# First Quarter 2016 Results

4 May 2016

# Forward looking statements

*Certain statements contained in this report that are not statements of historical fact constitute forward-looking statements, notwithstanding that such statements are not specifically identified. In addition, certain statements may be contained in the future filings of the Company with the competent securities regulators or other authorities, in press releases, and in oral and written statements made by or with the approval of the Company that are not statements of historical fact and constitute forward-looking statements.*

*Forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the Company's control and are difficult to predict, that may cause actual results or developments to differ materially from any future results or developments expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among others: (i) local, regional, national and international economic conditions, including the risks of a global recession or a recession in one or more of the Company's key markets, and the impact they may have on the Company and its customers and its assessment of that impact; (ii) financial risks, such as interest rate risk, foreign exchange rate risk (in particular as against the U.S. dollar, the Company's reporting currency), commodity risk, asset price risk, equity market risk, counterparty risk, sovereign risk, liquidity risk, inflation or deflation; (iii) continued geopolitical instability, which may result in, among other things, economic and political sanctions and currency exchange rate volatility, and which may have a substantial impact on the economies of one or more of the Company's key markets; (iv) changes in government policies and currency controls; (v) continued availability of financing and the Company's ability to achieve its targeted coverage and debt levels and terms, including the risk of constraints on financing in the event of a credit rating downgrade; (vi) the monetary and interest rate policies of central banks; (vii) changes in applicable laws, regulations and taxes in jurisdictions in which the Company operates; (viii) limitations on the Company's ability to contain costs and expenses; (ix) the Company's expectations with respect to expansion plans, premium growth, accretion to reported earnings, working capital improvements and investment income or cash flow projections; (x) the Company's ability to continue to introduce competitive new products and services on a timely, cost-effective basis; (xi) the effects of competition and consolidation in the markets in which the Company operates; (xii) changes in consumer spending; (xiii) changes in pricing environments; (xiv) volatility in the prices of raw materials, commodities and energy; (xv) difficulties in maintaining relationships with employees; (xvi) regional or general changes in asset valuations; (xvii) greater than expected costs (including taxes) and expenses; (xviii) the risk of unexpected consequences resulting from acquisitions, joint ventures, strategic alliances, corporate reorganizations or divestiture plans, and the Company's ability to successfully and cost-effectively implement these transactions and integrate the operations of businesses or other assets it has acquired; (xix) the outcome of pending and future litigation, investigations and governmental proceedings; (xx) natural and other disasters; (xxi) any inability to economically hedge certain risks; (xxii) inadequate impairment provisions and loss reserves; (xxiii) technological changes and threats to cybersecurity; and (xxiv) the Company's success in managing the risks involved in the foregoing. All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters and attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements referenced above. Forward-looking statements speak only as of the date on which such statements are made.*

*In addition, the forward-looking statements contained in this report also include statements relating to the Company's recommended acquisition of the entire issued and to be issued share capital of SABMiller plc ("SABMiller") (the "Transaction"), the related divestitures and the financing of the Transaction, including the expected effects of the Transaction on the Company and/or SABMiller and the expected timing of the Transaction. All statements regarding the Transaction, the related divestitures and the financing of the Transaction, other than statements of historical facts, are forward-looking statements. You should not place undue reliance on these forward-looking statements, which reflect the current views of the Company's management, and are subject to numerous risks and uncertainties about the Company and SABMiller and are dependent on many factors, some of which are outside of the Company's and their control. There are important factors, risks and uncertainties that could cause actual outcomes and results to be materially different, including the satisfaction of the pre-conditions and the conditions to the transactions described herein, the ability to obtain the regulatory approvals related to the transactions and the ability to satisfy any conditions required to obtain such approvals, and the factors relating to the Company described above. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. There can be no certainty that the proposed transactions will be completed on the terms described herein or at all.*

*The Company's statements regarding financial risks are subject to uncertainty. For example, certain market and financial risk disclosures are dependent on choices about key model characteristics and assumptions and are subject to various limitations. By their nature, certain of the market or financial risk disclosures are only estimates and, as a result, actual future gains and losses could differ materially from those that have been estimated. Subject to the Company's obligations under Belgian and U.S. law in relation to disclosure and ongoing information, the Company undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

*This document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any offer, solicitation or sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction. By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the above limitations.*

# 1Q16 highlights

- Mexico: Strong volume performance
- US & Europe: Improving volume trends
- Brazil: Macroeconomic challenges
- China: Industry softness
- SABMiller: Continued progress towards closing

