

**AB INBEV'S CAPITAL MARKETS DAY 2023 MEXICO CITY, MEXICO
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Chief B2B Officer, Nick Caton – Digitize & Monetize - BEES

Hi everyone!

It's a pleasure to be here with all of you today.

My name is Nick Caton, and I am the Chief B2B Officer for AB InBev.

Before I dive in, I'd like to introduce myself.

I studied math at Stanford and law at Yale.

I spent time as a corporate attorney at Skadden, and then joined McKinsey.

From there, I joined ABI. Over the past 11 years, I've held roles in sales, technology, and finance, and I've worked in the Asia-Pacific, North America, and our Global Headquarters.

Today I am proud to lead BEES, our B2B platform that's fundamentally changed the way ABI does business.

Our transformation begins with our strategy. The role of BEES is to Digitize and Monetize our Ecosystem, unlocking incremental profitable growth for ABI.

Our B2B journey starts with our customers, who are millions of retailers all over the world, from individual entrepreneurs running small businesses to large chains and everything in between.

We serve these customers weekly. And given the strength of our category and the power of our brands, we have built strong relationships with them.

Whether they are in the Dominican Republic, Colombia, South Africa, or China, these retailers are integral to their local communities.

They are valued for the convenience, service, products and brands they offer to billions of consumers every day.

And as such, our customers are well positioned to grow.

But, in knowing these customers, we also know that they have been underserved.

Despite having the capacity and opportunity to grow their businesses, they have struggled because suppliers haven't been meeting their needs.

Our customers depend on stocking leading brands at competitive prices.

But historically they have received limited service from their suppliers, in short, infrequent visits.

They have been unsure whether they are getting fair pricing.

Delivery schedules have been rigid or unpredictable.

And they have received little to no data or insights on what products can help them grow.

However, in these challenges we saw an opportunity – the opportunity to leverage technology to improve their businesses.

By transforming how these customers are served, we saw the opportunity to unlock profitable growth for both them and for ABI.

And it is natural that ABI would be the one to lead the transformation.

As Marcel shared, we have a strong portfolio of mega brands.

We serve many of these customers directly, providing an exceptional service level and building strong relationships.

Given this deep connection with our customers, we are uniquely positioned to address their needs.

So we built BEES.

From the beginning, we have dreamed big with BEES.

We have invested to build new capabilities and superior technology.

And as I'll explain today, it is more than simply digitizing.

It is a fundamental transformation in how we do business and how we serve our customers.

Over the past few years, we've built a world-class tech organization, with thousands of talented engineers, product managers, data scientists, and experts in design.

Their mission has been to leverage technology to build new capabilities and transform how we serve our customers, at scale.

And it has worked.

We have more than 3.3 million monthly active users.

These users collectively serve hundreds of millions – or even billions – of consumers.

More than 75% of these BEES users say that BEES is better than any other application they use to run their business.

We transact more than \$35B in Gross Merchandise Value and we're continuing to grow.

And we have expanded our offering with third-party products.

Today, more than 35% of orders on the platform include third-party products, making up nearly \$1.5B in Gross Merchandise Value annually.

Over the past three years, BEES has launched in 25 markets, becoming a global megabrand of its own.

Many of ABI's most important markets are fully digitized with 90% or more of their net revenues now digital.

This has only been possible because of superior technology, a global platform, and a replicable model to transform and scale.

Most importantly, our platform addresses the needs of our retailers and delivers profitable growth for our customers and for ABI.

Let me tell you how.

At the center of our ecosystem is the customer product.

Our digital connection with our retailers enables an always-on, personalized experience, that has been built to address their needs.

At their fingertips, they have access to our full portfolio of products, transparency on pricing, and promotions selected specifically for them.

We communicate digitally, building our brands, customizing for what is most relevant for each and every retailer.

We offer personalized shopping recommendations, providing convenience and highlighting incremental growth opportunities.

