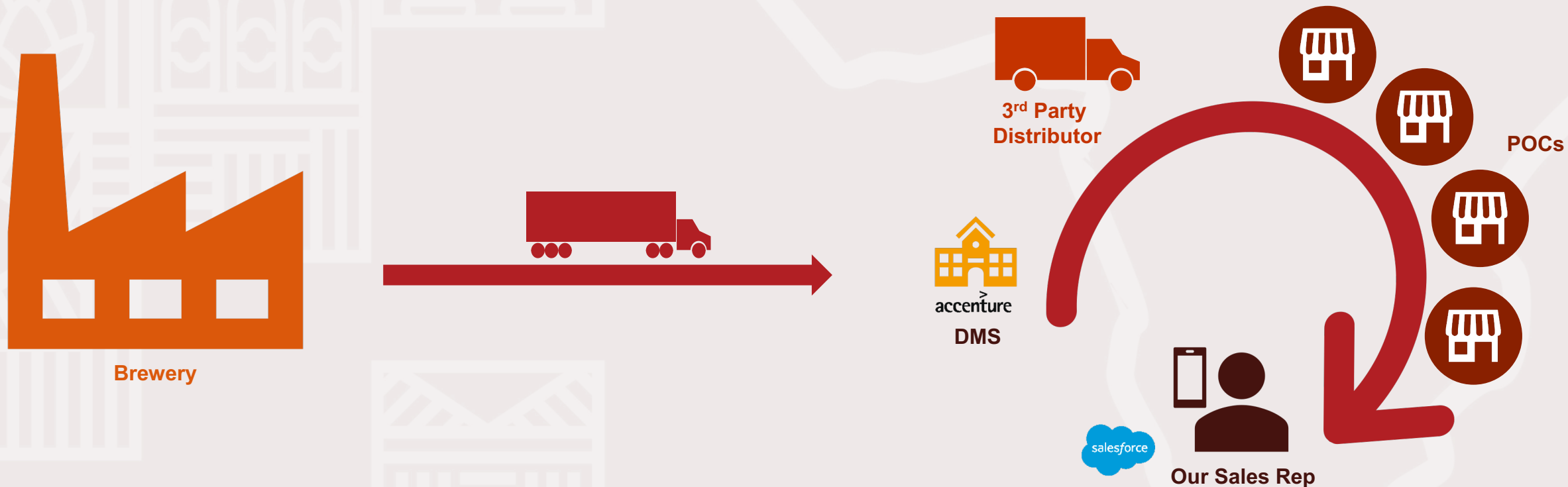




# The Salesforce system integrated with DMS launched to capture in-market opportunities

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Enabled through an integrated commercial platform and central master data management with standard reporting





## 4. Premiumize growing urban areas:

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We have started to play in the segment by introducing Budweiser

2017 Premium Market Size

Introduce Budweiser

TANZANIA  
120k HL

UGANDA  
30k HL



Source: internal estimates







**BU**

**East Africa**

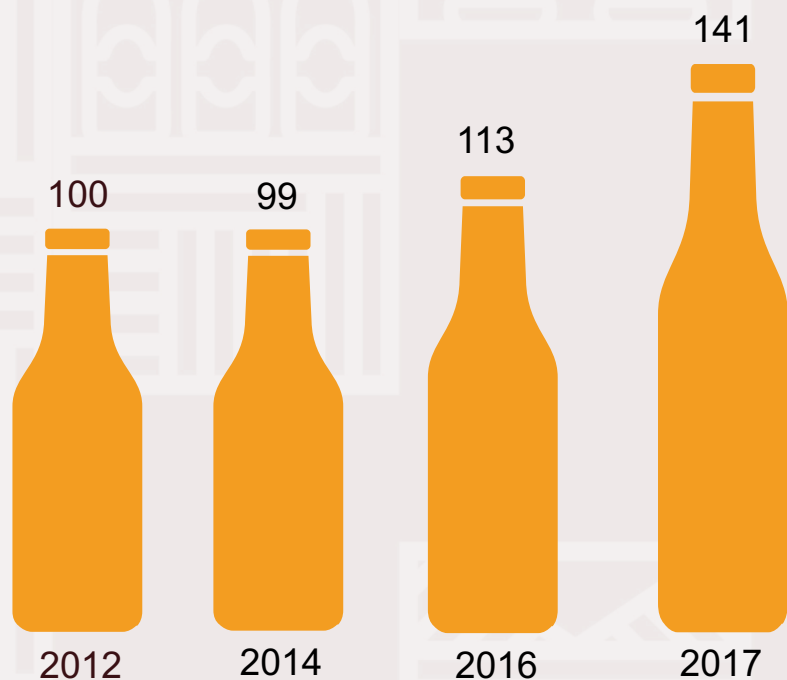
**Growth Strategy**



# Since the integration, we have accelerated beer volume growth

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## Uganda



## Tanzania





