AB InBev

Second Quarter 2018 Results

26 July 2018

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Highlights of the quarter

- **Beer volume growth** driven by Mexico, China and Western Europe
- Successful **global activation** of the 2018 FIFA World Cup Russia™
  - Budweiser **led the digital space**, ahead of all brands during the tournament
- Global brand **revenue growth acceleration**, especially outside of their home markets
- **23 awards** at the Cannes Lions International Festival of Creativity
- Acceleration in **EBITDA growth**, despite increased marketing investment

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2Q18 Financial Summary

Total Revenue +4.7%

- Revenue per hl **+4.0%,**
  +4.5% on a constant geographic basis
- Global Brands **+10.1%,**
  +16.7% outside of their home markets

Total Volumes +0.8%

- Own beer **+0.9%,** non-beer **+0.5%**

EBITDA +7.0%, and EBITDA margin expanded by **85 bps** to **39.7%**

Normalized EPS increased by **$0.15** from **$0.95** in 2Q17 to **$1.10** in 2Q18

Global Brand revenues +10.1% in 2Q18 and +16.7% outside of their home markets

Budweiser
+4.1%

- Accelerated topline growth to **+10.1% outside of the US**
- 50+ countries activated for the 2018 FIFA World Cup Russia™
- **No. 1 brand in *share of conversation***, with 48% of digital conversation among all brands
- 1.2 billion content views
- Leveraged 2018 FIFA World Cup Russia™ to launch in South Africa and Nigeria, which contributed >10% of Budweiser growth in 2Q18
- Budweiser won Grand Prix Award at Cannes Lions International Festival of Creativity

Stella Artois
+9.0%

- Successful launch of new brand campaign *Joie de Bière* across **15 markets** inspiring people to bring enjoyment to every day
- **Strong and balanced growth** between established markets, such as Argentina & the UK, and expansion markets such as Mexico, Brazil and South Korea
- Continued momentum in newly launched markets of Australia, South Africa, Colombia Peru & Ecuador driving >25% of growth
- Global and local partnership created an integrated Father's Day activation across multiple markets

Corona
+21.9%

- Revenue grew **+42.6% outside of Mexico**, driven by further growth in China, Western Europe & Colombia
- Earned media strategy delivered >5x impressions vs. FY17 across activations such as Earth Day, Clean Waves launch, World Surf League Bali Protected & Oceans Week
- Disruptive out-of-home campaign on World Oceans Day generated **3 billion** earned media impressions for Corona's Better World platform
- Successfully launched new Corona Ligera variant in Australia, earning our fair share of the mid-strength segment in <3 months

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We won 23 awards this year in the Cannes Lions International Festival of Creativity, including 2 Grand Prix

campaign US

News | Opinion | The Work

TRENDING: ONE-WORD ANSWERS | CANNES 2018 | CAMPAIGN I&C | PRIVATE VIEW | ARE WE THERE YET?

ABInBev, Apple and P&G are most-awarded brand owners at Cannes Lions 2018

by Kim Benjamin and Omar Oakes

June 26, 2018

Paula Lindenberg, VP Marketing – LAN (left) & Andrea Quaye, VP Marketing – Africa (right)


LIGHT UP
THE FIFA
WORLD CUP™
Budweiser
FIFA WORLD CUP
RUSSIA
2018

BIGGEST CAMPAIGN IN OUR COMPANY'S HISTORY

As the global sponsor, **Budweiser**:

- Achieved **43%** POC coverage globally
- Increased 2Q18 revenue **+10.1%** outside of the US

- **#1** in share of conversation globally
- **1.2 billion** views of online content, of which **28%** is earned
- **>10x** the averaged earned rate