# Proposed combination with SABMiller

- In November last year, we announced an agreement with SABMiller's board on the terms of a recommended acquisition of the entire issued and to be issued share capital of SABMiller
- At the same time, we announced an agreement with Molson Coors Brewing Company regarding a complete divestiture of SABMiller's interest in MillerCoors in the US, as well as the global Miller brand
- In China, we have entered into an agreement to sell SABMiller's interest in China Resources Snow Breweries to China Resources Beer (Holdings) Co. Ltd
- In Europe, we have accepted a binding offer from Asahi to acquire certain of SABMiller's European premium brands and their related businesses. We have also agreed to divest SABMiller's Central and Eastern European businesses and brands
- In South Africa, we have announced an agreement with the government on the public interest conditions that will be recommended to the Competition Commission and Competition Tribunal
- Secondary listing of AB InBev on the Johannesburg Stock Exchange
- Substantially completed the pre-funding of the proposed transaction following a series of bond issuances in the first quarter of 2016
- We continue to expect the transaction to close in the second half of 2016

# 1Q16 summary

- **Total Revenue +3.1%**
  - Revenue per hl +5.2% on a constant geographic basis
- **Total Volumes -1.7%**
  - Own beer -1.4% and non-beer -5.7%
  - Brazil own beer -10.0%
- **Global brands revenue +5.9%**
  - Corona up over 22%
  - Budweiser up 0.6%
  - Stella Artois down ~2%
- **EBITDA +2.5%**
  - EBITDA margin -20 bps to 36.8%
- **Normalized EPS of $0.51 versus $1.40 in 1Q15**

# Positive trends in our business

- Global brands: Revenue growth and premiumization trends
- Mexico: Strong growth and exciting future prospects
- US: Industry volumes growing, good momentum in our Above Premium brands, and improving Bud Light volume trends
- Brazil: Healthy brand preference and growth in premium
- China: Market share gains and favorable brand mix
- Europe: Revenue growth and share gains in several markets
- Canada, South Korea, Latin America South: Solid results

# US – 1Q16 summary

## Industry

- STRs +0.7% SDA (selling-day adjusted)

## AB InBev

- STRs -0.3% SDA
- Market share decline of ~45 bps
- STWs (shipments) -1.2%
- Revenue flat
- Beer revenue per hectoliter +1.3%
- EBITDA +2.1% with margin expansion of 82 bps to 40.3%



Note: Share figures based on internal estimates (STRs)

# Bud Light – On the right track

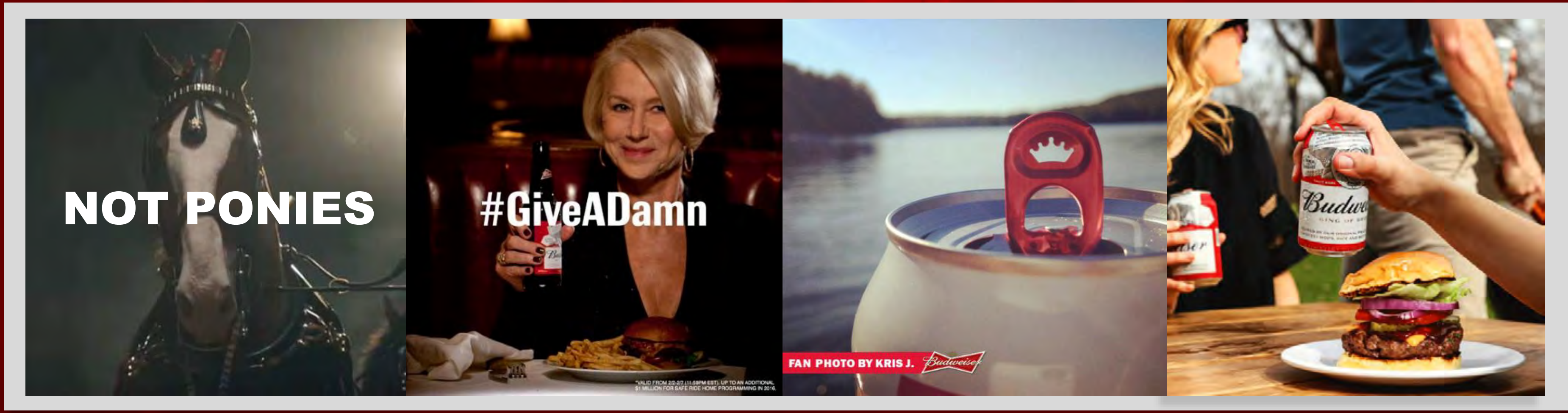

- Volume, market share & brand trends improving
- STRs declined just over 1%, with market share loss of ~35bps
- Consumers responding positively to new “Bud Light Party” campaign and new visual brand identity



Note: Share figures based on internal estimates (STRs)

# Budweiser quality and heritage campaign continues to resonate with consumers

- Budweiser STRs declined by low single digits in the quarter
- Market share trends comparable to 1Q15
- Continuing the best trends in over a decade

