

AB INBEV'S INVESTOR SEMINAR 2018**JOHANNESBURG, SOUTH AFRICA****DAY 2****WEDNESDAY, 8 AUGUST 2018****Q & A**

QUESTION 1: When ABI took over SAB one of the big worries was the perception of the loss of independence of SAB locally within Africa in particular, can you give any sort of idea of how perceptions are now from I guess from employees from consumers and probably from government as well?

RICARDO TADEU: We should circulate the answers with people who were part of both organizations so the BU heads and my perception yes this is a, when you think from a personal stand point many people get to phases in their careers where they think it's very important for them to manage a whole business and have a total let's say a full P&L management and I think that makes sense for them because they were raised into that model. I came from an assertor that when I was in Brazil my position was BU Head Brazil - I actually was a Commercial Vice President at that point - and I never felt like less of myself because of that, I tried to do my best to drive top line in Brazil at that time. But actually what we tried to do is we respect every person, all our conversations were especially with top leaders we're very individualised, were understanding, explaining how the model would work and why we believed that the model would work, and I think that they were three groups of people - some people who just say "it's not for me thank you very much" and "I understand your model but I'm not interested" and I think that's fair. Then a certain group of people that said "OK, it's not necessarily what I've known before but I would like to give it a try what do I need to do", and then there was the third group of early adopters that said "OK let's do it" and you treat each person in a way and just being very transparent and... I think that's in terms of authorities and in terms of consumers actually we expected I hope that consumers just see many positives from the new things that we've been bringing to the market so when I think from a

consumer standpoint I see more affordable products, more premium products, more convenient products. So, I'd like to believe that it was positive for consumers. And for authorities it's the same thing I mean we have the country managers they are still in charge of the relationship with the local authorities if sometimes they think that I can be of help for like giving an international global tone to the organisations they invite me, and I gladly go. But the local relationship with authorities is... it remains local. What we centralised, and I think it's, maybe well, this was the confusion that we wanted to sort of unmake here is that what's centralised is basically back office functions is like IT functions. So, for example maybe you go to a very centralised, not centralised organisation let's say... and you have every country developing its own sales and distribution system, it happens, instead of you know someone thinking of what's the best technology we have and developing that centralizing and just applying. So, the same way - and we do believe that many people have a deep understanding of the businesses, but I think that Trevor is a great expert of supply and I think that having him and his team helping the countries in developing and implementing best practices in the breweries I like to believe also that is something that is positive for the countries. So, if we think about the business it's everything based on common sense on what can we do to be leaner to be efficient but also to address consumer needs in the best way. But always I think that's the challenge on integrations is when we arrive in a place nobody knows who you are, you have to talk to a lot to people, you have to say things some things are better than people expect some things are not what people would like to hear but we have to be very transparent. And I think everybody says that since Brito's first town hall nobody could say that anyone was surprised about what's going to come next and I think at the end of day that's the best that we can offer as leaders. And from a zone perspective I hope you could feel a little bit how strong is the teamwork that is built in the organisation I think in the typical way being AB InBev. But I think I have said enough, they will answer, and they answer like a half an hour.

ROBERTO JARRIN: In SAB world, I was the MD at Tanzania and East African Operations Director, so now in AB InBev I'm the new president in East Africa. So, my job is to make the

dream of the zone and East Africa come to life in countries that I operate. And so, the only difference between the past and now is that of course I've got more commercial focus but now I have access to a broader pool of people and experts that actually helped me make that dream come to life in the countries that I operate. So now I could have access to Trevor and Trevor's team and the global team to make sure that the affordability strategy is backed up by you know technical development to be able to support that. Or now I can tap into the global tech sales team and the global solutions team to make sure that I can use systems like salesforce.com a much cheaper price than the systems we were using in the past to make this contact strategy come to life in the countries that I operate. So, at the end of the day you know that helps me make dream come you know to life, I'm the owner of the stakeholder management agenda, I'm still the leader of the face of the company within the countries that I operate and I'm you know the head of the commercial agenda and I can tap into these resources to make it come true. So, at the end of the day I think it's just a more efficient model that helps me accelerate the growth that we want to achieve.

