

## **AB INBEV'S CAPITAL MARKETS DAY 2023 MEXICO CITY, MEXICO**

**TUESDAY, 20 SEPTEMBER 2023**

**Chief Marketing Officer, Marcel Marcondes – Lead & Grow the Category**

Thanks Ricardo.

Hello everyone, it is great to be here today. I am Marcel Marcondes. I joined ABI 18 years ago, after 8 years at Unilever running brands in Latin America and global.

In 2005, i decided to exchange shampoo for beer. First running our big core brands in Brazil, then moving to sales to drive commercial integration.

In 2014, i moved to our global headquarters to run our premium global brands. A few years later, i assumed the chief marketing officer position for Anheuser Busch in the us. Now, since 2022, i have the privilege of being the global CMO for ABI.

It is not only a big privilege, but it is especially a big responsibility. Because if we look at this timeline, now for ABI, as we all know, the company we have today was built partially via inorganic growth, as we led the process of consolidation for the industry.

Over the last couple of years, we have been working together to write a new chapter for ABI, with a revised strategic framework that starts from the right beginning– to lead & grow the category, driving organic growth

As we go through this transition, there are 2 key priorities we need to bring to life in order to execute our strategy: building megabrands and our category expansion model.

Because this is all about strong brands and category growth

So, let's start with the megabrands. They are built in 3 steps:

- 1) focused portfolio

- 2) effective creativity
- 3) scalable innovation

All that, because, in the end, this is a game of focus, effectiveness and scale

First, on portfolio management....

We have more than 500 brands. We used to meaningfully invest behind 10, sometimes 15 brands in a given market. So, the first step on our brand portfolio journey is to make strategic choices.

Because here, the key insight is that, on a market-by-market basis, there are only 4 to 5 brands max commanding meaningful growth. Always.

This is why, focus, is the first step of the megabrands concept. Now , on a market-by-market basis, we have around 5 focus brands receiving close to 70% of the total investment, typically driving 70% of the revenue growth.

With a more focused portfolio, we can concentrate resources to accelerate brand equity, which we track via kantar as brand power.

Brands with higher power level are better positioned to command a premium price and deliver volume growth.

And we can see it happen in practice. Our megabrands are accelerating both brand power and volume growth.

And there is another thing that gives us confidence in this process.

If there is one company well positioned to play with a focused portfolio, this is ABI.

We have the privilege of owning 7 out of the top 10 most valuable beer brands in the world, including the number 1, Budweiser, and the fastest growing brand by value, corona.

This is why we are also intentionally making corona our leading horse globally.

And it couldn't be different.

Corona is the only beer brand in the world with more than 10 points of power in more than 10 markets, so, as people say in sports, it is the double-double.

And corona brand power is still way ahead of its market share in all of the markets.

Which means, there is a long runway for growth

Let's watch a video and with the corona global approach

Now, let's talk about the 2nd step to build megabrands. After focusing resources, we need to apply effective creativity...

Because in every study about effectiveness, creativity always shows up as the number one driver.

This is what makes people pay attention to a brand, fall in love with brands.

Iconic brands and companies are built with great doses of creativity, which becomes a competitive advantage when used to solve real business and real consumer problems.

So, to make sure that effective creativity is a sustainable way of working for our brands, we created a process called creative "x", which is made up of four steps:

First, we train people all over the world on the jobs to be done for the brands

Second, whenever there is a big idea or a big campaign, We convene with the braintrust which is a meeting with senior people in the organization to challenge that idea on relevance, consistency and how to take it to the next level

Also, twice a year we have an external council of world-class creative leaders that evaluate our brand work and ensure we are constantly provoked to be out of our comfort zone

Finally, once a year, every zone evaluates and celebrates their most effective work, followed by a global event to recognize the best of the best and share learnings across the teams to be scaled

We've had more than 500 campaigns, from 60 brands across 25 markets, going through this process, while more than 2.000 people have been trained on it.

As we used the system our work began to improve.

The Effie index is the global benchmark for marketing effectiveness, and last year, for the first time, AB InBev was recognized as the world's most effective marketer, improving from being number 24 in 2017.

Earlier this year, they released the rankings again, and ab InBev kept the first position.

Additionally, the Cannes lions is the world's most prestigious festival for creative marketing.

Every year, they honor the company that has delivered award-winning work, together with strong results, as the creative marketer of the year.

In the past 2 years AB InBev was awarded this honor, becoming the first ever back-to-back winner in the history of the festival.

Most importantly, this is being built as a truly global capability.

All of our zones, with no exception, have work being recognized, coming from multiple brands and countries using effective creativity to solve business and consumer problems, to drive growth.

Let's see a video of some examples

Ultimately, a focused portfolio combined with effective creativity has helped us achieve peak results in both brand power as well as volumes for our global business.