# Healthy growth in Above Premium

- Above Premium brands gained 50 bps of market share
- Michelob ULTRA volume grew over 20% and gained more share than any other beer brand in the past year
- Good growth from Stella Artois, Goose Island & our craft partners
- Best Damn performing well




Note: Share based on internal estimates (STRs)

# Mexico – 1Q16 summary

## Industry

- Industry volume growth helped by a favorable consumer environment

## AB InBev

- Revenue +16.3%
- Volume +13.0%
- Own beer revenue per hectoliter growth of +2.7%
- EBITDA growth of +10.3%, with margin contraction of 237 bps to 43.4%, due to timing of sales and marketing investments

# Strong Mexico Focus Brand growth

Corona family performed well, activating a campaign surrounding the brand's $90^{th}$ birthday, with strong growth from Corona Light



Victoria's Mexican heritage campaign is resonating with LDAs, driving consumer preference

Bud Light continues to grow in the North, leveraging the brand's NFL credentials

# Brazil – 1Q16 summary

## Industry

- Challenging macroeconomic environment, with high unemployment and low consumer confidence

## AB InBev

- Weak start to the year, as anticipated
- Beer volumes -10.0%, non-beer volumes -3.8%
- Revenue -4.0%
- Beer revenue per hectoliter growth +6.0%, driven by our revenue management initiatives
- Beer market share declined due to regional competitive dynamics
- EBITDA decline of -5.8%, with margin contraction of 96 bps to 51.4%

