SABMiller plc Trading update

As announced on 16 September 2015, SABMiller is in an Offer Period as defined by the UK Takeover Code. In order to ensure the timely release of trading information to the market during the Offer Period, SABMiller has brought forward the release of the trading update for the six months ended 30 September 2015.

Alan Clark, Chief Executive of SABMiller, said:

"Growth accelerated in the second quarter of the year, underpinned by our unmatched footprint in the growing beer markets of the world. We continued to drive strong growth in Africa and Latin America, applying our deep local expertise to markets with favourable long term structural growth dynamics. Particular highlights were our very strong lager volume growth in these regions, together with double digit net producer revenue growth in the second quarter in Africa.

"In parallel, our successful premiumisation and mix strategies are generating NPR per hectolitre growth across all our regions. While adverse currency movements have materially impacted our reported results, we have a strong business with exceptional long term prospects. Our strategic priority of driving superior top line growth through strengthening our brand portfolios and expanding the beer category is showing clear results."

1 Group net producer revenue (NPR) comprises revenue less excise duties and other similar taxes, together with the group’s share of revenue less excise duties and other similar taxes from associates and joint ventures.

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*On a reported basis, group NPR declined by 9% for both the half and the second quarter due to the translational impact on our results of continued depreciation of our key operating currencies against the US dollar.

First half and second quarter information by key country is provided at the end of this announcement.

The calculation of organic growth rates excludes the impact of acquisitions and disposals. All growth rates in this trading update are for the half year (or the second quarter when indicated) over the prior year comparative period and are quoted on an organic basis for volumes and an organic, constant currency basis for group NPR and group NPR per hl (unless noted otherwise).

Key highlights

- Group NPR grew by 4% based on volume growth of 1% and price and mix realisation of 4%. Growth accelerated in the second quarter with group NPR and beverage volume growth of 6% and 2% respectively for that period. Continued depreciation of our key operating currencies against the US dollar has continued to have an adverse translational impact on reported performance with reported group NPR declining by 9% for both the half and the second quarter.

- In aggregate, Africa and Latin America produced very strong and accelerating growth with beverage volumes up 5%, lager...
volumes up 5% and group NPR up 9%, facilitated by our strategy to build on underlying market growth momentum and supported by a continued focus on building growth across the price ladder from affordable to premium brands.

- Solid relative performances in the USA, Australia and parts of Europe were delivered against a backdrop of challenging market conditions, and reflected good price realisation, innovation and positive premium segment growth. Performance in Poland was weak, due to continued adverse competitor price positioning.

- Subsidiary lager volumes grew by 3% supported by second quarter growth of 5%. Slower volume growth by our associates due to tough macro economic and trading conditions in some of their markets resulted in overall group lager volumes for the half being in line with the prior year, with growth of 1% in the second quarter.

- We achieved premium lager brands volume growth2 of 4% driven by strong performance in many of our key markets, and supported by global lager brands volume growth2 of 10% reflecting growth across all regions.

- Soft drinks volumes were up 4%, with good performances across both Latin America and Africa.

2 Both on a subsidiary basis, excluding home market for global brands

**Latin America**

**Continued high single digit growth driven by a twin focus on mainstream affordability and premiumisation**

In Latin America, we have delivered accelerated lager volume growth, based on our long term initiatives to expand our brand and pack portfolios and target a broader range of consumption occasions. Group NPR grew by 8%, with beverage volume growth of 6% and selective price increases and favourable brand mix. Lager volumes grew 5% with premium segment growth of 6%. Soft drinks volumes increased by 7%. Growth accelerated in the second quarter, with group NPR growth of 9% and beverage volume growth of 7%, supported by lager volume growth of 6%.

- In Colombia, group NPR grew by 10% with beverage volumes up 9%. Strong lager volume growth of 9% was supported by our affordability strategy and the continued momentum of our above mainstream brands Aguila Light and the recently launched alcohol-free Agüila Cero, together with our mainstream brand Poker. The premium portfolio grew by over 20%, with Miller Lite and our local premium brand, Club Colombia, leading this strong performance.

- In Peru, group NPR grew by 8% based on beverage volume growth of 4%, selective price increases and positive mix due to continued growth of mainstream Pilsen Callao and our local premium brand Cusqueña. Continued expansion of direct store distribution supported performance.

- In Ecuador, group NPR grew by 3%, cycling a strong comparative period. Group NPR growth was driven by positive brand mix as consumers continued to trade up to Pilsener Light. Beverage volumes were only up 1%, reflecting a difficult trading environment and macro-economic downturn.