Now our customers can participate in rewards. They can also access account information and customer service digitally.

They receive data and insights about what products are growing in their area and they can schedule deliveries when is convenient for them.

Every feature of BEES has been purpose built, designed to transform how we interact with our customers to unlock profitable growth for them and for ABI.

Beyond our app, which is generally used by our small retailers, we also connect digitally with our larger accounts and modern trade.

These customers, some of whom have multiple stores, tend to place larger orders and have multiple people placing those orders across their businesses.

Alongside our BEES app, we have created a tailored solution for our modern trade customers to provide a connected, data-informed experience.

No matter the size of our customers, we have a solution that is designed to fit their needs.

In addition to the customer experience, we've built software products for all touchpoints with our customers.

For example, once we changed how our retailers buy, we had to transform how we sell.

Our sales reps on the frontline no longer need to spend time doing transactional activities.

Instead, we've transitioned them to focus on helping our retailers build the category as business development representatives, or BDRs.

We built BEES Force to empower these BDRs with algorithmically driven tasks to personalize their visits with the store owners.

BEES Force also measures Frontline effectiveness, giving ABI insights into how we can further optimize our store visits.

Similarly, we built BEES Care for our inbound customer service agents, BEES Grow for our outbound call center agents, and BEES Deliver for our drivers and logistics teams.

These, and the rest of our product suite, are all connected in a single ecosystem working together.

I hope it is clear by now that BEES is MORE than an app.

It's a purpose-built global platform. It's a multi-product ecosystem.

It's enriched by AI-driven personalization.

And it enables coordinated online and offline communication.

That all sounds great.

But these are not empty words.

So let me take a moment to really explain what they mean.

It's purpose-built.

Purpose-built means that it was built by a CPG specifically for the purpose of transforming how customers are served.

And because we understand our needs, our route to market, and our customers' needs deeply, this enables us to develop technology that is more effectively tailored to generate impact.

It's global.

When we built BEES, we made the choice to build it as a global solution.

We, as ABI, are uniquely positioned to build for scale.

We provide a world-class technology solution, and are able to spread the cost over a large base.

It's a platform.

BEES is not a single product but is a connected set of software products digitizing all of the touchpoints in our route to market.

They are connected in a single platform enabling each endpoint to leverage data generated by all the others.

As a result, we now have transactional and behavioral data that we've never had before.

This enables BEES to leverage AI to personalize the experiences of all of our users, whether they are retailers, sales reps, call center agents, or delivery drivers.

Now, to make it simple, imagine a store where the shelf is fully customized for you, optimizing for your convenience, for your incremental growth.

Everything you see, from the brands, to the specific packages, to the placement on the shelf is customized for you.

And the promotions are specific for you, ensuring commercial investment is deployed most efficiently.

This is BEES.

Now imagine you are a sales rep and you walk into that store, and your tasks for that day are customized for you, for that store, for that day, based on what has been selling well and the specific growth opportunities for that store.

This is BEES.

BEES coordinates online and offline execution, ensuring our digital relationships with our retailers are intelligently supplemented by the activities of our sales reps and delivery drivers.

Simply put, we can better serve our retailers in person and more effectively drive our commercial strategy when online and offline work together seamlessly.

I hope by now I've convinced you that BEES is more than an app.

It's a fundamental transformation in how we serve our customers.

While we are proud of our technology, it's not about digitizing alone.

It's about how we convert that into results.

Into profitable growth and stronger customer relationships.

BEES has enabled our business to sell more, sell more profitably, and elevate our customer relationships.

Let's dive in.

First, we're selling more to more retailers.

In our fully digital markets, BEES has increased our customer coverage and the number of products we're selling to each retailer.

In these markets, we are selling to 10% more customers than we were prior to BEES.

And across those customers, we are selling 11% more SKUs of ABI products.

If you include third party marketplace items, that's 33%.

BEES also enables us to sell more efficiently.

