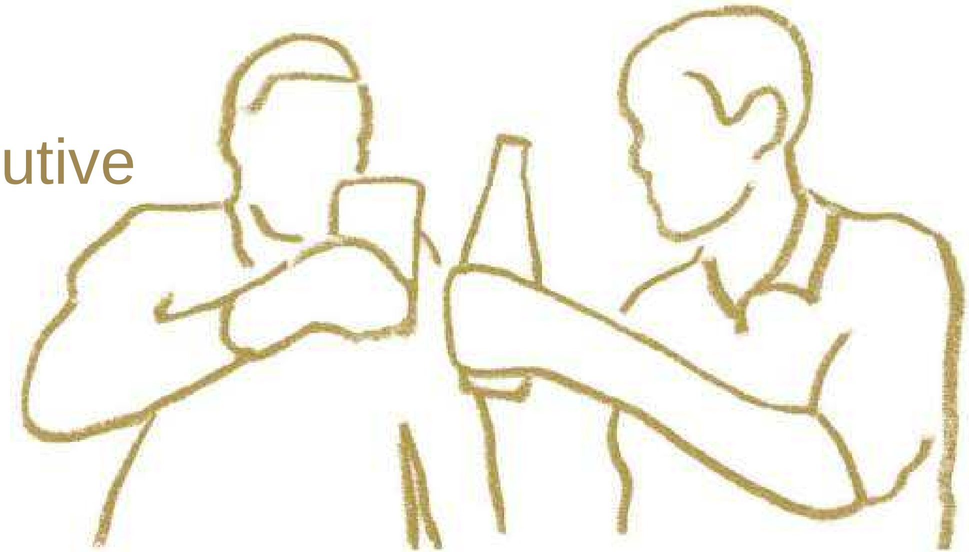
Welcome

# SABMiller plc

## Full year results
Twelve months ended 31 March 2011

Graham Mackay, Chief Executive
Malcolm Wyman, CFO

19 May 2011



# Forward looking statements

This presentation includes ‘forward-looking statements’ with respect to certain of SABMiller plc’s plans, current goals and expectations relating to its future financial condition, performance and results. These statements contain the words “anticipate”, “believe”, “intend”, “estimate”, “expect” and words of similar meaning. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding the Company’s financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company’s products and services) are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The past business and financial performance of SABMiller plc is not to be relied on as an indication of its future performance.

All references to “EBITA” in this presentation refer to earnings before interest, tax, amortisation of intangible assets (excluding software) and exceptional items. Also includes the Group’s share of associates’ and joint ventures’ EBITA on the same basis. All references to “organic” mean as adjusted to exclude the impact of acquisitions and disposals, while all references to “constant currency” mean as adjusted to exclude the impact of movements in foreign currency exchange rates in the translation of our results. References to “underlying” mean in organic, constant currency.

*Overview*

# Excellent financial results

- Excellent 12% underlying EBITA[1] growth delivery
  - Adjusted EPS up 19%
- Solid revenue performance driven by volume and price growth
  - Revenue/hl up 3%
- Fixed cost savings funded increased marketing investment and drove higher margins
  - 120bps margin expansion to 17.8%[2]

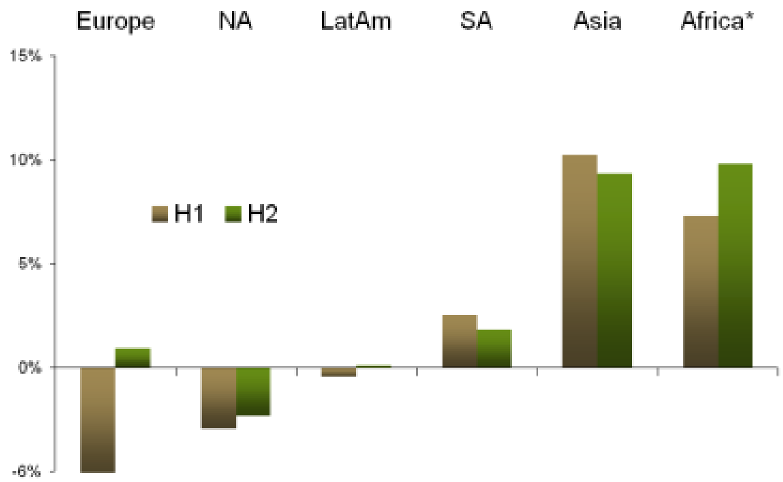
1 On an organic constant currency basis
2 On a reported basis

Overview

# Improved volume and revenue growth

- Improved volume performance through the year
  - Lager volumes up 2%, accelerating in H2
  - Growth led by frontier markets
- Moderate price increases and positive portfolio mix in most markets

**Lager volume growth**



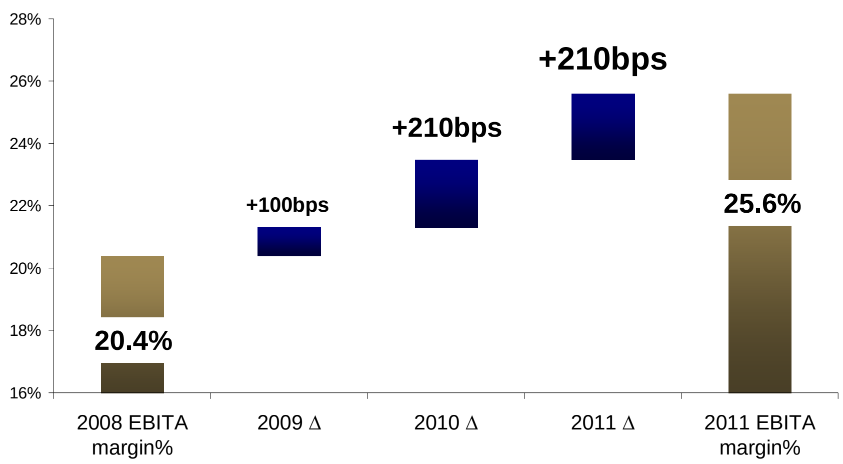

•Africa excluding Zimbabwe volumes.
With Zimbabwe volume 11% in H1, 14% in H2

Divisional highlights

# Latin America: ongoing margin improvement

- Continued margin expansion
  - – Selective price increases
  - – Lower raw material input costs
  - – Sustained focus on fixed cost productivity
- Volume and share growth in Peru offset by external headwinds in Colombia and Ecuador
- Ongoing category development
  - – Increased focus on upper mainstream and local premium extensions

**Latin America margin expansion**



# Divisional highlights
# Latin America: revenue growth management

## Premium extensions

**Price index 120-135**



**Price index 110-120**



# Divisional highlights

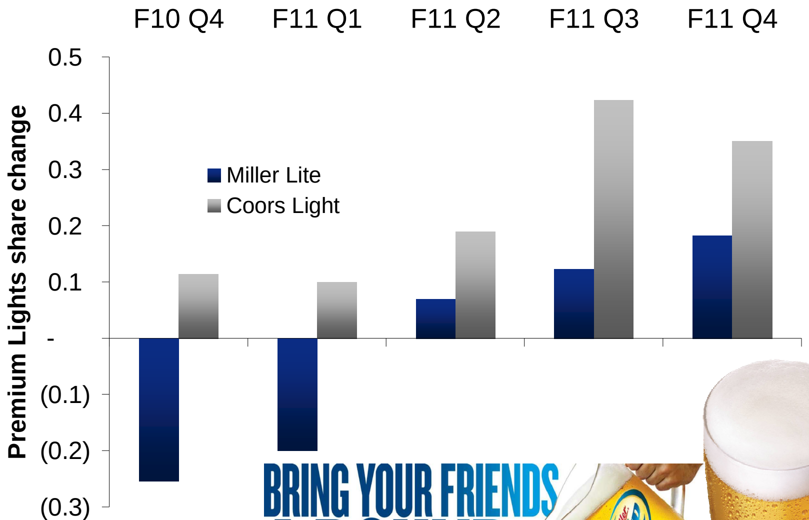
## Europe: maintaining price discipline

- Slow, sporadic consumer recovery
- Strong cost management driving improved profitability
  - Cost restructuring in Romania, Netherlands, Italy, Canaries
- Managing for long term value in the face of competitor price weakness
  - Strong UK and Italian financial performance with focus on profitable brands and channels
  - Maintaining premium and mainstream price points in Poland, Czech, Russia and Romania in the face of competitor reductions