- In Central America, group NPR grew by 3% with beverage volume growth of 5% led by soft drinks volumes growth of 7%. In aggregate, Honduras and El Salvador grew NPR and lager volumes by 10% and 14% respectively, as a result of our affordability initiatives and outlet expansion. In Panama, lager volumes declined by 19% due to a combination of an excise-driven price increase in April and an 18 day strike in July.

**Africa**

**Continued strong, well-balanced growth momentum in Africa across all price segments**

Group NPR in Africa grew 9% due to beverage volume growth of 5%, positive category mix and selective pricing. Lager volumes grew by 6% and soft drinks volumes increased by 5%. As with Latin America, growth accelerated in the second quarter with group NPR growth of 11% and beverage volume growth of 6%, with lager volume growth of 8%.

- In South Africa, group NPR growth of 7% reflected positive category mix, premiumisation, and selective price increases on key lager brands and packs while lager volumes grew 3%. This is the fourth consecutive quarter of lager volume growth despite a weak economic environment and electricity shortages, supported by successful innovation and premium brand growth. While our mainstream brand segment was in line with the prior year, our premium lager brands continued to grow strongly with volumes increasing by 13%, led by Castle Lite. Soft drinks volumes grew by 2% cycling a strong comparative period.

- In the rest of Africa, our subsidiary businesses delivered the fourth consecutive quarter of lager volume growth in excess of 5%, with further acceleration in the half year to 16%, resulting in group NPR growth of 14%. We are seeing significant success in the execution of our strategies through our continued focus on more affordable beers, mainstream price moderation, and improved sales execution, complemented by steady progress in premiumisation. In Tanzania, group NPR growth of 5% was delivered through a 5% increase in beverage volumes following a strong recovery in lager volumes in the second quarter and strong growth in traditional beer. Group NPR in Mozambique grew by 20% underpinned by robust volume growth of 19%, driven by our mainstream brand 2M and our more affordable, cassava-based, Impala brand. Despite severe economic headwinds, Zambia grew strongly, with group NPR up 9% and beverage volumes up 5%. In Nigeria, strong momentum was maintained with group NPR growth of 30%, underpinned by a double digit volume increase as additional brewing capacity came on stream and we increased market penetration. Continued economic weakness in Zimbabwe led to our associate's group NPR declining 6% with beverage volumes declining by 11%.

- Our associate Castel delivered double digit group NPR growth, although beverage volume growth was constrained by challenging macro economic conditions in some of its key markets, particularly in Angola.

**Asia Pacific**

Group NPR per hl growth, underpinned by premiumisation, more than offset the volume decline
Asia Pacific group NPR grew by 4% with volume down 3% and group NPR per hl up 7%.

- In Australia, group NPR grew 2% with group NPR per hl growth of 4% offsetting a beverage volume decline of 3%. Lager volumes declined by 2% in the half, in a declining market, adversely impacted by the timing of Easter trading. The volume trend improved in the second quarter, with larger volumes in line with the prior year while also maintaining positive price realisation. Group NPR per hl growth was supported by positive brand mix with continued momentum in the premium and contemporary segments, led by Great Northern, Peroni and our craft brands. Our mainstream brands, Victoria Bitter and Carlton Draught, declined.

- In China, group NPR grew 5% as group NPR per hl growth of 8% offset a 3% beverage volume decline, primarily due to macroeconomic headwinds although CR Snow has outperformed the market over the year to date. Group NPR per hl growth was mainly due to the continuing premiumisation of the portfolio and an increase in one-way packaging volumes. The premium variant, Snow Brave the World, has grown to over 20% of CR Snow’s total volume since its launch in 2008, and over 25% of its NPR, with continued double digit volume growth.

Europe

Group NPR growth in the second quarter assisted by good weather and stronger mix but offset by weak performance in Poland

Group NPR in the first half was in line with the prior year. Group NPR per hl growth of 3% reflected improvements in the majority of our markets, while beverage volumes declined by 3% and larger volumes declined by 5% driven by sustained competitive pricing pressure in Poland and underlying weakness in the key markets of our associate, Anadolu Efes. Following a first quarter that was adversely impacted by the timing of Easter and the major IT deployment in the Czech Republic and Slovakia, trends improved in the second quarter, with larger volumes down just 1%. Excluding Poland, Europe showed encouraging momentum with group NPR growth of 3% and beverage volume in line with the prior year in what remains a challenging operating environment.