PEDRO CRUZ: I was in a similar situation as Roberto, but before the combination, I was leading the Mozambique business and then I became BU Head for Southern Africa but overlapping with the management director of Mozambique and then we have country directors in each country. I think the benefits are clear of in a centralised models more expertise deep functional expertise. In terms of our relationship with local stakeholders the same thing as Roberto so I've always taken the EA for the stakeholder management agenda and I continue doing it. In fact, we were there before the combination we are still here after the combination so continuity in a stakeholder management has been assured. In relation to the functional, more functionalised operating model it honestly hasn't made much difference apart from the benefits that we talked about, there is no difficulty in getting things done or in getting coordination between functions and regions. And most of the people I've worked with I've already worked with them before... those that currently report to me now are solid whereas before it was dotted line but it honestly doesn't make any difference as common sense is the guiding principal of what we do. And we are here to get stuff done and to grow the company

in a sustainable way so its secondary whether someone reports to someone dotted or solid - it's common sense at the end.

QUESTION 2: A couple of questions on South Africa please, firstly on Lion and the position in there, how do you make sure that isn't cannibalizing the mainstream brands and secondly, I think Ricardo talked about perhaps reviewing some pricing decision can you just elaborate a little bit more on that. And thirdly, when do you expect the market share pressures you're seeing in South Africa, the function of the portfolio mix change, when do you expect that to ease?

MARCEL REGIS: So let me start with Lion. I mentioned about the size of the informal market and the fight of course it's not only within beer, right, so we have the wine, spirits and really cheap, I mean whoever goes to a tavern here in South Africa will see that the cheap priced wines and the, the low priced spirits as well its... so we know we measured the incrementality of Lion so the incrementality of Lion has been very relevant, of course I won't go in detail but has been very important for us with the new price point. So that how we... we look at it financially if it makes sense from an overall perspective, so we are very happy with the still healthy margins and overall making quite a lot of sense for the portfolio. The second one was the... can I, okay can I move okay and, and then you've mentioned about...price point.

Reviewing the price I think it's a... to be honest its very sensitive I wouldn't, I wouldn't like to address that I mean the reason behind each price change or what we are planning for the future I think it's something that I'd like, I really would like not to disclose. And the market share I think as I presented here when you break down the market share you have the high-end market share we are growing rapidly I mean from three to twenty-two percent right and quite stable in core to be honest. But because of that shift that I was saying towards premium, of course because we have a lower share in high-end we of course in the short-term it's not, and we are not gaining but of course that we are very confident as it goes think about the, think about the future right I mean imagine, think about the medium and long-term imagine

having those brands – Corona, Stella, Budweiser really well established and I think we'll be in a much better position.. and not to mention bulk.

RICARDO TADEU: Let me just add some color - let's say from the lion the liter bottle that's really important having the one because this is one way, that our core brands they are protected from affordable initiatives that we have and as Marcel said in terms of distribution we are very careful and we are always assessing everything we do and that in the mix and evolution and the comparisons with control groups and see the incrementality of the initiatives we take so it's something that we, we manage very carefully. The share... I mean we have a few trends going on I mean like we have a trend of premiumization, we have a trend of gaining share, your question is when those things are going to cross of course it depends on how these trends behave in the future.... what we know is that we really have to increase our share in premium and up to a certain level, which I'm not going to disclose, we start to stabilise and start to gaining total share. So that's more-or-less we manage those trends like individually we understand what's our objectives and our plans together.

MARCEL REGIS: And just one more thing I mean the share I mentioned that in the presentation was mainly driven by the small convenience packs we've just launched the... for example Budweiser and Beck's ...That's was at the end of July for example.

