

AB INBEV'S INVESTOR SEMINAR 2018

JOHANNESBURG, SOUTH AFRICA

TUESDAY, 7 AUGUST 2018

CHIEF PEOPLE OFFICER and INTERIM CHIEF SALES OFFICER – DAVID ALMEIDA

Good afternoon everyone, my name is David Almeida, and I am the Chief People Officer & currently Interim Chief Sales Officer at AB INBEV.

I was born in Los Angeles and grew up in both Singapore and Rio de Janeiro.

I joined our Company back in 1998 in the M&A department of what was then Brahma.

I love beer, I love this company so it's really a pleasure to be here speaking to you today.

Earlier we heard from Brito & Anne about how we are reorienting our company for growth for the next 100+ years leveraging new concepts such as the "Category Expansion Framework" that was developed by SAB as well as our market maturity model which helps us to group similar countries into 6 Clusters based on their Maturity as well as our Market Share.

And we also heard from Miguel about our strong portfolio of global & local brands.

But... within our commercial organization one of the key questions we ask ourselves is:

How does this impact the reality of our customers?

From a sales perspective we had a very simple model in the past...

An almost mono-brand; mono-pack approach was enough to meet our customer's and consumer's needs.

However, our industry has changed dramatically during the last few years, particularly in more mature markets...moving to a much more complex reality, with several brands addressing multiple beer styles, from lagers to IPAs, and offering a wide variety of packs from small bottles, to cans and multi-packs.

This change in the Industry has had a direct impact on the way we do business.

To name a few specifics... ..In our route to market, we moved from simple & very efficient distribution models, to more sophisticated ones, that are also more fragmented.

Our frontline sales teams, moved from "transactional" activities to "Business development" activities, which require different skill sets & training.

And finally, our technology evolved from focusing mainly on “trade assets” to a reality in which “experiences”, “digital trade programs” and strong “analytics” are the name of the game.

The Initiatives that sales developed to support our strategy are applicable to all clusters. however, they are not applied equally as we move from cluster to cluster.

They start from a “base model” that evolves and gets more sophisticated as markets evolve, until cluster 3, in which we enable the “full model”.

Today, I’m happy to share 3 of our most relevant customer enablers.

1. The first is our contact strategy, which is the cornerstone for all Interactions with our Customers.
2. The second is our High End business. This addresses the need of Specializing our Structures to Win in the Premium & Super Premium Segments.
3. And finally, retail solutions.

This focuses on Tools for our customers to improve both their Top Line & Bottom line, by providing them with Assets & powerful Insights about their business.

- First, let’s take a look at our contact strategy.

Until 2015, AB InBev had a very traditional contact model based almost exclusively on face to face interactions with our sales reps, which we applied uniformly across markets, regardless their Maturity Stage.

However, in such a competitive market place, we knew we had to improve the way we interacted with our customers, to be more productive, more efficient, while increasing our service level.

In other words, we had to evolve from a very Traditional Contact Model, in which Sales rep was responsible for all activities inside the POC, such as activation, order taking & negotiation, among many others, to a new structure with multiple ways to connect with our customers.

With this new model, the field sales team is responsible for the relationship and negotiation, while the distribution team makes sure that our product gets to our customers.

In addition, the tele sales provides the support with the transactional activities, creating a much higher level of productivity overall.

We've recently enabled a new b2b digital platform that will provide a completely new experience to our customers, changing the way we interact with them, by providing new services, more transparency, empowerment and simplicity...

It's really a service level transformation.

An important thing to highlight about the "Contact Strategy 2.0", is that it's not a One-Size-Fits-All approach.

The Route To Market objectives are very different across countries, depending on their market share and maturity Stage.

That's why our model is adaptable, so we can focus on different objectives in different places.

The Market Maturity Model helps us define the objectives of each cluster...

We can simplify the matrix into 3 main missions and strategies.

In cluster 1 countries, which are less mature and where we are expanding our business coverage, the main objective is to make our beer available to more customers.

The goal in those clusters is availability, and our initiatives are focused on enabling distribution channels and implementing field sales teams.

In cluster 2 countries, with a medium maturity level, we generally have good beer availability.

The challenge is to expand coverage and efficiency, while beginning to transform the contact model to sell a portfolio that begins to become more sophisticated and expands into new occasions driving frequency.

The mission here is effectiveness, and the main initiative is tele-sales.

The challenge in the cluster 3 countries is that availability becomes easier, and because of that, customers want more than just a relationship based on Transactions.