# Divisional highlights
## North America: focus brand execution

- In soft environment, gaining market share in premium lights
  - Coors Light continued strength
  - Miller Lite recovery
- Improved execution driving marketplace wins
  - Chain relationships and category management
  - C-store execution
  - Hispanic programmes
- Excellent positioning and progress at Tenth and Blake
  - Blue Moon acceleration and craft seasonals
  - Peroni Nastro Azzurro well positioned

**Premium Lights segment share***






* AC Nielsen Premium Light Combined Channel Share for 12 week periods ended 3/20/2010, 19/06/2010, 09/10/2010, 01/01/2011, 26/03/2011

## *Divisional highlights*

# North America: focus brand execution

- In soft environment, gaining market share in premium lights
  - Coors Light continued strength
  - Miller Lite recovery
- Improved execution driving marketplace wins
  - Chain relationships and category management
  - C-store execution
  - Hispanic programmes
- Excellent positioning and progress at Tenth and Blake
  - Blue Moon acceleration and craft seasonals
  - Peroni Nastro Azzurro well positioned

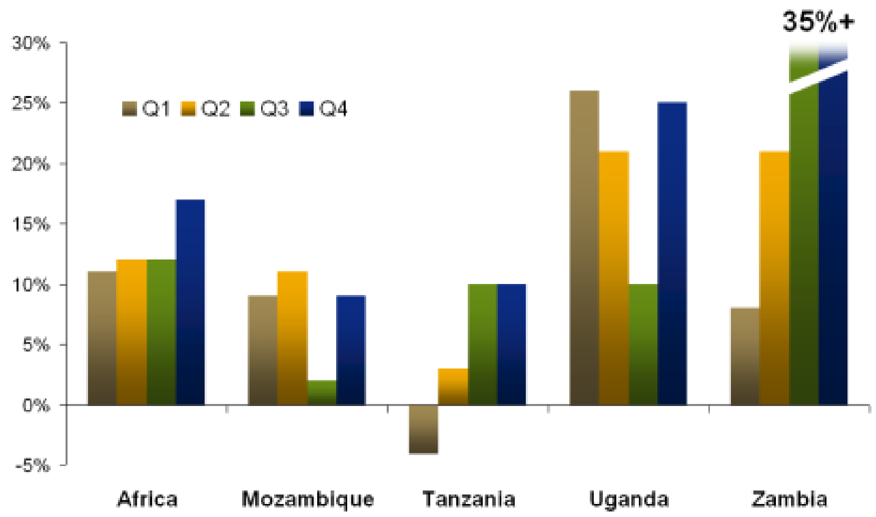


* Blue Moon and Leinenkugel's 2011 STR volume growth

# Divisional highlights
# Africa: investments delivering

- Accelerated strong growth
  - Double digit lager volume growth* in every quarter
  - 9% lager growth ex-Zimbabwe
- Fuller portfolios enhancing the category and gross margins
- Capacity and capability expansion delivering volume growth
- Recovery in Zimbabwe, new investment in Nigeria

**2011 Africa lager volume growth***




* Organic volume includes our share of associate Zimbabwe volumes

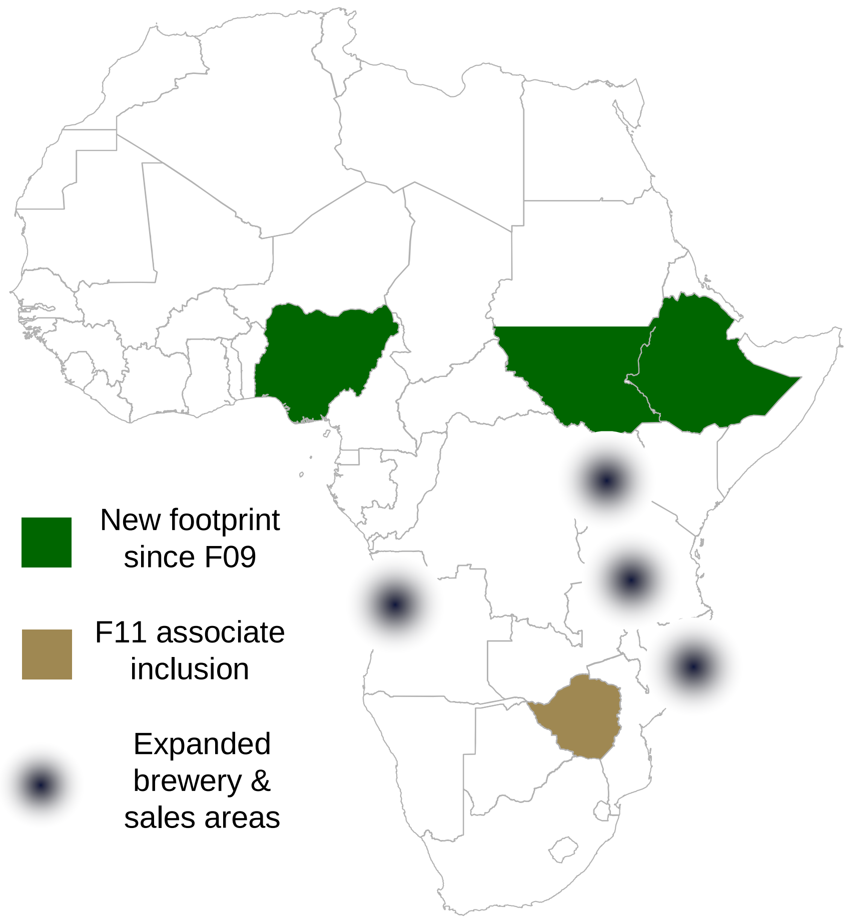
# Divisional highlights
## Africa: investments delivering

- Accelerated strong growth
  - Double digit lager volume growth* in every quarter
  - 9% lager growth ex-Zimbabwe
- Fuller portfolios enhancing the category and gross margins
- Capacity and capability expansion delivering volume growth
- Recovery in Zimbabwe, new investment in Nigeria


* Organic volume includes our share of associate Zimbabwe volumes

# Divisional highlights
## Africa: investments delivering

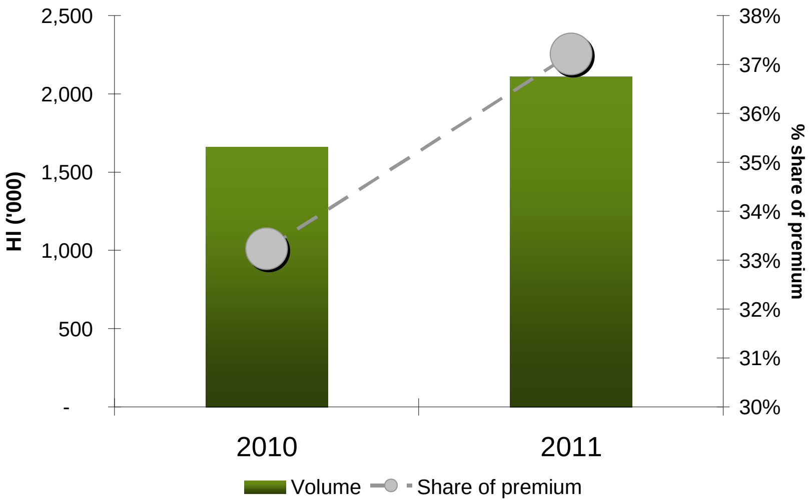
- Accelerated strong growth
  - Double digit lager volume growth* in every quarter
  - 9% lager growth ex-Zimbabwe
- Fuller portfolios enhancing the category and gross margins
- Capacity and capability expansion delivering volume growth
- Recovery in Zimbabwe, new investment in Nigeria