Transforming our frontline sales team into BDRs and implementing BEES Force has increased the number of stores our frontline can visit by nearly 15% and reduced our cost to serve by over 30%.

Thirdly, BEES has dramatically improved our customer relationships.

Our NPS among our customers in the markets we've digitized has grown by 36 points since 2019, reaching 60 at the end of the first half of this year.

This is because BEES was designed for our retailers, and we're constantly evolving to improve their lives.

Features like rewards, flexible delivery, and personalized order recommendations were all developed based off feedback directly from our customers.

To better illustrate how BEES impacts our business, I want to double-click into one of our markets.

Now, you'll hear more about Mexico later today and tomorrow, so today, I'll focus on Brazil.

In 3 years, Brazil has transformed into a fully digital operation, digitizing approximately 90% of its net revenue with a network of more than 1M monthly active users.

When you reach that level of digitization, it unlocks new methods and insights that enable us to sell more effectively.

The full personalization I've described comes to life in Brazil.

What you see on the screen is not what everybody sees. It's what this particular retailer with these particular growth opportunities sees.

These are personalised digital communications designed to incentivize behavior.

These are tailored promotions to drive additional sales in the most cost-effective way.

And, we leverage our in-person visits to assist customers face-to-face.

Using these levers together, Brazil has used BEES to accelerate growth.

As you see here, the impact of BEES on Brazil is similar to our global results.

BEES has accelerated the growth of our business by connecting us to more retailers and increasing the number of products they're purchasing from us.

We cover over 20% more customers than we did before BEES, and we are selling them more than 15% more SKUs of ABI products.

And again, if you factor in third-party products, that increase more than doubles.

Brazil is also using BEES to sell more profitably.

Brazil leveraged BEES Force to serve more stores, more efficiently.

Our frontline in Brazil can now serve approximately 15% more stores per person and as a result we have reduced our frontline cost by over 20% as a share of Net Revenue.

And beyond commercial efficiency, we are also driving efficiency in our supply chain.

Before BEES, delivery demand was concentrated on certain days.

This required our team to have enough trucks to deliver on peak days.

So, we developed a flexible delivery option based on feedback from our retailers.

This enables them to choose their preferred delivery day in exchange for a fee or a minimum order quantity.

We set these fees using algorithms to incentivize our retailers to choose days that flatten our delivery curve, which in turn lowers our cost to serve with our logistics network.

We've proven this in Brazil and are scaling globally.

So, while we are proud of our digital transformation and our technology, we are really excited by the impact it has generated.

With BEES, we sell more, sell more profitably, and improve our relationships with customers.

We've utilized a replicable model to do this all around the world.

But we're not finished.

I spoke earlier about how are retailers are underserved and how ABI is uniquely positioned to alleviate their friction given the strength of our brands, our service, and our relationships.

BEES has enabled us to digitize this relationship and improve their lives and grow our businesses together.

By doing this, BEES has also enabled us to extend this relationship, generating new revenue streams with little marginal cost to ABI.

We do this through our marketplace.

Because we've already invested in the technology and digitized our route to market, onboarding other suppliers comes at a low cost to us, but a high reward for everyone involved.

We're improving the experience for retailers by expanding our product offering across multiple categories and allowing partners to capture the same benefits that we've been able to bring to our own business.

The marketplace business is thriving.

We are live in 16 markets, with around two thirds of BEES buyers purchasing our partners' products.

Our marketplace captures nearly \$1.5B in GMV with more than 200 different partner company brands.

The two ways we work with partners are through what we call a 1P model and a 3P model.

Our 1P model is fairly simple.

We offer partner brands in our digital platform and use our existing logistics infrastructure driving incremental revenue streams and a higher asset utilization.

In exchange, we earn a margin on the products we sell.

This allows partners to leverage our route to market to drive incremental growth at a low cost.

It also enables us to monetize the spare capacity of our physical infrastructure, ensuring a higher asset utilization and incremental revenue streams.