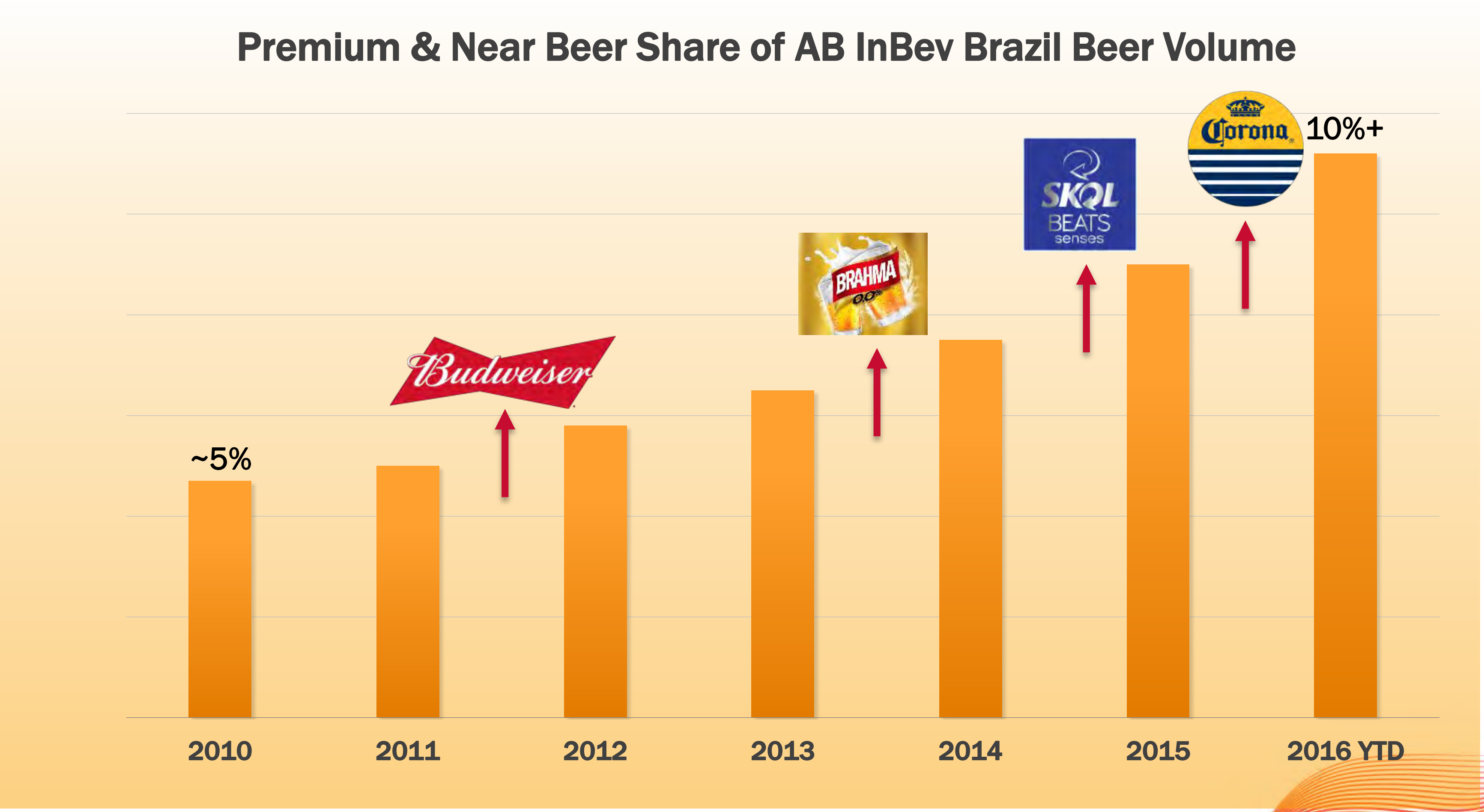

Note: Share based on internal estimates

# Brazil - Clear commercial priorities

## Focused on what we can impact and influence

- **Elevating the Core:** Carnival and Lollapalooza music festival activation driving consumer preference for Skol among target audience (LDA-24)
- **Accelerating Premium:** Volumes grew double digits versus 1Q15
- **Near Beer:** Skol Beats Family accelerating volume and share growth. Brahma 0,0% has a strong market share position in the non-alcohol beer market
- **Shaping In Home:** Increasing penetration of returnable bottles to support our affordability strategy
- **Boosting Out of Home:** Activation of key selling moments: Olympic Games, festivals and regional parties

# Premium and Near Beer represent over 10% of our total Brazil portfolio



# Brazil - No change to FY16 topline growth guidance of mid to high single digits

- Macroeconomic headwinds, pressure on consumer disposable income
- Focused on what we can impact and influence
- Strong and healthy brands
- Clear set of commercial priorities
- Affordability remains a major focus
- Revenue management & cost efficiency to help drive results
- April volumes trending significantly better than 1Q16

# China – 1Q16 summary

## Industry

- Beer industry volumes down ~4%

## AB InBev

- Beer volume -1.1%
- Organic market share growth of ~45 bps to 19.0%
- Revenue +0.9%
- Revenue per hectoliter +2.1%, with favorable brand mix, partly offset by unfavorable regional mix
- EBITDA growth of +3.8% with margin up 76 bps to 27.0%

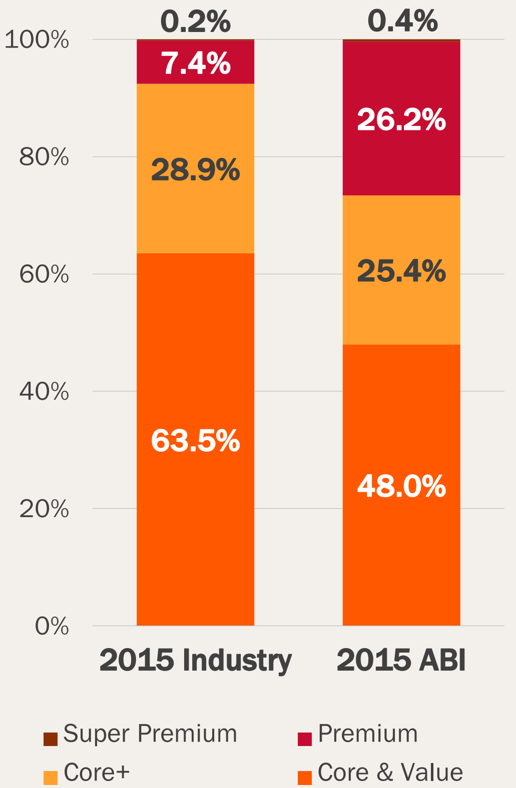


Note: Share figures based on internal estimates

# Focus on the winning segments, channels and geographies

## Segments

Win in Core+, Premium, Super Premium




*Source: BCG*

## Channels

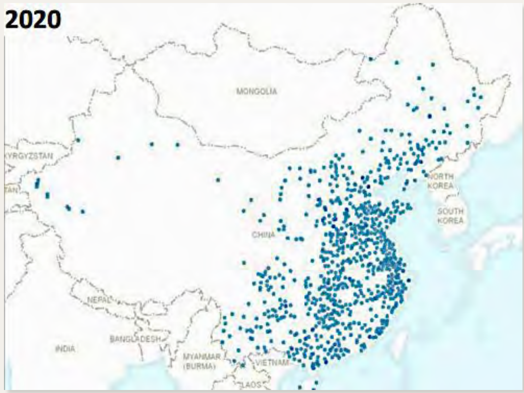
Win in the fastest growing channels

*Night Life*

*Chinese Restaurants*

## Geographies

Win in the fastest growing urban centers




*Cities that are expected to have >250,000 middle to upper class consumers by 2020*