* Organic volume includes our share of associate Zimbabwe volumes

# Divisional highlights
# South Africa: execution driving growth

**Castle Lite growth**





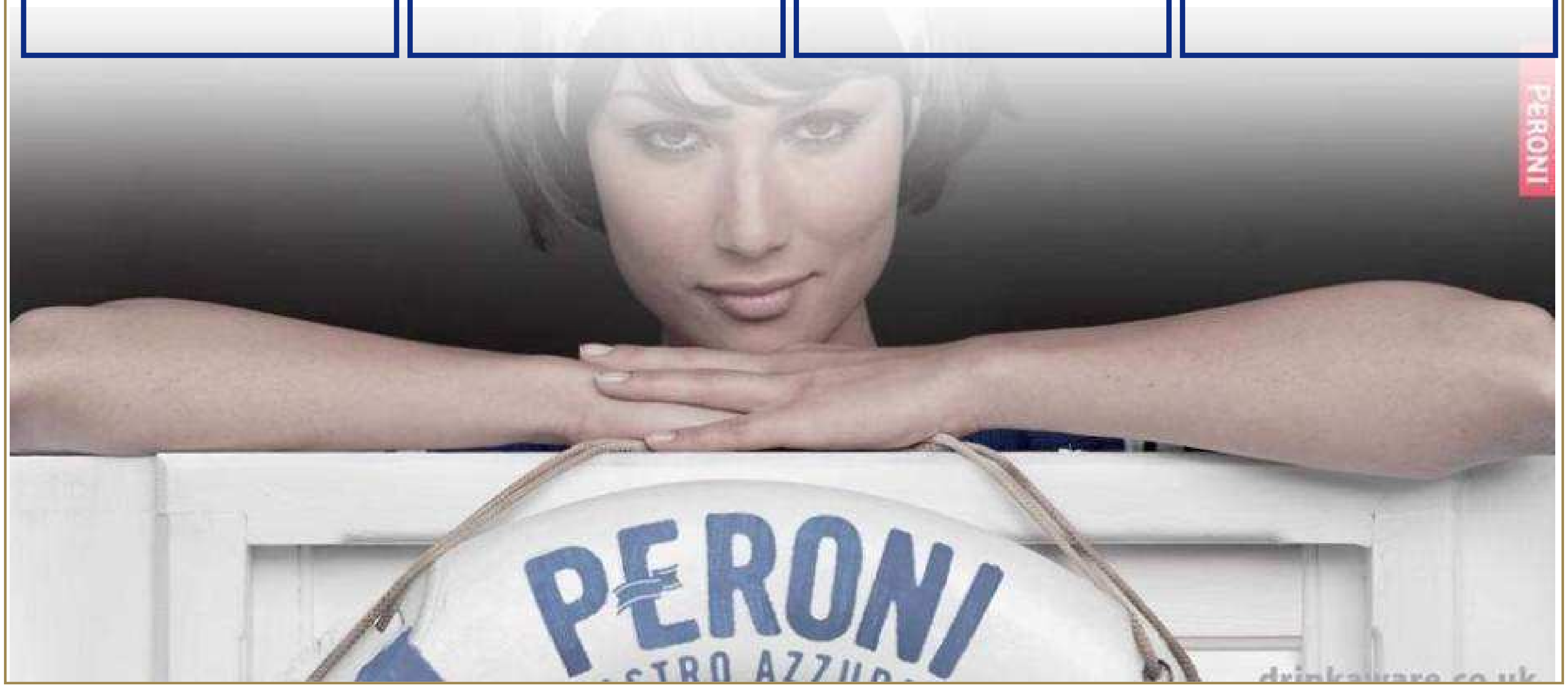
- Excellent operational performance resulting in market share stabilisation
  - Rising premium segment share for Castle Lite, the segment leader
  - Strong mainstream brand growth driving category gains
- Growing execution gap versus competition
  - Distribution and sales service
  - Revenue growth management in beer and soft drinks
- Cost savings enabling increase in marketing and sales spend

# Asia: continued expansion


- CRSnow market share up to 21%
  - Extended Snow brand leadership with market share now over 19%
- Revenue management
  - Price increase to cover costs
  - Success of premium Snow variants
  - Margin in double digits in certain areas
- India growth in ‘less constrained’ provinces
  - Innovation to step change market dynamics in India
  - Strong variants, PET packages

# Four strategic priorities

- Creating a balanced and attractive global spread of businesses
- Developing strong, relevant brand portfolios that win in the local market
- Constantly raising the profitability of local businesses, sustainably
- Leveraging our skills and global scale



# Strong, relevant local portfolios

## Capturing new consumers in Latin America

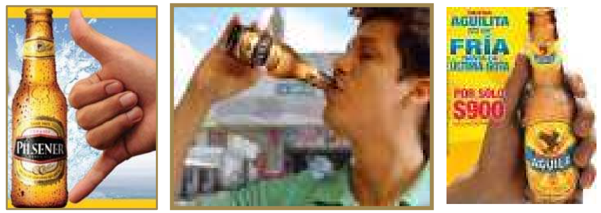
### Persuading alcohol consumers to prefer beer

- …from traditional products

- …from expensive spirits


### Persuading beer consumers to drink beer on more occasions

- On the go…in small bottles




- With meals…in and out of home


- At events…

# *Strong, relevant local portfolios*
# Building differentiated premium portfolios

## United States of America
**Seasonal craft variants** + 15%[1]


## United Kingdom
**Beers of the world** +23%[3]


## Latin America
**Upper mainstream and local premium** +20%[2]


## Mozambique
**Laurentina Preta dark lager** +46%[4]


1. MillerCoors craft portfolio brand volume
2. Upper mainstream and local premium brand volume
3. MillerBrands United Kingdom company volume
4. Laurentina Preta brand volume

# Strong, relevant local portfolios
## Strengthening mainstream brands

### United States
**Miller Lite** +0.5pts PL share trend[1]


### Italy
**Peroni (original)** + 4% revenue/Hl[3]


### Tanzania
**Kilimanjaro** +8%[2]


### South Africa
**Castle Lager** +14%[4]


1. AC Nielsen Premium Light combined channel share for 52 week periods ended 26/03/2011
2. Kilimanjaro brand volume
3. Peroni Italy brand gross revenue per hl
4. Castle Lager brand volume

## Strong, relevant local portfolios

# Continue to improve commercial capabilities

**Trade terms management in Czech Republic**

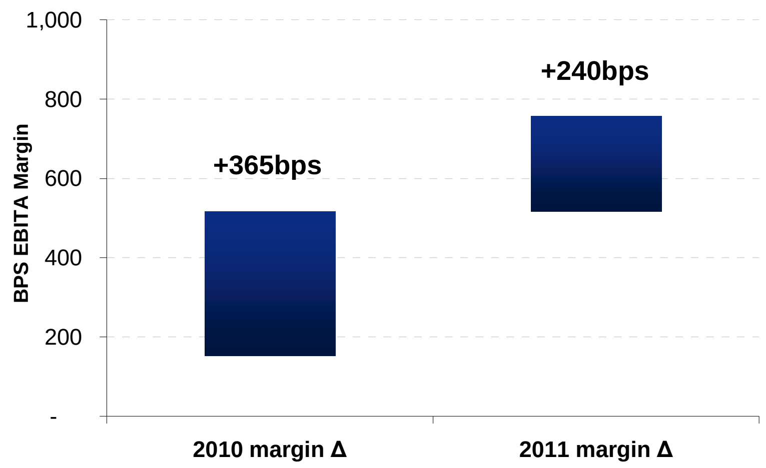
| **From** | | **To** |
|---|---|---|
| Transactional | ➡ | Strategic |
| Pay for importance | ➡ | Pay for performance |
| % discount focus | ➡ | Total margin focus |
| Account contracts | ➡ | Joint business plans |