WE ACHIEVED OUR GOAL OF BEING THE MOST TALKED ABOUT BRAND

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LOCAL BRANDS MAXIMIZED THE WORLD CUP SPONSORSHIP

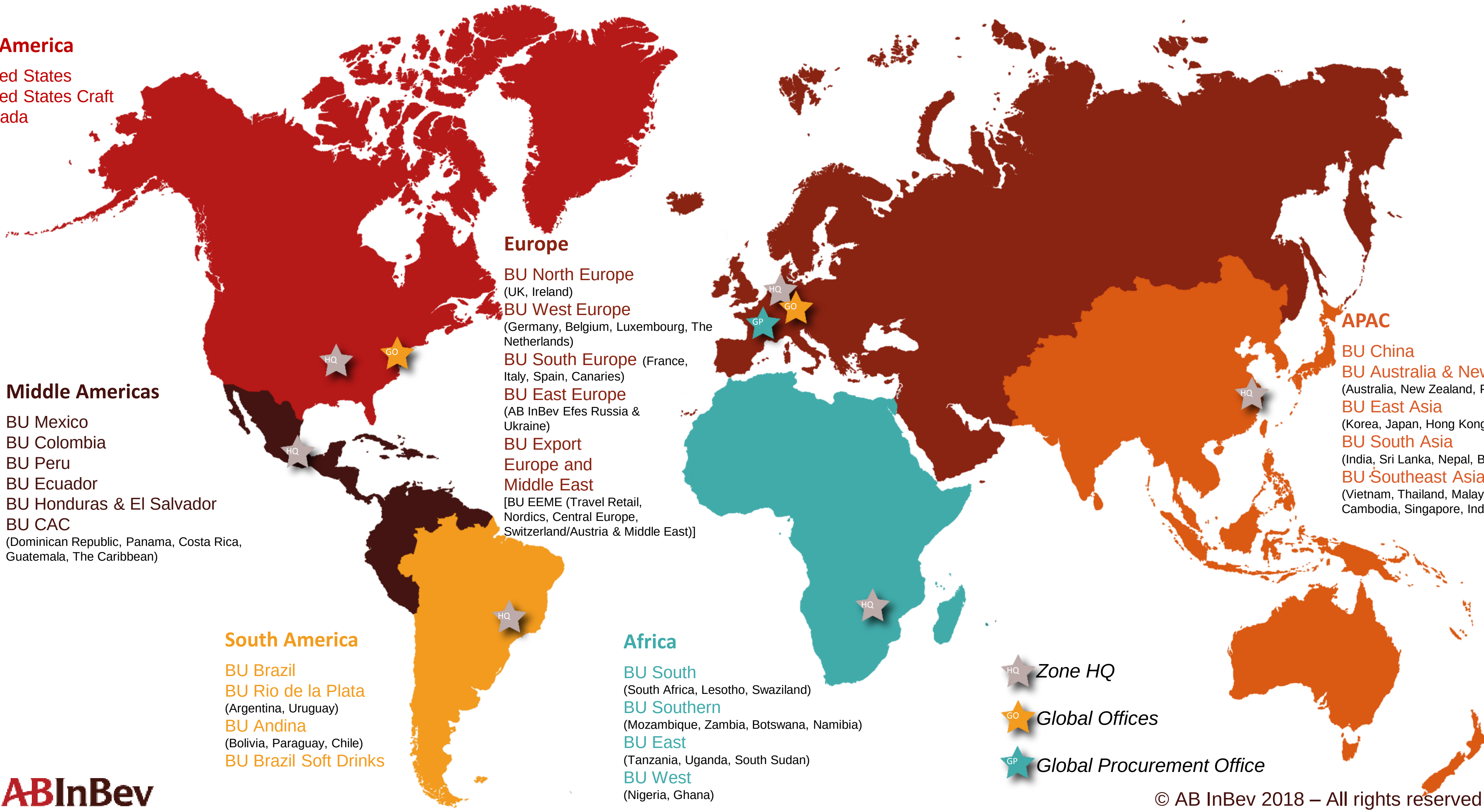
&

COMRADERIE AMONG BRANDS CREATED BUZZ

BEST IDEAS TRAVELLED QUICKLY

Organizing for Future Growth

Our new management zone structure



North America

BU United States
BU United States Craft
BU Canada

Europe

BU North Europe
(UK, Ireland)
BU West Europe
(Germany, Belgium, Luxembourg, The Netherlands)
BU South Europe (France, Italy, Spain, Canaries)
BU East Europe
(AB InBev Efes Russia & Ukraine)
BU Export Europe and Middle East
[BU EEME (Travel Retail, Nordics, Central Europe, Switzerland/Austria & Middle East)]

APAC

BU China
BU Australia & New Zealand
(Australia, New Zealand, Pacific Islands)
BU East Asia
(Korea, Japan, Hong Kong, Macau)
BU South Asia
(India, Sri Lanka, Nepal, Bangladesh, Bhutan)
BU Southeast Asia
(Vietnam, Thailand, Malaysia, Philippines, Cambodia, Singapore, Indonesia)

Middle Americas

BU Mexico
BU Colombia
BU Peru
BU Ecuador
BU Honduras & El Salvador
BU CAC
(Dominican Republic, Panama, Costa Rica, Guatemala, The Caribbean)

South America

BU Brazil
BU Rio de la Plata
(Argentina, Uruguay)
BU Andina
(Bolivia, Paraguay, Chile)
BU Brazil Soft Drinks

Africa

BU South
(South Africa, Lesotho, Swaziland)
BU Southern
(Mozambique, Zambia, Botswana, Namibia)
BU East
(Tanzania, Uganda, South Sudan)
BU West
(Nigeria, Ghana)