Now, the same way as we will stay very ambitious to continue this journey, I have to say, we must be very humble to acknowledge the bl episode in the us.

We just spoke about a robust process and, it goes without saying, it's not perfect.

We will keep listening, learning and improving.

And, as we move forward in this new complex environment, some of our principles have been reinforced:

Foremost, there is no room to compromise the authenticity, the values, and the strategic consistency of our brands.

We do beer, which exists to bring people together and have a good time.

Also, in times like this we need to focus even more on what we are supposed to do best: which is to listen and actually love our consumers.

Because when our brands do it, consumers love them back.

We even track that.

More than 340 million people around the world love our brands – and it is growing.

You just saw in the opening video, real stories from real people.

This is what we live for.  
Building brands that consumers love.

This is what we mean when we say "let's grab a beer" ..

Ok, so now moving to our 3rd step, scalable innovation

Here we have 3 principles:

The first one, probably, goes against the expectation. Before talking about new launches, we need to simplify to grow.

It is all about delisting the declining, low margin and low scale SKUs.

In past few years, we've been taking it seriously, reducing around 15% of the total SKUs vs 2019, which means almost 1.000 SKUs globally.

Second, and still before talking about new launches, we need to make sure that our brands get properly renovated.

Cell phones update every year, cars every four years and beer should also be constantly renovated to maintain its key differentiation attributes vs competition.

We run an annual global superiority assessment, and that triggers the renovation initiatives that keep our brands up to speed and differentiated to consumers

Finally, when we do map an opportunity for a new launch, we implement our prove and move approach:

As you can see on the screen, we usually take 3 steps:

First, we pilot and identify a success case, then we expand it to more regions and, if the case continues to demonstrate success, then we go for a full-scale rollout

That applies both for international expansion like Michelob ULTRA and corona cero but also within the same market, like Spaten in Brazil.

As we start applying these principles, we launch fewer, bigger and bolder innovations.

Michelob ULTRA, for example, has been growing consistently, year over year, for 2 decades.

As we continue this process of expansion, here in Mexico, it is the fastest growing brand of the industry.

In the end, these 3 principles help us build a scalable portfolio, with innovations contributing with approximately 9% of our total net revenue

All right, so, this is how we build megabrands.

Through focus, effectiveness and scale.

Each one of them being implemented and executed across the entire company

Now, let's talk about the category expansion model

It is based on consumption amongst legal drinking age consumers, across markets with different maturity levels

Our job as a category leader, is to lead and grow the category, so we have five category expansion levers, to help shape this curve:

- 1) it all starts with category participation: here, the main objective is to invite more people into the beer category, increasing participation.
- 2) after that, we know that 60% of the beer category is made of big core brands.

So, it is vital to keep those brands vibrant

- 3) then it is time to expand the consumption occasions.

As the category evolves, beer can become more relevant in more occasions

- 4) next is premiumization, one of the largest growth opportunities for the industry
- 5) finally, as consumers get exposed to a greater variety of product propositions, it is time to go beyond beer, which is an incremental and profitable opportunity for the industry

These five category expansion levers have proven to be capable of bending the curve, to lead and grow the category across all stages of market maturity

So, now that we have been through the concept, let's see our strategy in action.

In the next 50 min i will invite 6 different countries to take you through real life examples of how the strategy comes to life.

Let's start with category participation...

Each one of these category expansion levers also has its own replicable model.

In this case it is the P.O.S. system, where P.O.S. stands for participation, occasions and servings.

Here we have a special emphasis on participation, bringing more people into the beer category and we've been getting positive global results.

Now, i would like to invite Dani Waks, our CMO in Brazil, to take us through Brazil case.

### **Dani Wakswaser, CMO Brazil**

Good morning!

My name is Dani Waks, and i have been with ABI for almost 16 years.

For the past 3 years i have been Brazil's VP of marketing

As marcel explained, we have our pos system, and the 1st step for beer category expansion is participation.

Today i will share the Brazil story, and how it can be replicated across the ABI footprint

When we look into the past, we can see that beer was under pressure from 2015 to 2019.

Beer was losing share of total alcohol, where it lost 0,7 percentage points to cachaca.

On top of that, the core segment was declining 3,4 percentage points

And this was a major problem, since we over-index in the core segment versus the overall market.

The solution to reverting this challenge in a profitable way was to expand our returnable glass bottles (what we call RGBs), since they have a higher gross margin than one-way packs.

The only problem was that RGBs had been declining more than 8 percentage points since 2015.

So, we set in motion a plan with 4 main initiatives and started executing them with discipline & consistency.

The 1st thing we had to do was to fix the price relativity vs one-way, as returnable have always been designed to be cheaper than disposables.

The 2nd initiative was to make sure consumers saw RGBs as a more appealing proposal: it is more affordable, more sustainable, and Zé delivery could help it become more convenient as well.