- Profitable revenue management in the Czech republic
  - Maximising long-term category value
  - Brand/pack/channel price architecture
  - Trade term management

- Winning with customers at MillerCoors
  - Investment in field technology and capability to close the competitive gap
  - Increased MillerCoors category captaincy benefits distributors and retailers
    - From 24% to 30%
  - Supported by increased cross-merchandising and multicultural activation

- Efficiency and supply chain management in Colombia
  - Productivity savings, brewery closure
  - Sales and distribution efficiencies
  - Headcount productivity

**EBITA margin growth in Colombia**

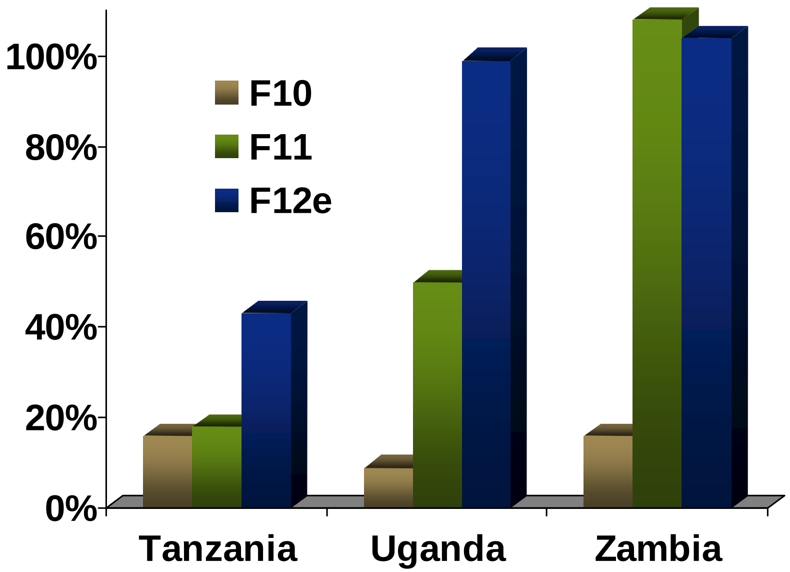



- Regionalised European manufacturing model
  - COGS benefits: materials usages, waste and utility efficiencies
  - Flattening production curves, labour cost flexing
  - European grid optimisation

## Developing local supply chains

- In Africa, reducing reliance on imports
  - Historically, >80% imported grains
- Cost savings through local raw material substitution
  - Local farm communities
- Government excise support enables affordable price points

**Local barley self-sufficiency**



*Leveraging our skills and global scale*

# Business capability programme progress

## Procurement

- Global organisation in place
- US$2 billion in expenditure centrally managed
- Direct financial and working capital benefits

**Brewing raw materials**
- Malt & Barley
- Hops
- Maize

**Packaging materials**
- Glass & Crowns
- Paper & Labels
- Plastic crates

**Indirect spend** (2012)
- Marketing materials
- Capital equipment
- Transport

## Leveraging our skills and global scale

# Business capability programme progress


Milestones

- Sales & distribution system implemented in Peru and Colombia
- Back office platform:
  – Global application in place in South Africa and corporate HQ
  – Finance transaction outsourcing continues
  – Treasury
- Working capital exceeding expectation; net operating benefits in the year >$60 million

# Strong growth in EPS and dividends

- Adjusted EPS
  - US $ +19%
  - Sterling +23%
  - Rand +9%
  - Euro +28%

- Annual Dividend:

  81 US cents per share – Up 19%

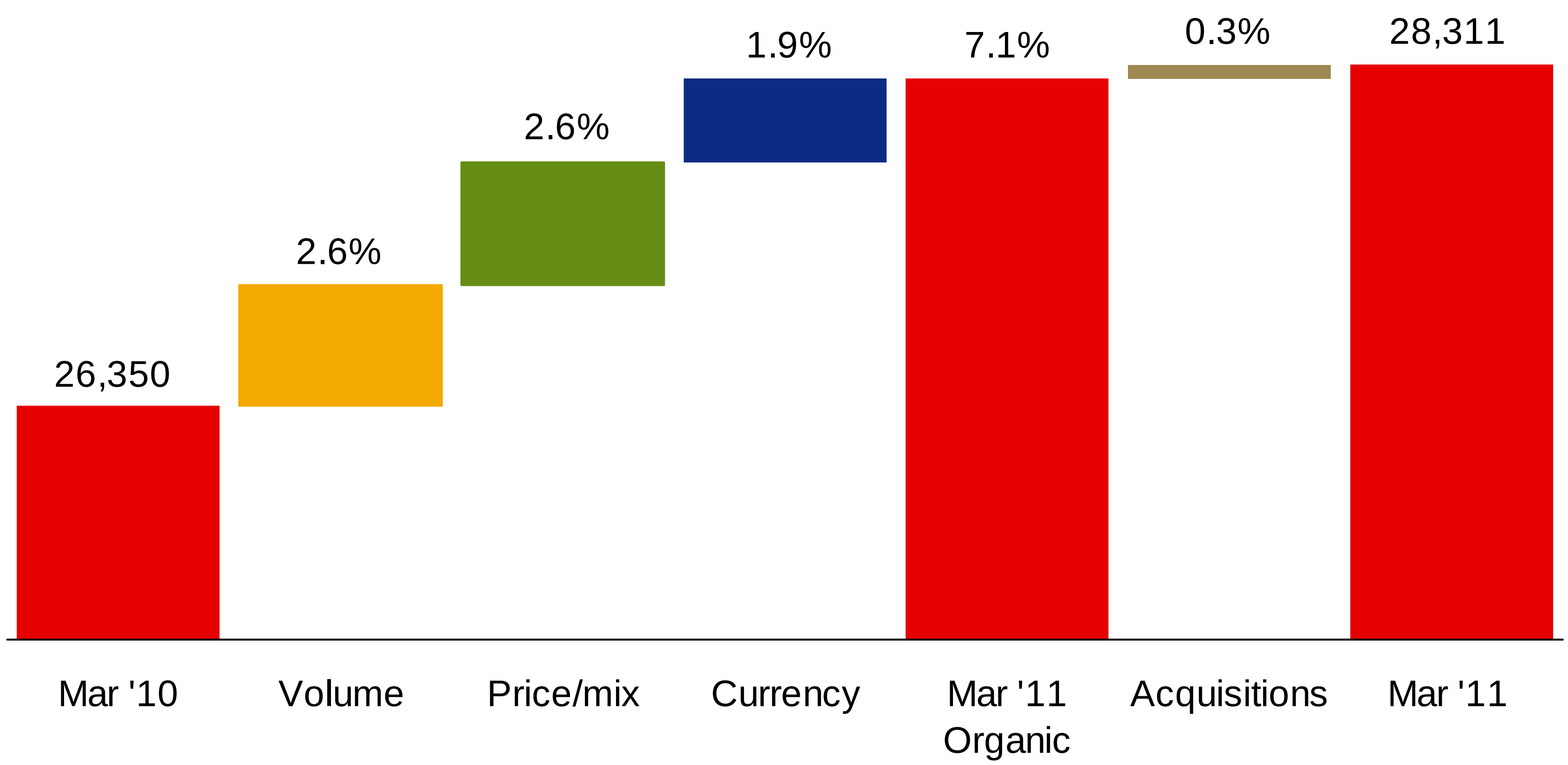
# Very strong full year financial performance

| | | |
|---|---|---|
| Total volumes of 270.1 mhl * | | +3.3% |
| – Organic * | +2.6% | |
| Lager organic volumes * | | +2.0% |
| Organic group revenue * | | +7.1% |
| – Constant currency * | +5.2% | |
| Organic EBITA * | | +15.1% |
| – Constant currency * | +12.4% | |
| EBITA margin * | | +120 bps |
| – Constant currency * | +110 bps | |
| Adjusted EPS growth in US$ | | +19% |