RICARDO TADEU: And just to clarify that is sixty percent of the premium volume is, we call bulk here bulk is like the large Beck's, so Heineken has a six hundred and fifty ml and until like two months ago we didn't have any bulk pack in any of our premium brands. And this what I mentioned is that we just recently launched Budweiser and Beck's in what we call bulk packs. So, the difference that their bulk pack is also a one way pack it's not a returnable pack, whilst ours is a returnable pack. So, this is just to understand but having this presentation it's very important otherwise we would... because our share in the small packs is already much higher

than twenty, but we would reach a block because now at some point we have to start offering the brands to a larger number of consumers.

QUESTION 3: And just a quick follow-up Ricardo competition on the continent has clearly stepped up in recent years do you have any plans at this stage to enter into new markets?

RICARDO TADEU: I have like many new markets to enter which is women in South Africa, the premium consumers in South Africa, Nigeria white spaces and low income consumers in the whole continent, so I mean like, I'm full of white spaces and we are totally focussed on them.

QUESTION 4: Earlier you shared with us some of the KPI's for Africa which I think were double-digit revenue growth and fifty-plus percent EBITDA margins, I appreciate those are quite stretched target. On the revenue piece I mean you have to share with us how you think about the split between volumes and revenue per hectoliter and then on the EBITDA piece I think your current margins are currently low forties, how do you think about closing that gap?

RICARDO TADEU: We can say that Africa is a bit above the EBITDA margins, above the company's level, and is not too far from that dream actually today. And what we are going to do the same things that we always do like, every time analysing our businesses seeing opportunities to grow, to grow profitability to be more efficient identifying what people are doing across the whole world. I mean we are not the best in anything we do, I mean we like to see what other people are doing and just taking... I mean like there are many brains working at the same time with the same problems that we have and that's why we gather in those champions meetings, the champions top line meetings, the champions efficiency meetings to improve as a business. So, this is a constant exercise and we expect to improve and the top line I'd say that... because there are so many variables playing at the same time in terms of premiumization affordability and it's difficult to... but of course it's, we expect within the top line we will like as a dream to be the zone that grows volume the most because when we see all those opportunities we think that Africa could represent a great story of volume growth

for the company. But of course, we have to make those things happen, so this is the zone dream and the most important than, I mean the value itself for the KPI's is there a, let's say, I think the realisation that they are all stretched I mean I think that they represent a great company from an operational standpoint but also from a work environment standpoint and also from a building communities and society. I think I... I like a lot the concept that is behind those things and these are elements that we always stretching ourselves to get there.

QUESTION 5: I want to follow up on the Heineken 650 ml, I understand that's the number one SKU on the market and what I want to know was is when I spoke to a retailer, a top five retailer here, he said that that brand is doing so well because it's a green bottle it has less to do with the Heineken brand. And I was wondering is that something that you see and if so why would you push you know Budweiser and Corona next to it rather than a green bottle like a Beck's and a Stella. And the second question I have is I think pricing is a apropos and I think that we should discuss it frankly because from talking to the retailer he said that he's never had this good of deal on his beer. The old SAB days they were quite conservative, and pricing has come off quite a lot and I was wondering if you can address that please?

RICARDO TADEU: The point that you were making and of course we want to be as transparent as possible and disclose our whole strategy, so people can make sense of the things we do. But this is a public session and of course the pricing is quite a sensitive information, what we can do is that and some things that we shared in the presentation just highlight we always work with more than one pack right so at some point we might have in the market some packs having becoming more profitable or having price increases and some excellent deals happening into other pack. If you go to a retailer or take a sample of one or two people I mean actually it won't mean much but of course all our policies, they are focussed on building value the first thing and second but also always trying to protect our consumer especially those consumers that are focussed on, are more budget oriented. So, we always try to drive profitability up but also give them opportunities and this is the best way we think that we can increase prices and have a small impact in volume. So... and again most of our volume is on