Our 3rd initiative revolved around using all of ABI's digital capabilities to accelerate RGBs in the trade through bees. And

Our 4th and final initiative was to boost our entry level RGB, the 300ml returnable bottle.

All these initiatives were designed to help recruit more consumers.

Going into our 1st initiative, we can see that we had been increasing the prices of RGB above one-way, which made them less appealing to consumers.

Since 2019, we started reviewing our price-tree, making sure that it worked from a margin perspective

Then, in our 2nd initiative, we increased our S&M investments in RGB addressing the consumer barriers.

We created integrated campaigns to remind people that RGBs were more affordable, that they generated less impact in the environment (and, therefore, were much more sustainable),

And that consumers could order RGB via Zé Delivery, which would improve their consumer experience by reducing the hassle of having to go back into a bar to return empty bottles and reorder beer.

This could make the beer category more exciting and recruit more people from value & hard liquor.

This partnership with Zé Delivery was intensified through our 3rd initiative, where, together with bees, we invested a lot in incentives for both consumers and customers, encouraging them to order RGB. Let's take a look into our campaign video.

Finally, we invested in 300ml returnable bottles, as we saw that it could be an alternative to individual consumption that used to be done mostly through 350ml cans.

300ml RGBs grew a from 2019 to 2022, becoming almost 40% of our total RGB mix.

It also massively helped us revert the declining trend of total RGBs, that went back to growth in 2021, after 5 years of decline.

To conclude, these initiatives have been very successful in helping us to develop the category.

As we said in the beginning, the most important KPI is participation, and after these strategic change's participation has been growing by more than 2 percentage points of p4w since 2019.

The core segment, that from 2015-2019 was declining, started to grow again, and it hit 64% of total industry in 2022, mostly stealing from the value segment.

And finally, the beer share of throat, that had been losing to cachaca, grew again, gaining 220 basis points of total alcohol.

We are excited with this replicable toolkit can be applied in other ABI markets.

Tomorrow you will see these learnings already applied in the Mexico portfolio

Thank you very much!

## **Marcel Marcondes, AB InBev CMO**

Thank you, Dani. Obrigado.

Now, shifting gears to core superiority

As i said before, 60% of the beer industry is made of big core brands, usually local brands.

And to keep these brands vibrant and strong over time, we identified the 4 key drivers with statistically significant impact on their performance, combined they form our core superiority framework.

This framework is behind many of the initiatives we've been implementing in our core brands all over the world as they accelerate their performance.

So now, let me invite Ben Verhaert, BU president of East Asia, to share the south Korea case

## **Ben Verhaert, BU president of East Asia**

Thank you, Marcel. Hello, everyone.

I'm Ben Verhaert, East Asia BU president.

I joined the company 22 years ago in Belgium, and since then, I've led very diverse markets, like France, India and since 2020 south Korea.

I'm very excited today to share with you, how we leverage the core superiority framework to keep our leading core brand vibrant for our consumers.

In south Korea, Cass is the strong #1 beer brand and represents Korean beer culture.

Despite many competing core brand introductions over the last 10 years, Cass has stood the test of time by offering consumers, a distinctive, high quality and refreshing beer experience while also capturing the spirit of times and trends.

Since its launch, 30 years ago, Cass has been building emotional connection by being the voice of the LDA generation connecting with consumers' life values, while owning functional refreshment through constant innovations in the brewing process, packaging, and product extensions.

We leverage our "core superiority framework" to keep our core brands vibrant for our consumers.

This framework helps to raise the bar on every consumer touch point and helps us to stay competitive.

Let me play a video to illustrate how we leveraged the "superiority framework" to turn-around Cass performance following strong innovation launch from our key competitor.

Turn-around is the result of following the superiority framework, with discipline and strong consumer validation.

We adjusted our packaging from an amber bottle to a transparent bottle, slightly adapted our liquid with more carbonation and a more intense color, which tested superior to competition, while not alienating our loyal Cass consumers.

Delivering a superior mix on every consumer touch point, enabled us to deliver strong results following the renovation of Cass in 2021.

Market share is growing significantly, brand power rebounded, and we were recognized as Korea's most effective marketer of the year. Today the Cass brand is more vibrant than ever.

However, we also recognize that our journey is not over. It's an infinite game.

Tomorrow, we will be diving into how the superiority framework is shaping our operations in Mexico, and keeping our core brands vibrant.

To a future with more cheers. Thank you.

**Marcel Marcondes, AB InBev CMO**

Thanks Ben.

Now, it is time to talk about our 3rd category expansion lever, occasions development

To expand and develop consumption occasions we actually have 2 pillars: the first is direct to consumer.

All of our digital capabilities like media, data and one to one communication are integrated in this pillar.