* including share of associates and joint ventures

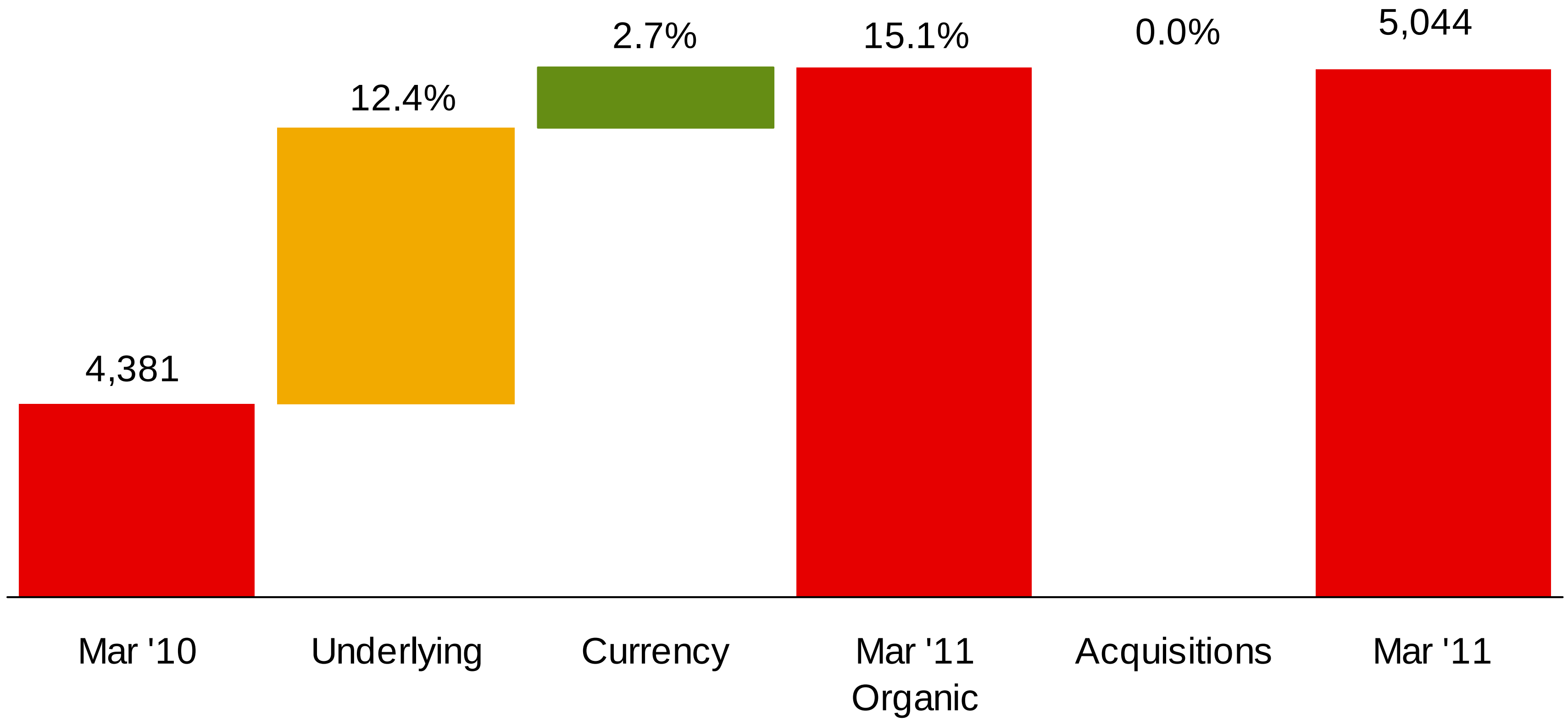
# Revenue benefits from good volume growth and pricing

**Group Revenue (including associates and joint ventures) components of performance, US$m**



# Strong underlying EBITA growth

**EBITA (including associates and joint ventures) components of performance, US$m**



# Latin America

- Good EBITA growth from pricing and lower raw material and fixed costs
- Strong Peru volumes largely offset Colombia decline
- Increased market-facing investment supports brand portfolio development

| US$m | Mar 11 | Mar 10 | Change % |
|---|---|---|---|
| **Organic, constant currency** | | | |
| Group revenue | 6,022 | 5,905 | 2 |
| EBITA * | 1,543 | 1,386 | 11 |
| EBITA margin * (%) | 25.6 | 23.5 | 210 bps |
| **Organic volumes (hl'000)** | | | |
| Lager | 38,022 | 38,075 | - |
| Soft drinks | 15,809 | 15,895 | (1) |

* In 2011 before exceptional charges of US$106 million being business capability programme costs (2010: exceptional charges of US$156 million)

# Europe

- Difficult trading conditions characterised by continued downtrading and competitor discounting
- Improved second half volume performance moderates first half declines
- Lower raw material input costs and production efficiencies drive EBITA growth

| US$m | Mar 11 | Mar 10 | Change % |
|---|---|---|---|
| **Organic, constant currency** | | | |
| Group revenue | 5,561 | 5,577 | - |
| EBITA * | 907 | 872 | 4 |
| EBITA margin * (%) | 16.3 | 15.6 | 70 bps |
| **Organic volumes (hl'000)** | | | |
| Lager | 44,193 | 45,513 | (3) |

* In 2011 before exceptional charges of US$261 million, including US$111 million of business capability programme costs (2010: exceptional charges of US$202 million)

# North America

- Significant synergies and cost savings deliver strong EBITA growth
- Volumes continue to be impacted by a difficult trading environment
- Continued momentum behind craft and import segment

| US$m | Mar 11 | Mar 10 | Change % |
|---|---|---|---|
| **Organic, constant currency** | | | |
| Group revenue | 5,222 | 5,228 | - |
| EBITA * | 741 | 619 | 20 |
| EBITA margin * (%) | 14.2 | 11.8 | 240 bps |
| **Sales volumes (hl'000)** | | | |
| - Lager - excluding contract brewing | 42,336 | 43,472 | (3) |
| **MillerCoors' volumes** | | | |
| - Lager - excluding contract brewing | 40,949 | 42,100 | (3) |
| - Sales to Retailers (STRs) | 40,757 | 41,865 | (3) |

* In 2011 before exceptional charges of US$5 million relating to the group's share of integration and restructuring costs (2010: exceptional charges of US$18 million)

# Africa

- Good volume growth underpinned by additional capacity and strong economic environment
- Firm pricing together with volume growth drives significant revenue and EBITA growth
- Second half margin improvement

| US$m | Mar 11 | Mar 10 | Change % |
|---|---|---|---|
| **Organic, constant currency** | | | |
| Group revenue | 3,361 | 2,716 | 24 |
| EBITA * | 679 | 565 | 20 |
| EBITA margin * (%) | 20.2 | 20.8 | (60) bps |
| **Organic volumes (hl'000)** | | | |
| Lager | 15,223 | 13,476 | 13 |
| Soft drinks | 11,314 | 10,442 | 8 |
| Other alcoholic beverages | 5,080 | 3,922 | 30 |

* In 2011 before net exceptional charges of US$4 million being business capability programme costs (2010: US$3 million)

# Asia

- Strong volume growth in China and India
- EBITA growth assisted by good India performance
- Increased marketing investment behind Snow brand in China leads to further market share gains

| US$m | Mar 11 | Mar 10 | Change % |
|---|---|---|---|
| **Organic, constant currency** | | | |
| Group revenue | 1,990 | 1,741 | 14 |
| EBITA | 94 | 71 | 33 |
| EBITA margin (%) | 4.6 | 4.1 | 50 bps |
| **Organic volumes (hl'000)** | | | |
| Lager | 50,848 | 46,279 | 10 |