trades it's on premise so again if you talk to Pick n Pay or go to Pick n Pay that really and see one pack with a great promotion as we are going to see in the market today, this is one pack, one SKU, one channel, one channel where our share underindexes we have only fifteen percent of beer in people's fridges our share inhome is much lower than what we would like it to be. But again, it's like we're not here to discuss each individual thing I think that the, the whole strategy is quite clear we want to premiumize we, I mean priority one gain share into premium, women is a very big opportunity for us... we want to reignite the core, more meaningful conversations with new packs, affordable packs, so we can have more flexibility in terms of pricing, into increasing pricing, into doing promotions and also tackle the affordable market because to me it's a great opportunity since this market it's a combination of L1 and L3 markets and today our affordable presence - the affordable segment in South Africa is smaller than the speciality segment, so we believe that there's a big opportunity there. But that's very clear of course there's a limit we try to be very transparent I think that we try to give you a great overview of what's been done, understanding that there are four different clusters in the market the way we operate having different packs, packs having different missions and different brands elsewhere for different missions - it's a portfolio strategy and just pinpointing one thing won't reflect what's going on over a market. The green bottles I think I can also ask Andrea to talk a little bit about that because it was quite a conversation before launching Budweiser. First, I think green bottles yes, it means something here, so I don't want to just say that it doesn't make sense because there is some perception here. But this was one doubt that we had in terms of how successful Budweiser would be and now with Budweiser we know that although green bottle yes is seen as a premium let's say characteristic of a product this is not exclusive we can build premium brands and build premiumness with a brown bottle. I will ask Andrea to, to talk a little bit about that. But anyway, when you thought about the premium and this market and the portfolio that we want to bring we came to the conclusion that the four brands would have four different roles. Because each market has a market of different consumers local... so for example here we have Windhoek and Heineken which are very European although Windhoek's from Namibia it's a very European style beer... we thought that Beck's would also have an important role to

play and that's why we are bringing Beck's, so we can address four different consumer needs states and build on that for the future. Andrea would you like to speak about Budweiser ...

ANDREA QUAYE: The first statement you made was that it was the biggest green bottle in the market and I don't think that's a true reflection of it. Heineken is green and so is Castle Light and so is Windhoek and so is Beck's you know so there are many different green bottles. And as brand...

Flying Fish is also green and so the idea of brown versus green is definitely something that sits in certain people's minds. What we are finding is that with the younger generation and the way in which the South African market is evolving especially from a premium perspective people want to be different and so if everyone has the same green bottle that says exactly the same thing no one really gets to stand out. And so, the idea of badging is no longer one of a single-minded type of badging there are different types of badging depending on the different needs states. And we did some research about a year ago or a year and a half ago where we identified what the different needs states are. And if you look at Corona the amazing thing about it is that it, it is all about "This is Living", it is about rejuvenation and getting in touch with your essential self. And so, a transparent bottle a see-through bottle with a beautiful lime ritual brings to life the uniqueness that that brand brings, and people are looking for that. We have seen it accepted so much more broadly than we would have expected. In terms of the price ladder it sits at the top it is the pinnacle of what beer could be and yet so many people buy it and so many people love it. From a Budweiser point of view, I was the first to say "eish" it's a brown bottle and oh my gosh I don't know if people are going to like it - I mean Ricardo and I had many discussions over that. And it was a sacred cow that we had to break, and the timing of the World Cup launch was really phenomenal because not only was the material premium did it establish itself as a bold you know kind of Americana high energy brand, it was attached to one of the most premium and one of the most sought after properties which was the World Cup. And if you speak to consumers in trade they won't say oh this is brown therefore it is mainstream they will tell you it is premium it is imported it looks that they will talk to you about this amazing taste that it has. Going

onto Beck's, Beck's we saw the opportunity based on the fact that there are quite a few South African consumers that see themselves as beer connoisseurs and they want to be you know the be all and end all of let me tell you how this beer is made. And so, for people that are that way inclined we would offer them Beck's which is really all about you know German purity law, German precision you know. So different brands stand for different things. There is a residual memory of "this means that" and I mean I spoke about the South African the Nationalist Party thing about like separating thing this is brown, so it must be that and this is green, so it must be that. And we are evolving, and I believe... and I'm super excited to have these amazing premium brands that are going to be part of the future, not of the past.