HQ *Zone HQ*
GO *Global Offices*
GP *Global Procurement Office*

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We are bringing Marketing and ZX Ventures under a common global lead so we can anticipate the future

- **Get ahead of market and consumer trends**
- **Adopt ZX Ventures’ innovation approach**
- **Build on our industry-leading marketing capabilities**
- **Build on the success of our Global Brands**
- **ZX remains independent from the core business**

We are adding two new leadership roles to capture opportunities for growth

Chief Non-Alcohol Beverages Officer

- Supporting our existing non-alcohol business, which represents >10% of our volume
- Building long-term strategies and planning from a global perspective
- Working with local teams to deliver on growth opportunities
- Strengthening existing partnerships

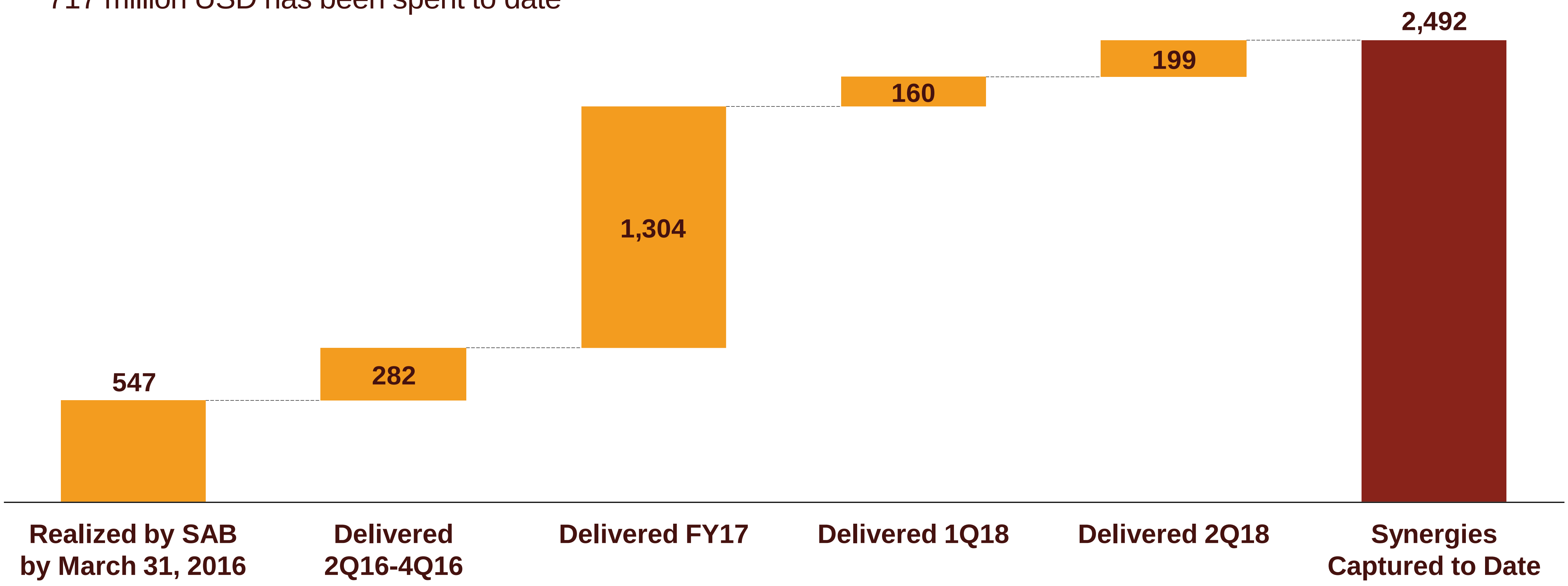
Chief Owned-Retail Officer

- Managing our existing owned-retail businesses
- Sharing best practices
- Coordinating cross-market initiatives
- Learning insights from consumer interactions and adapting strategy