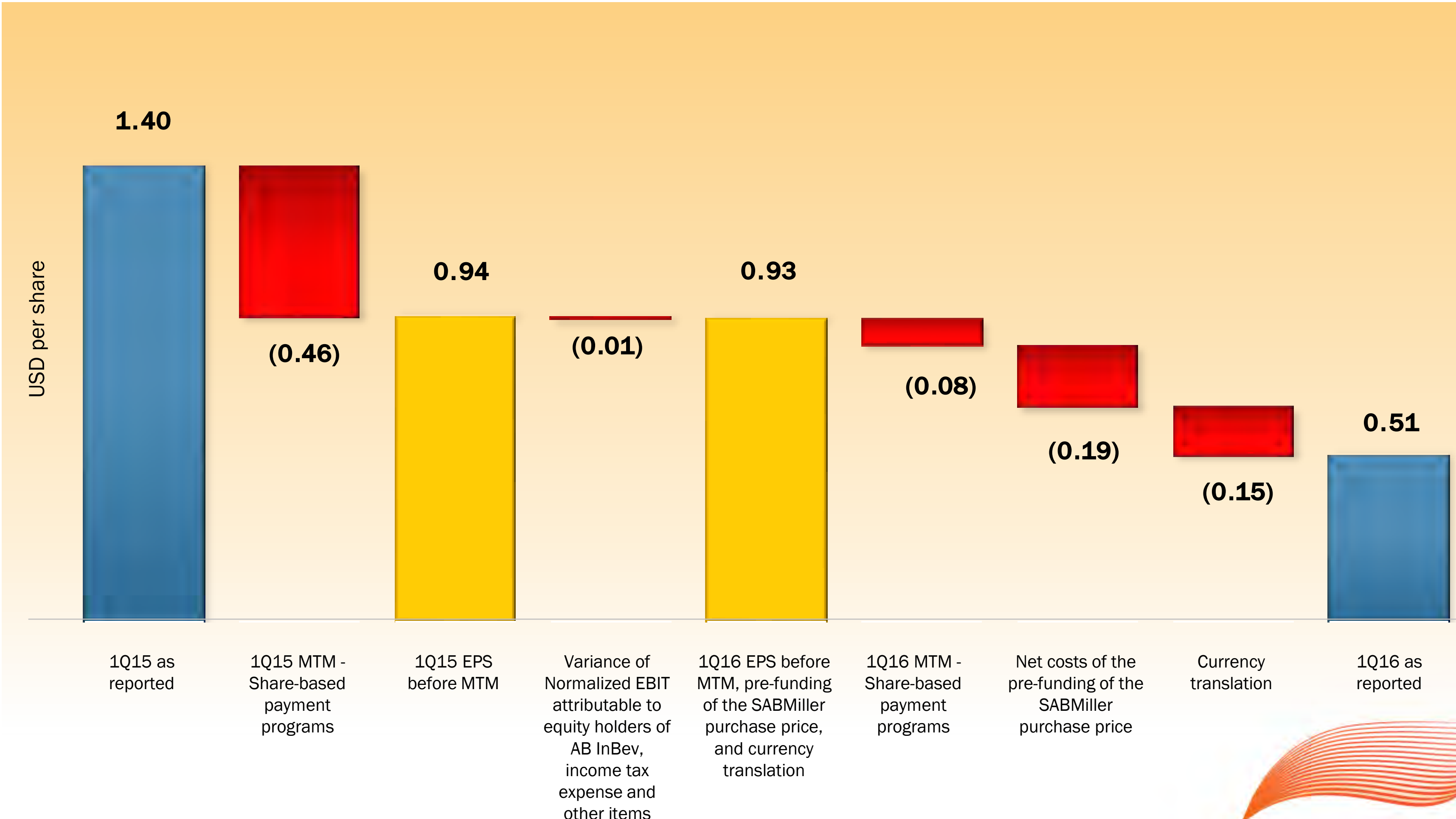
# Highlights from our other markets

- In Canada, we had another strong quarter with volumes up by almost 1% and a stable market share
- In Europe, growth of our premium brands drove strong results, with volumes increasing 2.5% and revenues up 4.6%
  - Our Premium brands contributed to growth in France, Italy, the Netherlands, Russia and Ukraine
  - UK volumes grew on the back of Stella Artois and Corona activations
  - Volumes in Belgium and Germany declined by mid-single digits due mainly to industry weakness, and some share loss
- In Latin America South, solid financial results despite pressure on beer volumes. Good growth from Corona and Mixxtail
- In South Korea, beer volumes grew low single digits in the quarter, contributing to an estimated share gain