QUESTION 6: Can I ask a little bit more about the cash flow dynamics we've seen across the African zone over the last couple of years particularly you know the CapEx program. You've obviously been investing in returnable bottles as well as capacity... what's the history been there and how do we think about cashflow dynamics going forward how do we think about you know the CapEx plans over the next three/five years both the capacity and you know sort of other elements?

ANDREW MURRAY: So, I'll talk and then Trevor can jump in as well, but we've identified a lot of positive opportunities in Africa to invest. I think it's one of the things that's been great about what we've chosen to do as a company at this time is we're not scared of investing for the long-term and here in Africa we're embodying that with a lot of opportunities. You saw the presentations today about each of these markets has phenomenal growth potential... how we've begun to realise a lot of that and in many places, we've reached capacity limitations. So, our focus and our main focus for reinvestment in Africa is on unlooking that capacity so that we can realise that full growth potential. Trevor mentioned I think roughly two-thirds of our investment has gone towards capacity and returnable bottles. We see a long runway of where we can do that we mentioned the Mozambique brewery that's coming... Tanzania as well has growth potential in the future. And so, from a cash flow perspective we're looking to maximise those returns and we see a lot of rapid return potential

within Africa through capacity so that's really where our focus has been its where our focus of the investment dollars has gone and our focus on how to get the best returns out the business. In addition to that I mean we mentioned the cooler placements and things like that of course there's a lot we have to do to grow the brands that are here and so we have that other consumer focus with respect of the cashflow and the investments that go in and those are more market by market specific as we try to, try to build the brands particularly the premium brands across the continent.

TREVOR SANDERSON: I'll just make a couple of comments, so I think Andrew has, you know summarised that pretty well. As I showed in my presentation, we've actually increased our spend by ten percent and you know what we must remember is that over the years SAB was investing heavily in Africa so that spend has now gone up and in actual fact our capacity spend has gone up more than that. You know so we will continue to invest where required in across Africa. We are capacity constrained and we just have to make sure that we spend the money wisely.

ANDREW MURRAY: And important with that to I think the point that Ricardo made in his presentation we've done that we've done all those investments, the step up that Trevor mentioned while increasing our cash conversions substantially. So, it's about reinvesting, continuing to generate profits that drop down to the bottom line but putting more money into the markets as well to drive growth for the long-term.

QUESTION 7: A question for Marcel, looking at Castle Free and zero percent alcohol... or zero percent beer are you guys looking to distribute this to outlets that are not licensed for... to sell alcohol maybe just given that there's no alcohol in it. And should we looking at this as a soft drink and then second to that where do you think the incremental, where are you going to recruit consumers from it is that mostly from a soft drink category or someone that, that just doesn't want to drink as much alcoholic beer?

MARCEL REGIS: First let me start on the distribution side and of course Andrea or Ricardo can jump in as well. You know that we have a specific number of licenses here in South Africa right that we renew every year, and these are the places that, that we deliver to right we are not allowed, and we won't go to the what we call the informal market or other markets. So, this is the, the universe that we are working right now and to be honest there's still a lot of work to be done. We've just started the, the Castle Free as well so it's a brand new product so we have a lot of room to improve in that regard. So, I think for now I think we can really work on the base of customers that we have so that's where we are working right now. In terms of the incrementality, I think there are many interesting cases in terms of the alcohol free, alcohol zero beer getting from soft drinks - we know we can either address soft drinks and enlarge the pie of the beer as well but right now we are in the beginning of that journey so to be honest let's first, first things first I think we have a lot to evolve until we start tackling addressing one or two things I don't know if Ricardo wants to add on.