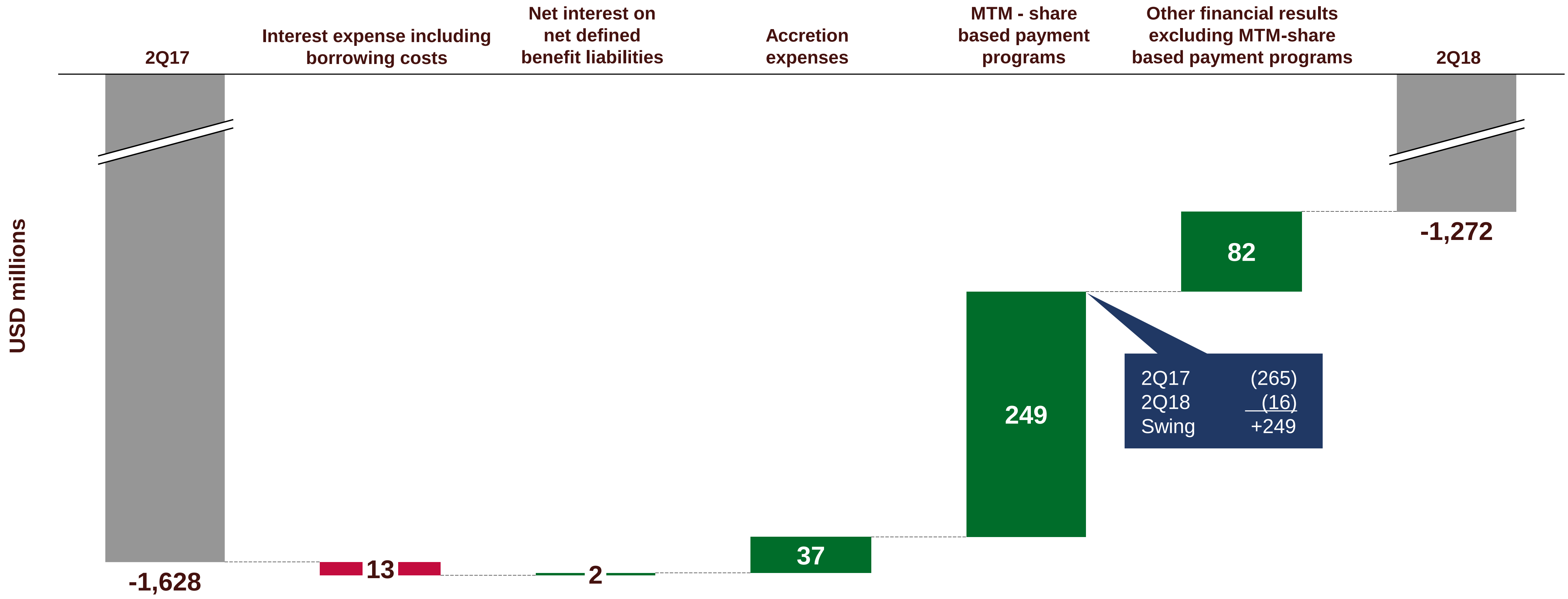
Financials

Synergy capture continues

- Continue to expect estimated incremental pre-tax synergies of **3.2 billion USD per annum** (on a constant currency basis as of August 2016), including the 1.05 billion USD cost and efficiency savings identified by SAB, to be delivered by October 2020, and **does not include** any top line or working capital synergies
- Estimated one-off cash costs of **~1 billion USD** over the first 3 years following the close of the combination, of which 717 million USD has been spent to date



Decrease in Net Finance Costs driven primarily by the swing in MTM on the share-based payment programs