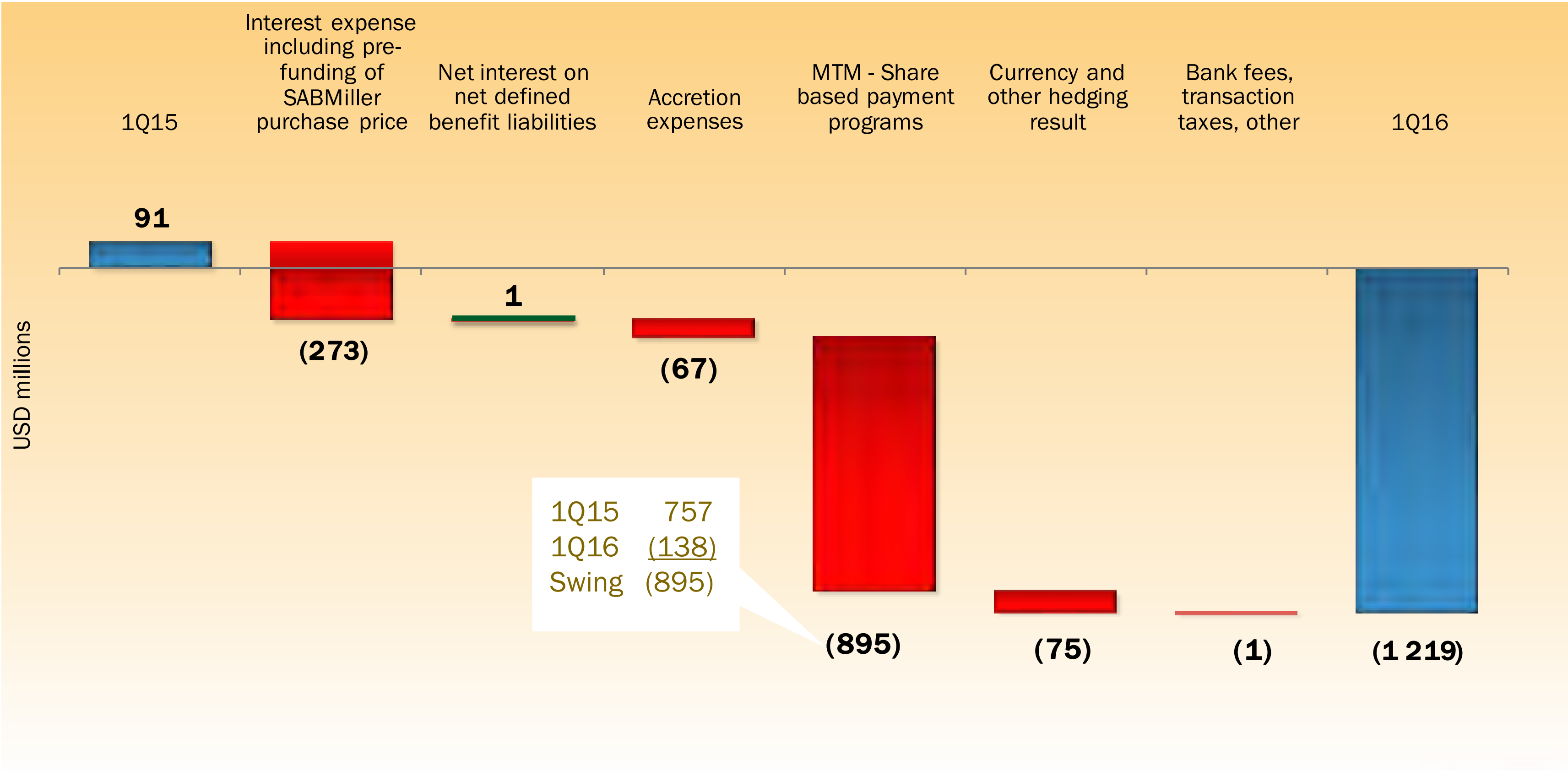


Note: Share figures based on internal estimates

# Normalized EPS decreased to $0.51 in 1Q16, although the underlying result was essentially flat



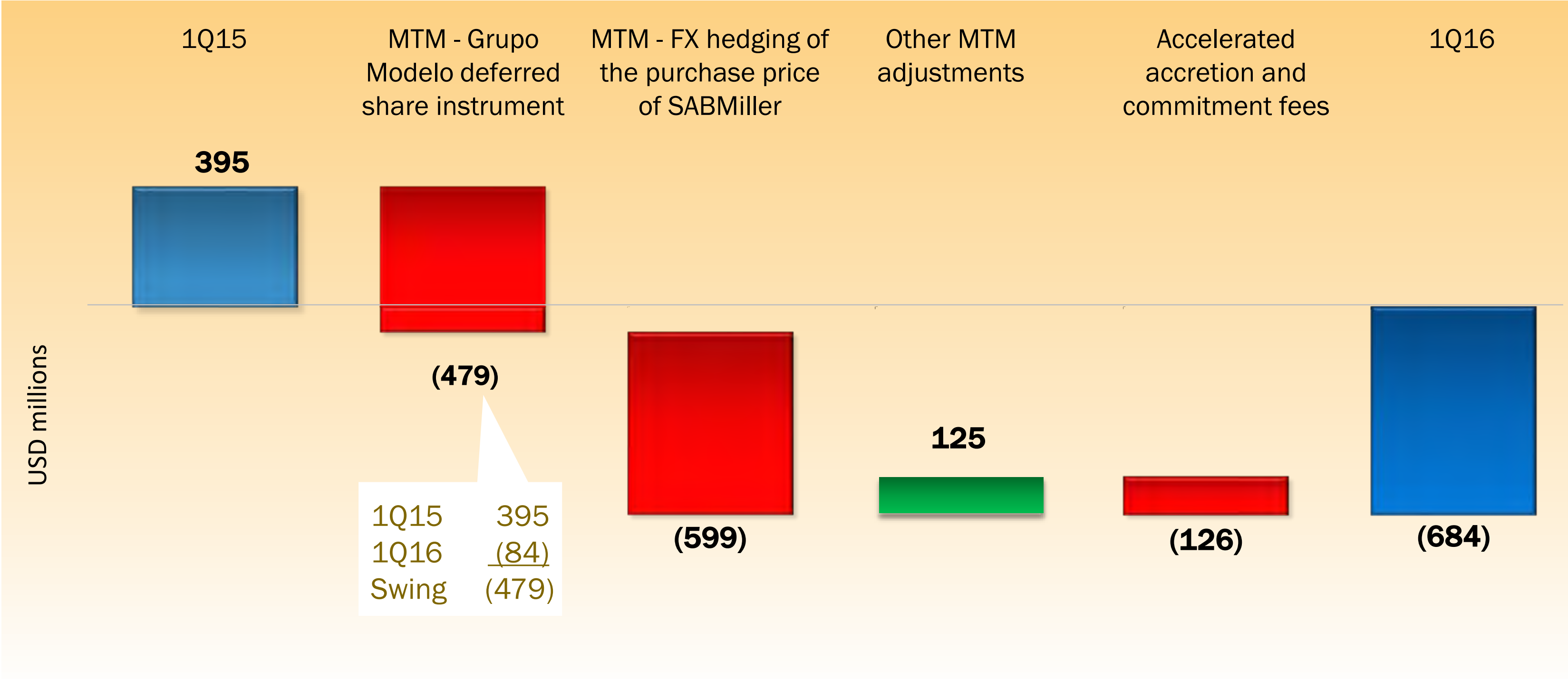
# Increase in Net Finance costs driven mainly by MTM adjustment on share based payment programs




**1Q16 Net Finance Result driven by:**

- Net cost of the pre-funding of the SABMiller purchase price, included in interest expense
- Increase in accretion expenses due to interest charges on legal claims that became payable in 1Q16
- Negative impact of the MTM adjustment linked to the hedging of our share-based payment programs

# Non-recurring net finance costs 684 million USD in 1Q16, versus an income of 395 million USD in 1Q15




- **Negative mark-to-market adjustment of 84 million USD** resulting from the derivative instruments entered into to hedge the deferred share instrument issued in a transaction related to the combination with **Grupo Modelo**
- **Negative mark-to-market adjustment of 599 million USD** related to the portion of the **FX hedging of the purchase price** of the proposed combination with SABMiller that does not qualify for hedge accounting under IFRS rules
- **Other mark-to-market adjustments** driven by **derivative instruments** entered into to hedge **part of the Restricted shares** to be issued in relation to the proposed combination with SABMiller, as well as **the hedging, into US dollars, of the 13.25 billion Euro bonds**, issued on 29 March 2016
- **Other non-recurring net finance costs** of **126 million USD** relates **mainly to accelerated accretion expenses** following the **cancellation**, in January 2016, of 42.5 billion USD of the 2015 committed senior acquisition facilities, as well as commitment fees for the facilities