RICARDO TADEU: It's important so that its less like addressing a different category and more being able to address beer consumers in moments where they cannot drink beer. So, for example it's less about a soft drink or any other beverage but many people don't drink beer at lunch for example and they would like to drink beer at lunch they prefer the flavour of beer and they prefer not to do it. Castle Free sort of breaks the stigma because its zero point zero alcohol sometimes you know going to... I mean the typical example I mean if you're going to drive I mean here alcohol limits are a very serious thing I mean the, the law is really well applicated so drinking a non-alcohol beer is also a great opportunity if you are going to drive. So being part of social moments when you normally because of some reason you can't be part this is why we have Castle Free. So, and we are focussing on where we are now because we want to establish Castle Free as a beer as it is, the only thing is that it's a beer without any alcohol, so you can drink freely even in moments if you're about to drive or if you are at lunch, so it gives new occasions to beer. But first thing when launching our non-alcohol beer that we learnt from different markets is establish the product as beer and for the beer drinkers, this is, this is our objective always. But sometime in the future once this is very well

established, we have much less restrictions in terms of distribution, so we can access supermarkets and channels that normally we are not today with Castle Free. So yes, but it's not the focus today we were, we have been selling everything we are producing so as we expand the capacity we will expand distribution first in our own base and then we can think about other channels as well.

QUESTION 8: Are you planning to share some of your best practice with your associate Castel and is there anything you can learn from them and just lastly are you keen to rule out your global brands in Castel geographies?

RICARDO TADEU: We are focused on basically implementing compliance measures. So within our boards we have two priorities, and this is, the first one is implementing the same compliance measures within the Castel Group, which has been a very good exercise, they've been very open, and we've been doing great work together. And the second thing is creating knowledge about what's happening in each market, so I have visited some of the Castel operations in Ivory Coast and Cameroon... they've been visiting our markets, we analyse procurement opportunities. But on the best practice sense it is still a conversation that it's in the early stages I think that the main focus in this first year, year and a half is like developing the relationship, building on the base that we had, building trust and I think that this has been very successful. One of the things that we talked is even with myself going to global I will still be part of the board of our alliance with Castel, so we have a continuity on that regard. And I think things are going step by step but sharing especially market trends I think this today is one of the big things that we are doing.

QUESTION 9: Part of the margin expansion or your strategy within Africa in terms of the affordability strategy seemed to be around getting into government partnerships in terms of them I guess in way incentivising you to draw an industry. So, I just wanted to find out or get a bit more colour in terms of how long are these sort of relationships with government in terms of them saying you can grow this sort of industry we will give you incentives. And at

the same time what will your margins then be within these industries within these regions if you actually they don't give you this incentive?

RICARDO TADEU: Yes it depends on market by market, so some markets have been to the journey for a longer time so for example if you take Mozambique we're already in the second stage - we have a very well established Impala Cassava. So, we are now into Impala maize, Zambia is another country that we've been developing I mean a very consistent relationship we are also thinking of eventually replicate Mozambique scales into Zambia. So, it's a country by country case, of course that consistency is important in the sense of the sense of reaching new consumers but normally this activity has been already around for the first time in Uganda when it was implemented, it's like ten years ago now, so it has been something very consistent and this relationship has been built and as everybody said very win-win because they can see a benefit in terms of total revenues. In the farmers sometimes, it's not even us who you know do the... the farmers are a very important element of that relationship because for them it's the fundamental importance having a buyer... because if you are a farmer, a small farmer, and you work, and you produce but in the end nobody, there's a not a market for whatever you are going to produce I mean things can get really tough. So, it's, it's a combination of things and normally we are evolving in some markets its much more developed and integrated and in some it's a building process.

MARCEL REGIS: We will now take you all to the market visits, so thank you very much for the questions.