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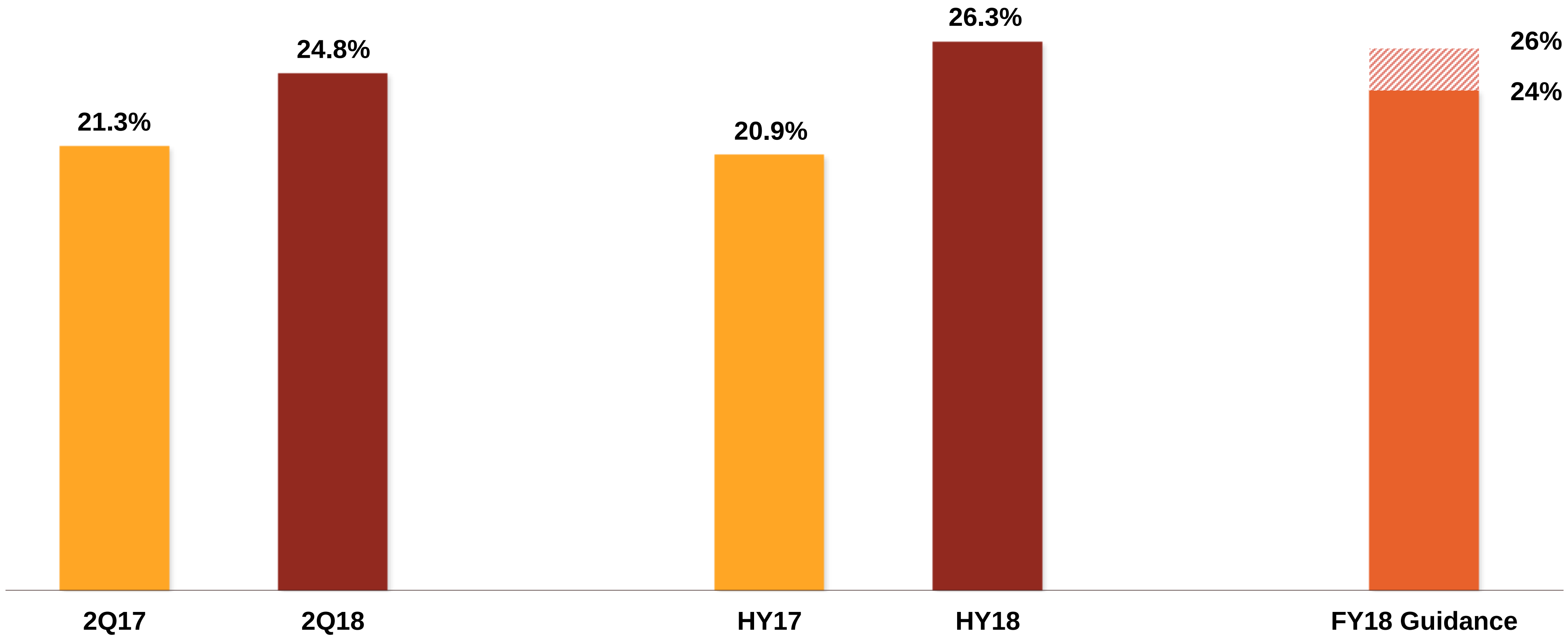
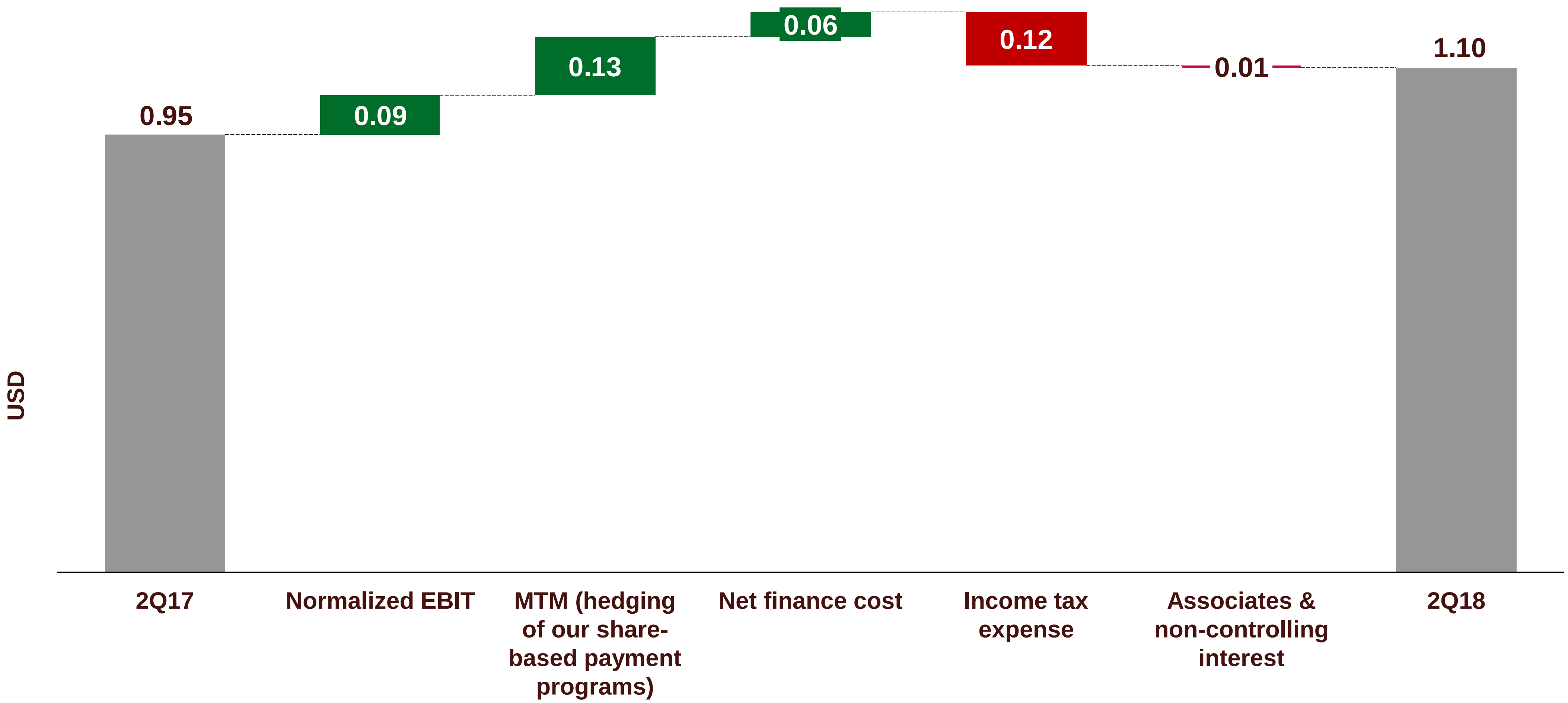
Normalized Effective Tax Rate (ETR)