AB InBev

# SABMiller combination - financing update

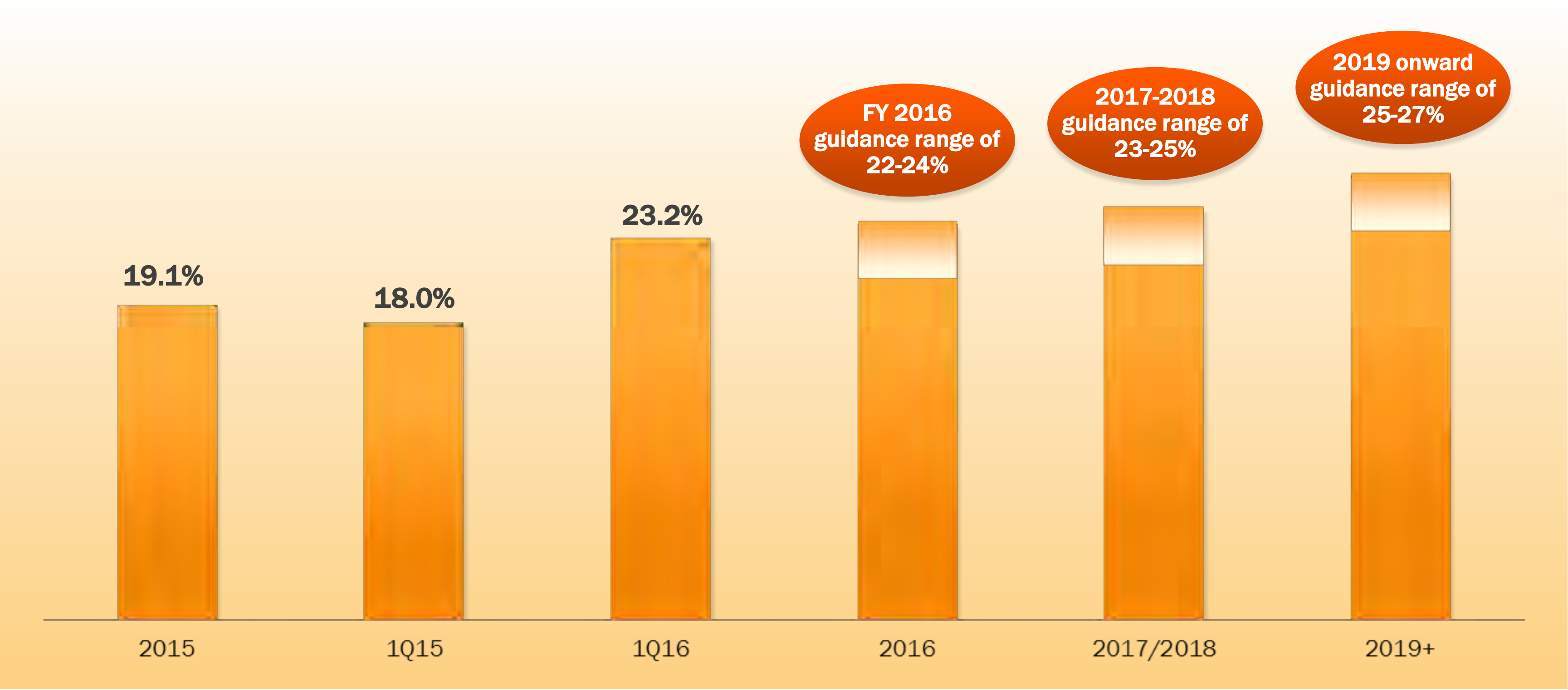
**We have made good progress pre-funding the SABMiller transaction:**

- January 25th issued 46.0bn USD bonds (~3.7% weighted average coupon / 14.2-year weighted average maturity)
- January 29th issued 1.47bn USD Formosa bond (4.915% coupon / 30-year maturity)
- March 29th issued 13.25bn EUR (~1.6% weighted average coupon / 10.4-year weighted average maturity)

**Net proceeds of 61.6bn USD at an average coupon of 3.2% and weighted average maturity of 13.7 years. This enabled the cancellation of 55bn USD of the 75bn USD Committed Senior Acquisition Facilities by early April.**

| Committed Senior Acquisition Facilities | | | | | | |
|---|---|---|---|---|---|---|
| Facility | Term | Applicable Margin (bps) | Original Amount (USD billions) | January 2016 Cancellation (USD billions) | April 2016 Cancellation (USD billions) | Current Amount (USD billions) |
| Term Facility A | 3 Years | L + 110 | 25.0 | (12.5) | (12.5) | **0.0** |
| Term Facility B | 5 Years | L + 125 | 10.0 | 0.0 | 0.0 | **10.0** |
| Disposals Bridge Facility | 1 Year | L + 100 | 10.0 | 0.0 | 0.0 | **10.0** |
| Bridge to Cash / DCM Facility A | 1 Year | L + 100 | 15.0 | (15.0) | 0.0 | **0.0** |
| Bridge to Cash / DCM Facility B | 2 Years | L + 100 | 15.0 | (15.0) | 0.0 | **0.0** |
| Total | | | **75.0** | **(42.5)** | **(12.5)** | **20.0** |

# Normalized Effective Tax Rate (ETR)




**Increase in normalized ETR in 1Q16 mainly due to:**

- Change in the mark-to-market adjustment linked to the hedging of our share-based payment programs, and country mix

**Guidance for FY16 reflects an increase versus FY15 mainly due to:**

- Lower deductibility of goodwill amortization going forward, country mix and the assumption of zero future gains or losses on the hedging of our share-based payment programs

# 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 will be a priority following the completion of the combination with SABMiller

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

4. Return of cash to shareholders: Our goal is for dividends to be a growing flow in line with the non-cyclical nature of our business


Q&A