- In the Czech Republic and Slovakia, group NPR increased by 2% largely as a result of group NPR per hl growth from positive brand mix reflecting growth across our premium portfolio. Beverage volumes were down 1%, in the second quarter following a challenging first quarter.

- In Poland, group NPR declined by 14%, with volumes down 12% reflecting the adverse price positioning of competitor brands relative to our own. During the second quarter a number of sales, brand portfolio and operational initiatives were launched to restore the competitiveness of the business.

- In the United Kingdom, group NPR was in line with the prior year as the continued growth of Peroni Nastro Azzurro was offset by declines in the Polish brand portfolio.

- The remainder of our European subsidiaries increased group NPR by 6%, with good performances in most markets.

- Our associate Anadolu Efes continues to be affected by the beer market decline in Russia, geopolitical uncertainty in Ukraine, and the economic slowdown in Turkey, which have adversely impacted both the soft drinks and beer businesses.

North America

Increased net pricing and positive sales mix continued to partly offset soft overall volumes

In North America, group NPR declined by 1%, reflecting MillerCoors’ performance. MillerCoors continued to make progress in its strategy to evolve its portfolio mix towards the above premium market segments, while strengthening its performance in the premium light segment. The above premium portfolio represents approximately 15% of MillerCoors’ domestic3 NPR, up from 9% for the year ended 31 March 2011, driven by successful innovations, led by the Redd’s franchise, and the growth of MillerCoors’ above premium brands Blue Moon and Leinenkugel’s.

- Growth in MillerCoors’ group NPR per hl of 1% for the half year, driven by net pricing and positive sales mix, was offset by lower volumes. Domestic sales to wholesalers (STWs) were down 3% in the half year and by 5% in the second quarter.

- US domestic sales to retailers (STRs) declined by an estimated 3% for the half year and by an estimated 2% in the second quarter. The STR decline was mainly due to the below premium portfolio with high single digit declines in Keystone and Milwaukee’s Best, together with a mid single digit decline in Miller High Life.

- Despite strong performance within the segment, premium light STRs declined low single digits in the half year, with low single digit declines in both Coors Light and Miller Lite. Miller Lite grew low single digits during the quarter and has gained share of the largest industry segment, the premium light segment, for the last four consecutive quarters reflecting the renewed strength of the brand.

- Above premium STRs for the half were estimated to be in line with the prior year, primarily due to the double digit decline in Miller Fortune as the brand has been deprioritised. This was offset by double digit growth in the Redd’s franchise, now in its third year of growth, and mid single digit growth in both the Blue Moon franchise and the Leinenkugel’s portfolio.

3 Excluding contract manufacturing and MillerCoors’ company owned distributor sales

Q2 and H1 change versus prior year: table by region and key country

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<th>Region</th>
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The above table shows the change in group NPR, beverage volumes, and group NPR per hl compared to the prior year for Latin America in Q2 and H1.
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ENDS

Notes to editors

SABMiller is in the beer and soft drinks business, bringing refreshment and sociability to millions of people all over the world who enjoy our drinks. The company does business in a way that improves livelihoods and helps build communities.

SABMiller is passionate about brewing and has a long tradition of craftsmanship, making superb beer from high quality natural ingredients. Our local beer experts brew more than 200 beers from which a range of special regional and global brands have been carefully selected and nurtured.

SABMiller is a FTSE-20 company, with shares trading on the London Stock Exchange, and a secondary listing on the Johannesburg Stock Exchange. The group employs around 69,000 people in more than 80 countries, from Australia to Zambia, Colombia to the Czech Republic, and South Africa to the USA. Every minute of every day, more than 140,000 bottles of SABMiller beer are sold around the world.

In the year ended 31 March 2015, SABMiller sold 324 million hectolitres of lager, soft drinks and other alcoholic beverages, generating group net producer revenue of US$26,288 million and EBITA of US$6,367 million.

This announcement is available on the company website: [www.sabmiller.com](http://www.sabmiller.com)

Further information is also available on:
- [www.sabmiller.com](http://www.sabmiller.com)
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Enquiries

SABMiller plc

**Christina Mills**
Director, Group Communications and Reputation
SABMiller plc
T +44 20 7659 0105

**George Hudson**
Business Media Relations Manager
SABMiller plc
T +44 7810 654 619

**Gary Leibowitz**
Director, Investor Engagement
SABMiller plc
T +44 20 7659 0119

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