They look for partners that can provide a unique service and purchase experience to help them develop their business.

In this cluster, the mission is experience and the main initiative is B2B.

We believe that these new models can represent close to 70% of the total Net Revenue of the company until 2020.

And, with this, we can increase the productivity of our Sales Team by more than 20%,

delivering an even better service level to our customers.

This new Contact Strategy format is being implemented very fast.

As of today, we've already implemented it in all of our sales zone structures, in over 25 countries and 160 operations.

The results we've been achieving so far are better than expected, with higher levels of service and productivity from our team, which enable us to increase our operating leverage.

To support this change, our traditional tele sales, which were decentralized with very low tech support, are now migrating to what we call customer interaction centers...

These are omni channel centers with sometimes more than 700 agents that are prepared to receive customer transactions in whichever format they choose, at any time they prefer.

It also allows interaction through messaging, email, or chat, depending on the customers' preferences.

And the B2B solution is becoming our most relevant transaction format with customers, growing more than 100 times over the past 2 years.

We will end 2018 with over 5 billion dollars in sales captured via our B2B app.

We started this digital journey at the end of 2015 with a very basic solution, and after 2 years of exponential growth results, we really changed the way we manage the platform. Today our B2B digital organization has over 90 employees, between data engineers, coders and product managers and we are moving to a very personalized new solution, both in web and via an app that will really help our customers—not only during their order process, but also with many other problems they face during their day-to-day.

Looking to the future, we know that the new retail and sales structures will face a completely new environment, with new players and new customer expectations.

But we believe we are in a great position to take advantage of this new environment, because we have reach...

Today we serve more than 3.5 million customers around the globe with some type of physical or digital interactions.

Because of this reach, we are able to better understand our partners' main issues and offer personalized solutions & services that can help them with their daily activities, being much more than a transactional digital portal, and becoming a truly valuable partner for our customers.

In order to capture this opportunity, we're already moving our organization in this direction.

The B2B portal is just the first digital product that we're offering to clients, and we will quickly scale into new opportunities with digitally-based products and services, with category management, engagement programs and financial services already planned for 2019.

So this is our contact strategy plan: a complete transformation of our sales organization, preparing ourselves to capture actual opportunities and future challenges.

Now let's move into our second initiative, the High End Company

The High End Company addresses the top & right corners of our category expansion framework, more specifically "premiumization" through our global brands, and the "other beer styles" through our specialties portfolio.

The High End segment is expected to grow about 5 times faster than Core and Value in the years to come.

Based on our experience, it's a very profitable segment, driving about two times more revenue for every hl sold.

In short, it's a powerful combination of high growth & high profitability.

Combining Industry data of about 180 Countries, together with other Internal analysis, we estimate that the High End Segment will reach more than 200 million hl by 2020.

We've mapped where approximately 70% of this opportunity sits and identified 22 countries to focus on.

Through the lens of our Market Maturity Model, the 22 Countries cover all 3 Maturity stages.

From Cluster 1, with Countries like India & Vietnam to Cluster 3, with countries like the USA, Belgium & Australia.

Before we rolled out our High End Company globally, we learned that we had several opportunities.

First, we under-indexed by almost 11pp when comparing our share in the High End segment vs our fair share.

And Second, we found that this was true across all relevant beer styles, all the way from Lager to IPA, and Stout.

To close our gaps and capture future opportunities, we decided to focus on two main fronts.

Number one: Roll Out a strong portfolio of brands across different markets to address all relevant beer Styles, and number two: specialize our teams so they have the Right Profile, Skills, Training and Tools to serve our Customers and build our Brands the right way.

We've defined a Big DREAM...

To double the revenue and become the #1 Growth Engine for AB INBEV, by building strong brands to lead all relevant Beer Styles, while also building the best people pipeline & capabilities for our teams.

Our High End Company was built following an "OUTSIDE-IN" approach.

In the 22 countries, we focus on the top urban centers and target the most premium POCs, such as Craft Beer Bars, Night Life Clubs, or Fine Dining Restaurants, to name a few.

The High End Company is led by senior & experienced owners, who have specialized structures that leverage our Core, combining the Agility & Speed of being independent, with the Muscle of our main machine, while avoiding unnecessary overlaps.

We have identified 11 Brands that are part of our "Global High End Portfolio" that, together with other Local Brands allow us to Play in all relevant Beer Styles.

Our Portfolio Strategy is in line with the Market Maturity Model, to focus on the right beer styles for each market.