Normalized EPS of $1.10, up from $0.95 in 2Q18

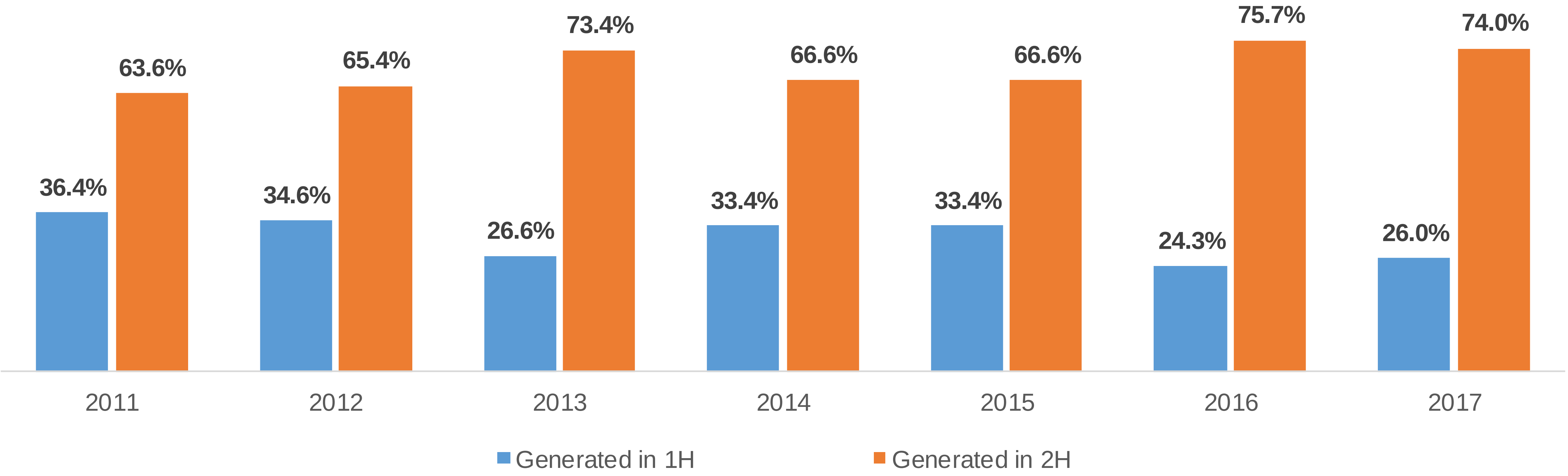


Note: 2Q18 and HY18 EPS is based upon a weighted average of 1,975 million shares compared to a weighted average of 1,970 million shares for 2Q17 and HY17.

Due to the seasonality of our cash flows, our Net Debt/EBITDA ratio increased first half of the year as expected

- Our Net Debt/EBITDA ratio as of 30 June 2018 is 4.87x, up from 4.80x at 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 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.

Capital Allocation objectives

Our **optimal capital structure** is a Net Debt/EBITDA ratio of approximately 2x.

The priorities for the use of cash are as follows:

1. **Organic growth:** Investing in the organic growth of our business

2. **Deleveraging:** Deleveraging to around the 2x level remains our commitment

3. **Selective M&A:** Non-organic, external growth is a core competency and we will continue to consider suitable opportunities when and if they arise, subject to our strict financial discipline and deleveraging commitment

4. **Return of cash to shareholders:** Our goal is for dividends to be a growing flow over time in line with the non-cyclical nature of our business. Given the importance of deleveraging, dividend growth is expected to be modest.