# South Africa Beverages

- Beer market share stabilises in second half
- Firm pricing and lower brewing raw material costs offset higher market facing investments
- Full year EBITA margin returns to growth

| US$m | Mar 11 | Mar 10 | Change % |
|---|---|---|---|
| **Organic, constant currency** | | | |
| Group revenue | 5,143 | 4,777 | 8 |
| EBITA * | 981 | 885 | 11 |
| EBITA margin * (%) | 19.1 | 18.5 | 60 bps |
| **Organic volumes (hl'000)** | | | |
| Lager | 26,306 | 25,761 | 2 |
| Soft drinks | 17,574 | 17,044 | 3 |
| Other alcoholic beverages | 1,467 | 1,404 | 5 |

* In 2011 before net exceptional charges of US$188 million, being business capability programme costs of US$39 million and costs in relation to the Broad-Based Black Economic Empowerment scheme of US$149 million (2010: exceptional charges of US$53 million)

# Lower full year input costs

- Full year constant currency decrease per hl
  – Total raw materials - Down 1%
  – Total COGS - Down 1%

- Lower barley prices, particularly in the first half, drive brewing raw material costs down

- Strength of key local currencies benefits input costs

- Distribution costs rise following higher fuel costs

# Exceptional items

| US$m | Mar 11 |
|---|---|
| **Business capability programme costs:** | |
| - included in operating profit | (296) |
| **Broad-Based Economic Empowerment scheme South Africa:** | |
| - included in operating profit (IFRS2) | (149) |
| **Integration and restructuring costs:** | |
| - subsidiaries | (52) |
| - share of associates and joint ventures | (5) |
| **Impairments:** | |
| - subsidiaries | (98) |
| **Other:** | |
| - subsidiaries | 159 |
| - share of associates and joint ventures | (26) |
| **Total exceptional items** | **(467)** |

# Business capability programme

- Continuing progress with implementation
  - Trinity Procurement now handles:
    - most packaging requirements (H2);
    - brewing raw materials (H1);
    - some non-production spend.
  - European manufacturing organisation
  - Sales and distribution system roll out continues in Latam
  - Global platform build in SA during H1
- Benefits encouraging
  - Working capital inflow exceeding target, now over US$450m
  - Operating benefits over US$60m in the year
    - Procurement and Europe manufacturing the main drivers
    - Some acceleration in H2
- Exceptional costs of US$296m, in line with expectations

# Cash flow and taxation

- Adjusted EBITDA* up 12% to US$5,617m from US$5,020m
- Adjusted EBITDA* margin 120 basis points higher than prior year
- Working capital inflow US$66m
- Capex** down US$213m to US$1,315m
- Free cash flow*** improved by US$460m to US$2,488m
- Effective tax rate 28.2%

* EBITDA before cash flows from exceptional items of US$293 million plus dividends received from MillerCoors of US$822 million (2010: US$339 million and US$707 million respectively)
The revenue included in the calculation of the adjusted EBITDA margin is the revenue of our subsidiaries, plus our share of MillerCoors' revenue.
** Includes purchases of property, plant and equipment, and intangible assets. MillerCoors' capex not included.
*** Net cash generated from operating activities, less cash paid for the purchase of property, plant and equipment, and intangible assets, net investments in existing associates and joint ventures (in both cases only where there is no change in the group's effective ownership percentage) and dividends paid to non-controlling interests, plus cash received from the sale of property plant and equipment and intangible assets and dividends received.

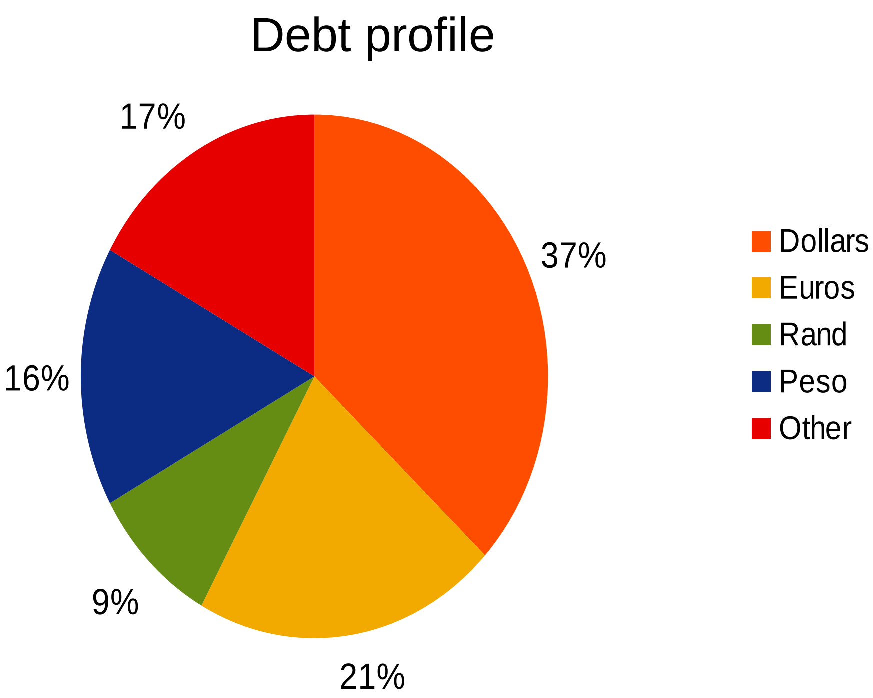
# Net debt

| US$m | Mar 11 | Mar 10 |
|---|---|---|
| Non-current borrowings | 7,115 | 7,809 |
| Current borrowings | 1,345 | 1,605 |
| Cash and cash equivalents | (1,071) | (779) |
| Borrowing related derivative financial instruments | (298) | (237) |
| Net debt | 7,091 | 8,398 |
| | | |
| Adjusted net finance costs * | 518 | 538 |
| Gearing (%) | 31.2 | 40.8 |
| Adjusted EBITDA Interest cover **(times) | 10.8 | 9.3 |
| Net Debt/Adjusted EBITDA | 1.3 | 1.7 |
| Weighted average interest rate for gross debt portfolio (%) | 5.9 | 5.7 |

* This comprises net finance costs excluding fair value movements in relation to capital items for which hedge accounting cannot be applied and any exceptional finances charges or income

** This is the ratio of adjusted EBITDA (EBITDA before cash flows from exceptional items plus dividends received from MillerCoors) to adjusted net finance costs

# Net debt profile and maturity




## Debt Maturity

| | |
|---|---|
| 0 – 1 Year | US$ 287m |
| 1 – 2 Years | US$ 590m |
| 2 – 5 Years | US$ 4,383m |
| Over 5 Years | US$ 1,831m |

# Financial outlook – current financial year

- Continued growth in consumer demand across most emerging markets
  - But the outlook in Europe and the US remains uncertain
- Raw material input costs expected to rise moderately
  - Total raw materials per hl*
  - Total COGS per hl*

  } Up low single digits
- Focus on cash generation maintained
  - Moderate working capital inflow following improvements over the last two years
  - Capex to increase to c. US$1,500m
- Finance costs expected to decrease with lower net debt levels
- Tax rate between 28% and 29%