"The High End Company" is the "Platform" we use to deploy "Brands," and we use "Toolkits" that are developed centrally, either in GHQ or the Zones, depending on the brand.

These "Brand Toolkits" provide clear guidelines that enable us to develop Brands consistently across markets.

They range from "brand positioning" all the way to "commercial programs" for specific channels, and "better world" platforms.

Leveraging learnings from our experience in the USA, we've been partnering and integrating over 30 different Craft Brands across 15 countries.

This allows us to bring an unimaginable amount of "Knowledge & Creativity".

We've also created "Agora", a Global Community of Craft Founders, Brewmasters & Brand Owners, which has led to multiple collaborations & best practice sharing.

In 2017, we were awarded almost 200 Medals in the major Beer Competitions around the world, 59 of which were GOLD.

2017 has been a foundational & transformational year for our High End Company globally.

We successfully rolled out the High End Company into 22 Countries, doubled our historical NR Growth Rate, reaching a total of 4.6 \$bio in 2017, driving approximately 36% of AB INBEV's overall Revenue growth, becoming the #1 Growth Engine and closing our Gap vs Fair Share by around 1pp in the Segment, as well as across different Beer Styles.

We also have multiple "success stories" that confirm we're on the right path...

In China, after the development of Budweiser in the Premium segment, back in 2014 we faced the need to create a "Second Engine for Growth", leading to the creation of the "High End Co", to focus on the "Super Premium" Segment.

Since then, we've been able to grow our Share of the super-premium segment, reaching around 50% share in 2017, through a strong portfolio of brands including Hoegaarden, Corona & Other Belgian Imports.

Another example is Colombia. Back in December of 2016, we only had one brand in the top 3 in terms of share— Corona in the #2 position.

As a result of the combined effort between our "Specialized Structures" and a successful integration with SAB, 18 months later we've achieved a Leadership position in the segment with both Corona & Budweiser.

Finally, in South Africa we've been growing volumes triple-digits by being in the right places through a "Qualified Distribution" approach, and executing our Brands differently than other brands in the market through an "Extraordinary Execution", supported with Strong "Experiential Platforms" & "Value Added Promotions" for Consumers.

In summary, High End is our single biggest opportunity, as it is a "virtually perfect" combination of a Segment that "Grows Fast" and is "More Profitable."

Plus, we still have room to close gaps vs Fair Share.

As you've seen, we are on the right path to achieve our DREAM!!

Now, let's talk about our third customer enabler:
retail solutions.

As markets become more sophisticated, the retail scenario evolves.

With that in mind, we developed a robust portfolio of solutions that range from basic hardware to full online category management.

The base model is all about using trade marketing to provide infrastructure that drives penetration...

...In the evolved model we leverage owned and franchised stores as a tool to boost frequency and to premiumize...

...And the full model is where we combine the power of digital and analytics with trade marketing and category management;
resulting in a powerful and scalable tool that drives category growth.

For low-maturity markets, we'll continue to use successful Trade Programs that leverage POC infrastructure to gain penetration:

For some markets it's not about digital and premiumization, but rather about providing the right infrastructure to create and support the beer occasion.

A great example is coolers—we have Millions of units worldwide, and adding a beer cooler in a POC that was using the regular horizontal cooler has a big impact: around 10% volume uplift.

We also have great trade programs that focus on helping small entrepreneurs transform their simple off-premise POCs into new on-premise POCs.

A good example of this is the TABERNITAS program in Peru, where the on-premise universe was under-developed.

The program provides plastic tables, chairs, glassware, coolers, merchandise and guidelines on how to operate an on-premise POC.

And the results are amazing we transformed 18 thousand POCs into on-premise bars.

That corresponds to a 50% growth in Peru's on-premise universe! We're excited to help these small entrepreneurs.

The Tabernitas POCs are performing very well, with 170khl incremental volume on a year on year basis.

On top of the strong commercial results, the Tabernitas Program also addresses our better world efforts, by helping communities & empowering entrepreneurs to develop their businesses in a sustainable way.

POC development is key and we can achieve that by either investing in trade programs, or in Retail operations.

We currently have a footprint of 11 thousand owned or franchised stores worldwide; ranging from off-trade beer stores to scalable pubs and brewpubs.

Retail can be a great tool to deliver our strategy, especially in medium-maturity markets, where frequency and premiumization are important.

And today I'd like to highlight two interesting models we have:

The first is modeloramas. These are Franchised beer stores focused on convenience...

The second are BBC bodegas: This is a small beer-focused scalable model with some food offerings in an urban environment.