Q&A

Appendix

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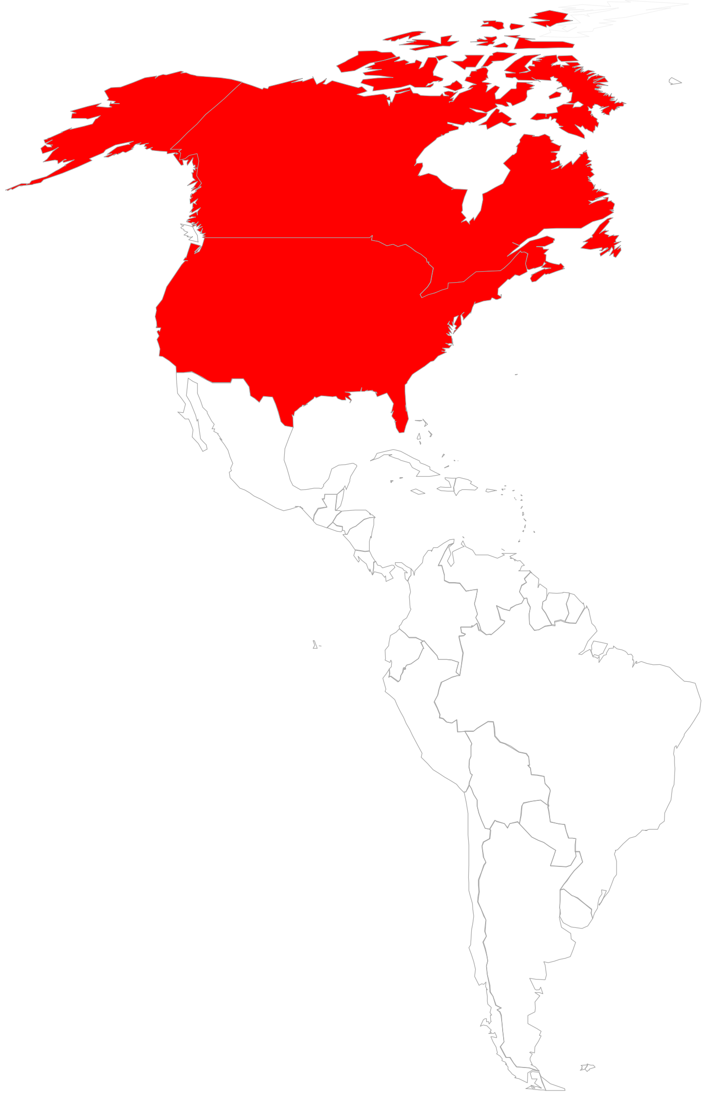
North America – 2Q18 Summary

- Revenue **-3.0%**
  - Revenue per hl **+2.0%** as a result of premiumization and revenue management initiatives
- Volumes **-4.9%**
- EBITDA **-7.0%** with **margin contraction** of **172 bps** to **39.7%**



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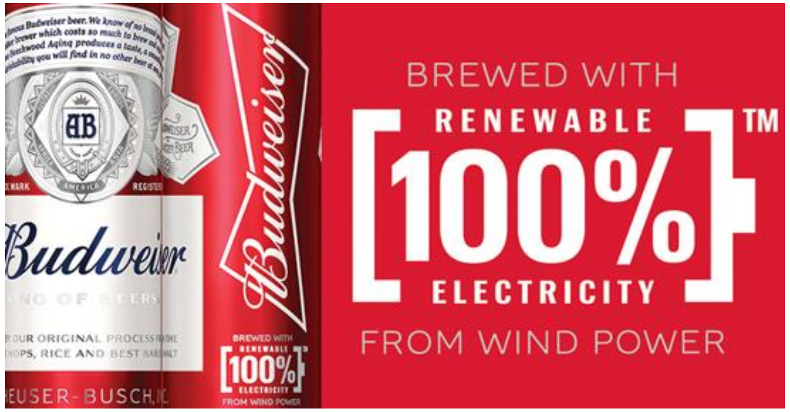
US – 2Q18 Summary

- Industry STRs **-2.4%**
- ABI STRs **-3.1%**
- Market share **decline** of **35 bps**
- ABI volumes (STWs) **-5.1%**
- Revenue **-3.1%**
  - Revenue per hl growth of **2.1%**
- EBITDA **-7.4%** with **margin contraction** of **185 bps** to **40.1%**



Latin America West – 2Q18 Summary

- Revenue **+9.1%**
  - Revenue per hl **+4.2%** as a result of revenue management initiatives
- Volumes **+4.7%**
- EBITDA **+14.7%** with **margin expansion** of **245 bps** to **49.7%**

Latin America North – 2Q18 Summary

- Revenue **+10.2%**
  - Revenue per hl **+8.0%** as a result of annualization of price increases and premiumization
- Volumes **+2.0%**
- EBITDA **+16.3%** with **margin expansion** of **216 bps** to **41.4%**

Brazil – 2Q18 Summary

- Revenue **+9.4%**
- **Industry** beer volumes **flattish**
- **ABI** volumes **+1.5%**
  - Beer volumes **+1.7%,**
    non-beer volumes **+1.0%**
- EBITDA **+16.1%** with **margin expansion** of **238 bps** to **41.3%**