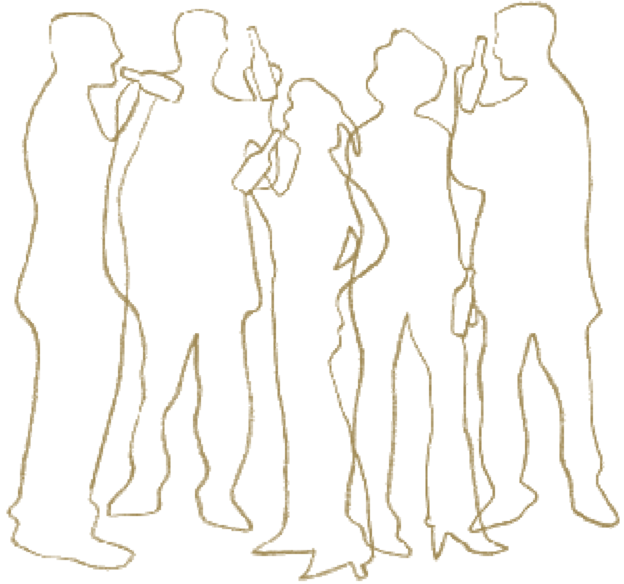
*Stated in constant currency

# Conclusion

- Growth continuing in most developing markets; recovery sporadic in developed economies
- Selective price increases to continue, tempered by competitive pressure and our focus on affordability
- Our organic growth strategies remain consistent, developing the beer category and our leading local positions
- Leveraging scale across unique global beer footprint
- Medium term outlook for growth in volume, revenue and profitability remains strong