Here are some different types of Modelorama...

Our Off Trade Franchising Model that is evolving into an "omni-channel", as we've been developing different formats to better address the different consumer profiles & needs, with more premium formats, beer trucks & leveraging existing delivery apps such as uber eats, or even our own such as pepe delivery in Latin America.

And we also have the pitstop concept in Brazil: It's Plug & Play container that becomes a convenient "Grab and go RGB shop" near supermarkets and gas stations.

It's a simple concept that is very efficient and scalable. Given PitStop's success and opportunity, we are piloting a simplified C-Store model as well.

And here some BBC Bodegas, a similar concept but focused on the ON Trade Experience...

We currently operate with 3 different Formats.

First, we have the BBC PUBS, which are the Biggest formats we have, located in high density & usually higher income areas, where we deliver the full bbc experience.

These are our Flagship stores and usually the first ones to be opened in a new neighborhood.

Second, the BBC BODEGAS, which are smaller footprint POCs, but located as "Satellites" of the PUBS.

And finally, the smallest formats, the BBC CONTAINERS, which are our “Asset Light” model and is operated usually by 1 or 2 individuals, while still providing a Premium & differentiated Experience for consumers, the BBC EXPERIENCE.

We are excited about retail because we can use it to drive growth via incremental distribution, and premiumization via top-quality consumer experience...

Modelorama is a clear case of a highly-scalable format used in low-distribution areas to generate incremental volume.

In 2017 alone, we opened 1,500 new stores!

And BBC Bodegas are a great example of premiumization, where we can control the experience to provide top-quality consumer connection.

We just talked about “ANALOG” trade programs and retail development for low and medium-maturity markets.

But, to address the complexity of high-mature markets, we’re going digital: We are investing in data-driven trade programs that use analytics to drive category growth

We use data and analytics for an “online category management approach”, so we can understand the overall business landscape.

With this complete view, we can make better decisions such as...

Pursuing an increase of share within beer...

Increasing the size of a beer category by gaining share of throat...

Or growing the size of total On Trade industry by driving more traffic and revenue.

But, to be able to execute this, analytics becomes crucial.

To enable activities based on Data and Insights, we developed the Connected POC Program, that transforms granular data from POCs into real-time insights that unlock growth.

The project has 3 key pillars.

Pillar 1 is Data acquisition and cleansing...

The main activity here is to use technology to integrate with POS and get transactional data, so we can see all transactions within a POC.

In some POCs, we also use INTERNET OF THINGS technologies to capture data via flow meters. But the trick is not only to capture data, but to have it normalized - allowing us to analyze data across geographies and segments.

Pillar 2 is the use of data analytics for value creation:

This is all about transforming clean data into products that support data-driven decision making at strategic, tactical, and operational levels.

The 3rd pillar is generating data-driven activities, also known as “Operationalizing the insights.”

Our Insights-driven activities generate real impact.

We have a process to take insights from the analytics phase to the field, and examples range from simple data-based recommendations for assortment to new breakthrough ideas.

You will hear more about Connected POC in Felipe Dutra's presentation and you will be able to see more details at the Connected POC booth on Thursday.

We are excited to be using real-time sell out data from POCs with the objective to analyze Consumer Behavior to grow the beer category.

And at the same time, we're determined to provide value back to the POC Owner in the form of data-driven activities that help them grow their businesses.

As you can see, we developed a robust portfolio of retail solutions ranging from basic hardware to full online category management

We have a “BASE MODEL” that's all about the basics of Trade Marketing and uses infrastructure to increase penetration...

an “EVOLVED MODEL” where we leverage owned and franchised stores as a tool to boost frequency and to premiumize...

And a “FULL MODEL”, where we combine the power of digital and analytics with category management - resulting in a powerful tool with exponential reach that can drive category growth.

In Summary, today we went through three of our main initiatives in sales that support our Strategy, Category Expansion framework, and are in line with the Market Maturity Model.

To Recap:
Contact Strategy...

We're enabling a significant overhaul of our Sales Structure to support both our Category Expansion & Operational Leverage strategies, while also preparing ourselves for the "NEW DIGITAL WORLD".

High End Company...

The High End Segment is a huge opportunity for us, as it's expected to grow faster and is more profitable than Core. We have a strong portfolio of brands, and enabled specialized structures to win in this competitive, yet very attractive segment.

...And finally, we developed a robust portfolio of "retail solutions" ranging all the way from basic hardware to full online category management & analytics to create value for all maturity stages.

Thank you!