Latin America South – 2Q18 Summary

- Revenue **+25.5%**
  - Revenue per hl **+19.8%** due to price increases in line with inflation and premiumization
- Volumes **+4.8%**
- EBITDA **+44.3%** with **margin expansion** of **612 bps** to **44.4%**

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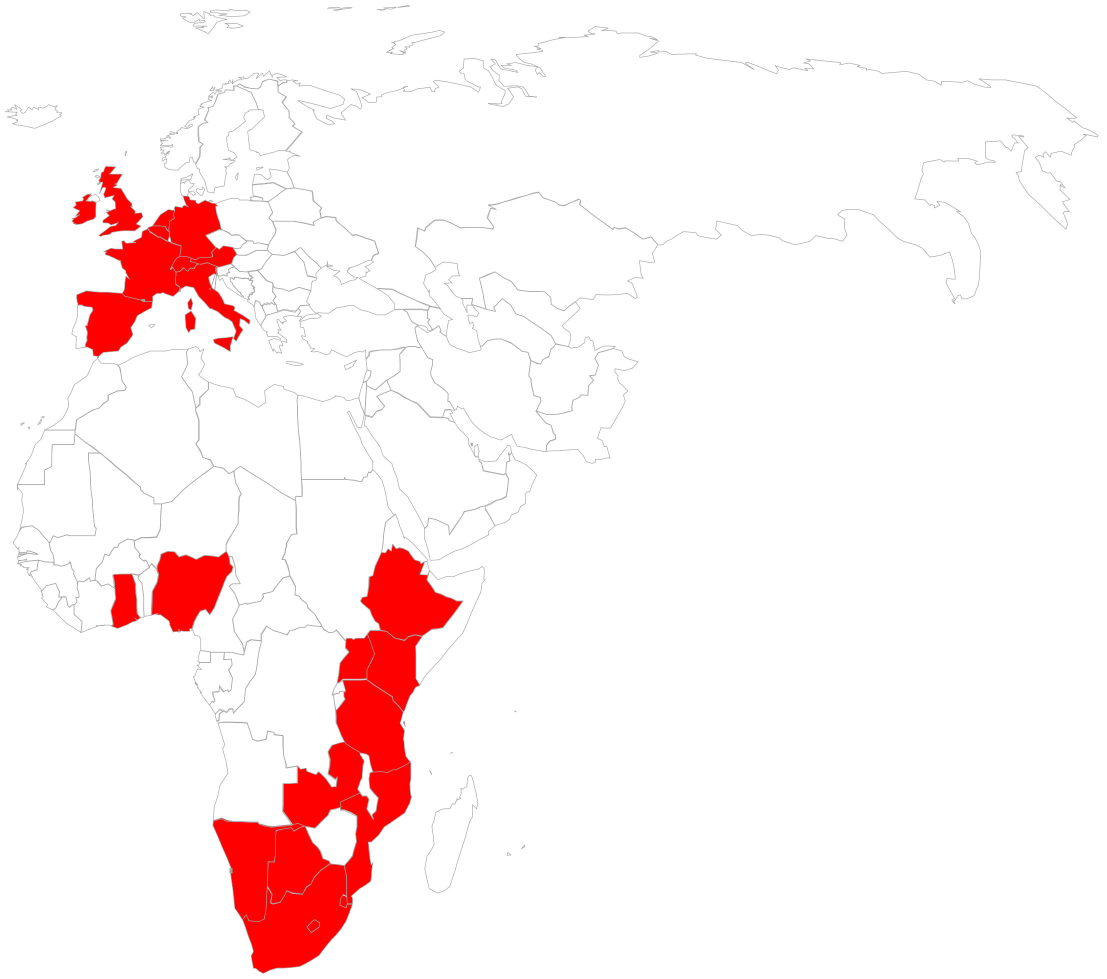
Europe, Middle East & Africa – 2Q18 Summary

- Revenue **+2.3%**
  - Revenue per hl **+3.8%,** due to brand mix driven by premiumization
- Volumes **-1.4%**
  - Own beer volumes **-1.2%**
- EBITDA **+4.7%** with **margin expansion** of **85 bps** to **36.9%**
  - Completed the **50:50 merger** of our and Anadolu Efes' existing Russia and Ukraine businesses as of 30 March 2018 and stopped consolidating these businesses as of this date



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Asia Pacific – 2Q18 Summary

- Revenue **+6.6%**
    - Revenue per hl **+3.5%,** due to premiumization as well as an increased contribution from our core portfolio in China
- Volumes **+3.0%**
- EBITDA **+6.6%** with **no change to margin** of **36.8%**

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