Our 3P model gives our partners the ability to fully transform their own route-to-market by integrating BEES into their existing B2B processes.

By enabling partners to sell through our platform and deliver using their own physical infrastructure, we monetize our digital assets without any incremental capital needs.

As we continue to grow the relevance of our platform and bring more value to partners, it enables us to grow the monetization of premium services, like analytics, advertising, frontline activations, and rewards.

To better understand the impact we've made for our partners, let's look at a few examples.

I brought here an example of a 1P partner in Brazil, a beverage company.

The customer places an order for a partner's products in the BEES app and ABI uses the spare capacity of our warehouse to fulfill the order ourselves.

This is a better experience for our customers: a wider assortment of products in BEES, and a shopping experience with all the benefits that they like about BEES – catalog and pricing transparency, personalization, rewards, and others.

For this 1P Partner in Brazil, BEES increased their monthly buyers by 160% and tripled their rate of sale.

As their GMV captured through BEES grew, they also unlocked data and insights that they never had before to better understand their customers and create new growth opportunities.

I also brought an example of a 3P partner, in this case an FMCG company in Peru.

Unlike our 1P model, the 3P model doesn't require any physical infrastructure from ABI.

Instead, ABI is monetizing our ecosystem of existing digital products and services at a low cost.

In our 3P business, the customer places an order for a partner's products in the BEES app and that order is fulfilled by the partner using their existing supply and logistics network.

Just as with our 1P model, this allows us to offer a broader assortment of products on BEES, which gives our retailers a better experience.

For this 3P Partner in Peru, we helped digitize their route-to-market to unlock growth.

As of August, more than 80% of their customers in Lima were ordering using BEES and our partner was able to increase SKUs with those customers by more than 20%.

We're bringing our partners the same benefits BEES has brought to ABI: the ability to sell more, sell more profitably, and elevate their relationships with their customers.

Let's hear from one of our 3P partners, Gloria.

I hope you enjoyed that video. I personally love it.

Gloria is an iconic company in Peru, and it is great to have them as partners.

They have been very innovative in their approach to digital transformation and for that I want to say thank you to Cristiano and his team.

BEES is offering our partners something that, in their own words, no other platform in the world can offer them.

Gloria is adopting our platform and implementing BEES' full suite of products and they're seeing the same benefits BEES brought to ABI: selling more, selling more profitably, and improving relationships with customers.

And Gloria is so happy with the experience that they're expanding BEES into two additional markets.

This is a great example of how we're leveraging our existing assets, in this case our digital platform and transformational know-how, to create new, profitable revenue streams for our company.

We are very excited for our partnership with Gloria.

And beyond this example, we are actively building and scaling partnerships with other iconic local companies and global CPGs.

Now, after digitizing the route to market, and extending into marketplace, embedding financial services into BEES is a natural extension of our digital relationship with our customers.

Our fintech tools allow us to offer our retailers a seamless experience and improve efficiencies.

We're able to provide more payment methods and digitize the credit experience to offer retailers better and more transparent credit terms.

The enhanced connection we have with retailers makes us smarter in how we grant credit, lowering our risk.

This helps our customers grow their businesses faster and easier.

In addition, we can further extend our relationship by enabling our retailers to sell digital goods like cell phone recharges and bill payment services, which are common in many of the markets in which we operate.

We do this with Vendo, which you'll have the chance to see firsthand during the market visit tomorrow, or you can stop by our booth for a demo.

I'd like to thank all of you for the time today.

If you take away anything from this presentation, I hope it's this:

ABI is uniquely positioned to win with underserved customers.

BEES is a global megabrand preferred by over 75% of customers.

BEES is more than an app, it's a purpose-built global platform.

BEES has enabled us to sell more and sell more profitably.

And lastly, BEES has a material and growing marketplace business.

Thank you and if you haven't already, I encourage you, please, to stop by our immersion area and experience the BEES ecosystem for yourself.

Cheers!