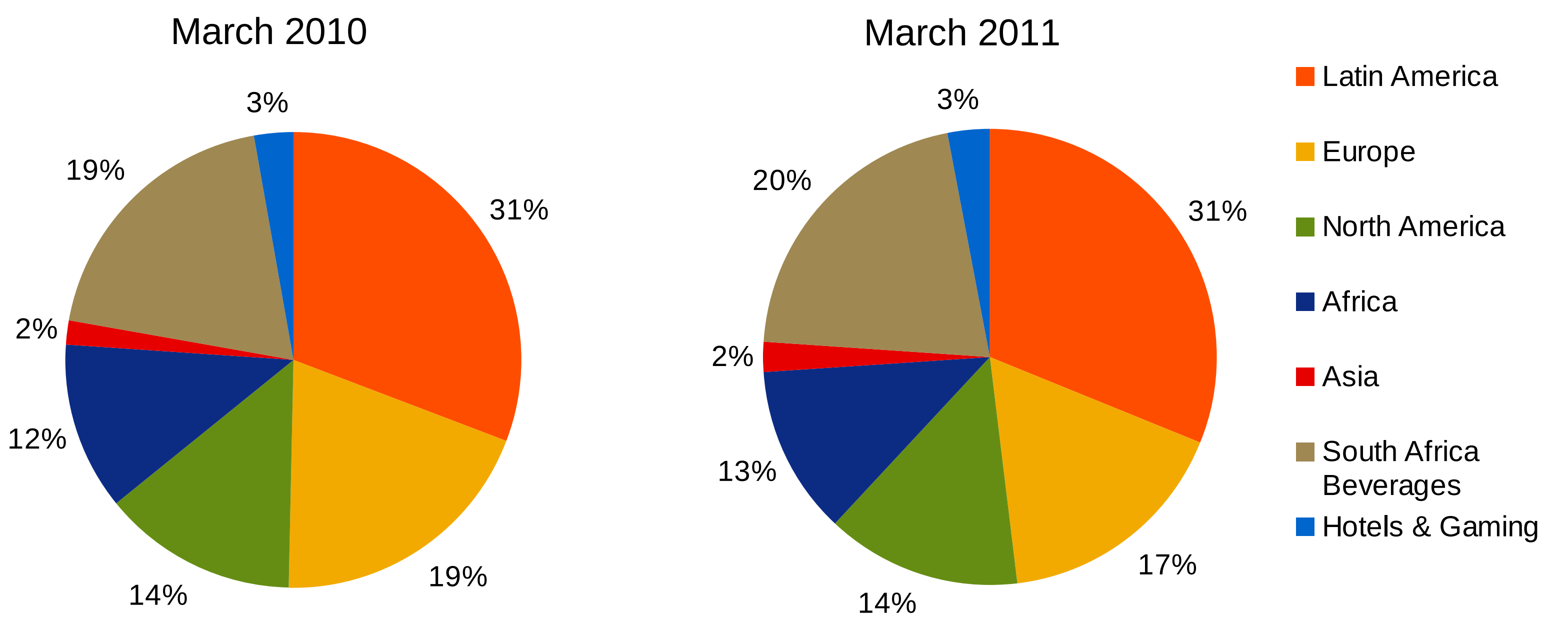
# *Q & A*

# Supplementary information



# Reported EBITA contribution

## EBITA contribution*

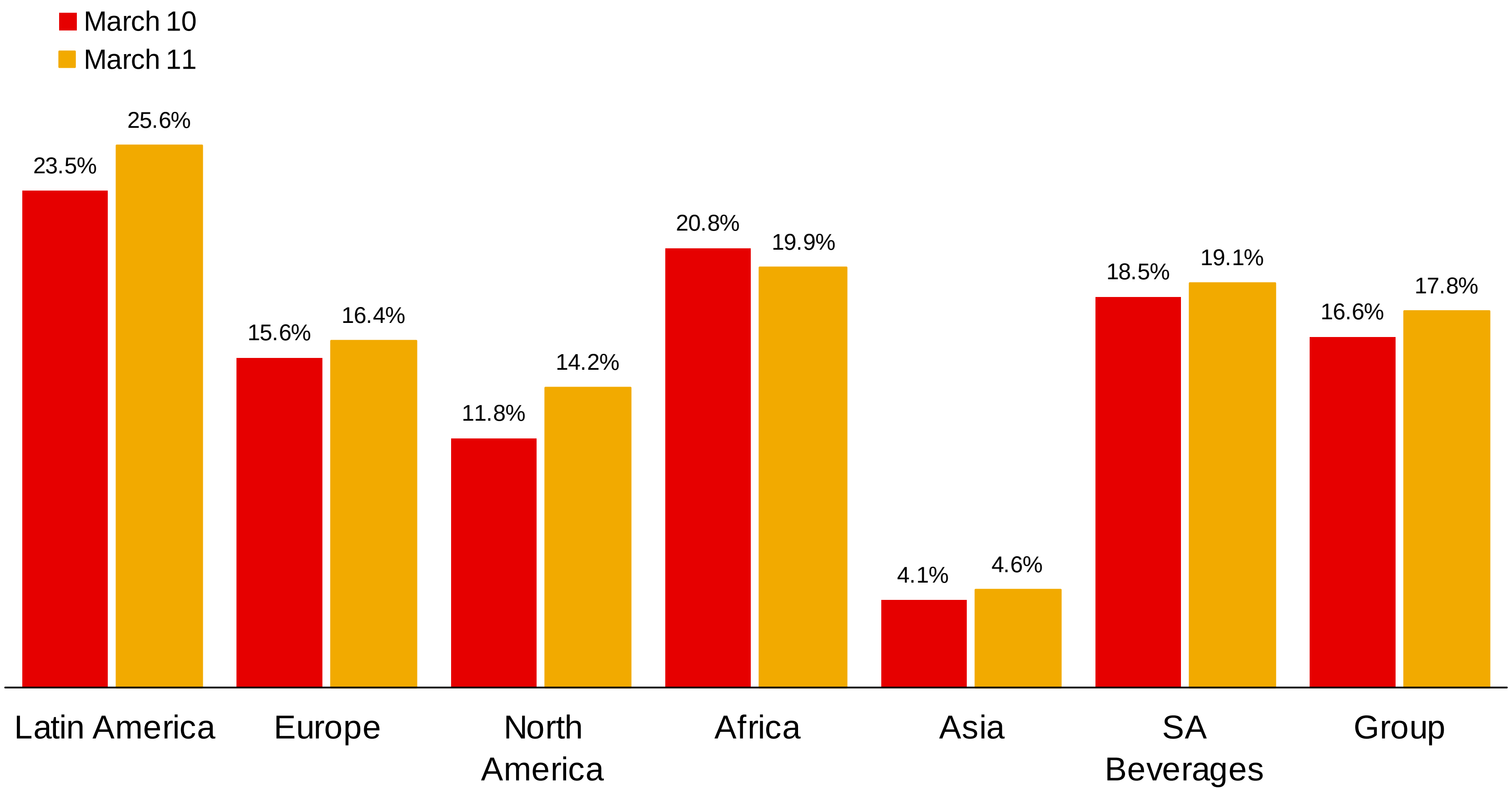



* Before corporate costs

# Financial results

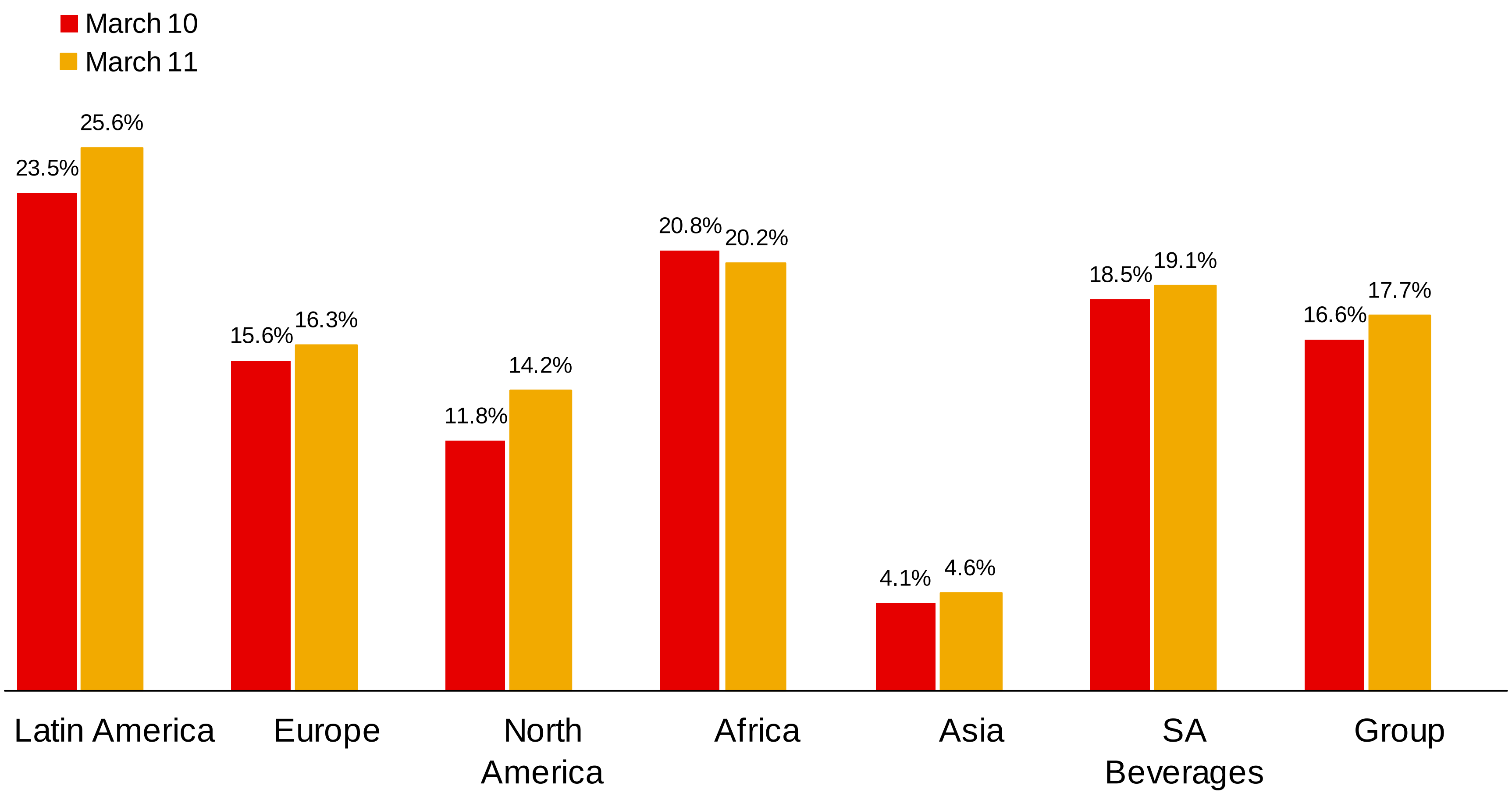
| US$m | Mar 11 | Mar 10 | Change % |
|---|---|---|---|
| **Reported currency** | | | |
| Group revenue | 28,311 | 26,350 | 7 |
| EBITA | 5,044 | 4,381 | 15 |
| EBITA margin (%) | 17.8 | 16.6 | 120 bps |
| **Sales volumes (hl'000)** | | | |
| Total | 270,099 | 261,447 | 3 |
| Lager | 217,659 | 212,576 | 2 |
| Soft drinks | 45,875 | 43,509 | 5 |
| Other alcoholic beverages | 6,565 | 5,361 | 22 |

# Reported EBITA margin performance



# EBITA margin performance

Organic, constant currency basis



# Reported volumes*

| Reported Domestic Lager volumes by country hl '000 | Mar 11 | Change % |
|---|---|---|
| South Africa | 26,302 | 2 |
| Colombia | 18,018 | (6) |
| Poland | 14,082 | (4) |
| Peru | 11,272 | 10 |
| Czech | 6,935 | (6) |
| Russia | 5,605 | - |
| Ecuador | 5,193 | 1 |
| Romania | 4,885 | (8) |
| India | 4,460 | 10 |
| Italy | 3,380 | (4) |
| Tanzania | 2,749 | 5 |
| China * | 46,352 | 11 |

* equity accounted share of volumes

# Net debt

| | Mar 11 | Mar 10 |
|---|---|---|
| Average interest rate (gross debt) – % | 5.9% | 5.7% |
| **Net debt currency profile*** | | |
| US dollars | 37% | 31% |
| Euro | 21% | 23% |
| SA rand | 9% | 9% |
| Colombian peso | 16% | 21% |
| Other | 17% | 16% |
| | 100% | 100% |

* Including the effect of derivatives

# Exchange rates

| Closing rates currency vs US$ | 31 Mar 11 | 30 Sep 10 | 31 Mar 10 |
|---|---|---|---|
| Colombia | 1,879 | 1,800 | 1,929 |
| Peru | 2.80 | 2.79 | 2.84 |
| Honduras | 18.90 | 18.90 | 18.90 |
| Euro | 0.71 | 0.73 | 0.74 |
| Poland | 2.84 | 2.91 | 2.86 |
| Czech Republic | 17.27 | 18.03 | 18.87 |
| Russia | 28.43 | 30.40 | 29.36 |
| Romania | 2.91 | 3.13 | 3.03 |
| Hungary | 187.69 | 202.57 | 196.88 |
| Tanzania | 1,501 | 1,493 | 1,360 |
| Mozambique | 30.60 | 36.23 | 34.70 |
| Botswana | 6.53 | 6.60 | 6.76 |
| Kenya | 83.00 | 80.75 | 77.75 |
| China | 6.55 | 6.69 | 6.83 |
| India | 44.59 | 44.95 | 44.85 |
| South Africa | 6.77 | 6.96 | 7.30 |

# Balance sheet

| US$m | Mar 11 | Mar 10* |
| --- | --- | --- |
| Goodwill and Intangibles assets | 16,313 | 15,933 |
| Property, plant and equipment | 9,330 | 8,915 |
| Investment in joint ventures and associates | 8,532 | 8,035 |
| Other non-current assets | 689 | 721 |
| Current assets excluding cash | 3,111 | 3,116 |
| Cash and cash equivalents | 1,067 | 779 |
| Assets of disposal groups held for sale | 66 | - |
| Borrowings | (8,460) | (9,414) |
| Other current and non-current liabilities | (7,889) | (7,492) |
| **Net Assets** | **22,759** | **20,593** |

* As restated