They are managed by draftline, our global in-house agency that exists to drive personalization at scale, delivering tailor made content, for specific consumer groups on different occasions

For the interest of time, Lucas later today will talk about how our brands have leveraged DTC to expand occasions

Now, we are going to focus on non-alcohol beers which expand occasions and therefore increase frequency.

Our non-alcohol beer portfolio has been growing double digits since 2019.

So, let me invite Brian Perkins, BU president west Europe, to share more about the corona cero expansion.

Stage is yours, Brian.

**Brian Perkins, BU president West Europe**

Good afternoon. I'm Brian Perkins, president of our West Europe operation based in UK.

I have been part of the company for 13 years, in a variety of marketing, sales and general management roles across north America, global headquarters, and Europe.

I'm here to talk to you about how we think about expanding occasions with non-alcohol beer, or "nab".

Nab is a critical part of expanding beer occasions.

We have studied consumer behavior, and we have learned that non alc growth is incremental to the category, and predominantly drives frequency – as existing beer consumers add nab occasions to their repertoire.

You probably see this when you go out: there is a growing incidence of people starting the night with a NA beer. Or opting for a NA beer mid-week. Or enjoying a NA beer at occasions like lunch, where alcoholic beverages may be less relevant.

In the spirit of simplicity and scalability we have decided to focus on corona cero as our no. 1 global non-alcohol beer proposition

Corona cero is a unique NA beer. Its quality is recognized, time and again, by external awards.

Beyond superior taste and packaging, it also offers consumers the famous corona lime ritual – which elevates the experience and makes sure this is in every way a ‘real’ beer – just without the alcohol.

This proposition is a rocket ship. We have launched it in 14 European markets.

It is the fastest growing NA beer in Europe. And #1 preferred NA beer in the UK in year 1 of launch.

In addition, because it is a non-alcohol proposition, it offers us new frontiers of growth and brand building in expansion markets – for example, we are launching the brand in Saudi Arabia, creating connections with millions of consumers.

Great for consumers, great for expansion, and offers higher margins than regular beer.

And perhaps the best part? Just like corona extra, this proposition works everywhere with the same, battle-tested, scalable toolkit.

We have found that marketing and merchandising the brand next to corona extra to be a winning strategy – that fortifies the corona mother brand.

The expansion into new consumption occasions is massive for us.

Tomorrow, we'll see how this momentum translates into us

Mexico market strategy.

Thank you.

**Marcel Marcondes, AB InBev CMO**

Thanks, Brian. Awesome.

Now, let's talk premiumization

As presented by Michel, premiumization is our biggest growth opportunity with 30% higher profitability than the total category.

With significant room to grow when we compare to other categories.

In this 4th lever of the category expansion framework, our replicable model is pretty much about our 4 global brands, and they are 4, for a reason:

The consumer demand landscape for beer is basically a Matter of how many people you are drinking with and the energy level of the occasion.

For example, if you are in a small group of people, in a more relaxing occasion, your main need state is to relax and unwind.

Corona was built for that!

Now, if you are still with a smaller group but in a higher energy occasion, like a restaurant or a nice bar, you want to make an impression.

This is when you choose the quality and heritage of Stella Artois.

If you are in a large group of people, socializing in a high energy environment, like a night out, you will have a Budweiser.

But, if you are one of those people who has an active lifestyle, you play basketball/ soccer, but you are actually much more interested in the beers after the game

Michelob ULTRA was made for you, because you want to bond with friends.

Long story short, each one of our global brands are intentionally built to address one of the main demand landscape spaces, driving complementarity.

Led by corona, this approach has been expanding year over year, with a double-digit net revenue CAGR since 2019

So, to share two examples of our premiumization journey, let me introduce you to Kyle Norrington, our Chief Commercial Officer in the US and Matt Che, our marketing VP in APAC.

Welcome Kyle and Matt.

**Kyle Norrington, Chief Commercial Officer, US**

Hi everybody. I'm Kyle Norrington, Chief commercial officer of the US. I've been with our company for 23 years across multiple roles, from our head of global brands to my previous role of business unit president for Canada.

Excited to share our story of this highly differentiated growth engine for the us, Michelob ULTRA.

The us market has been shaped over the last couple of decades by two key macro trends: Health & wellness and premiumization.

These consumer trends have been supporting the steady demand for lower carb, lower calorie products and premium priced brands across many categories.

Beer is no exception with over 80% of the growth in the category coming from above core brands.

Michelob ULTRA, Today the #2 beer brand by volume in the US.

Was launched in 2002. Offering what consumers didn't really know they needed. A premium, Great tasting, Low carb, Low calorie beer. ULTRA-delivered. But also took the category to a place it hadn't been. Active lifestyle. Over the last two decades we stayed consistent about what we brew. "The superior light beer" and who we brew for, "Those who aspire to an active lifestyle".

In speaking with consumers, we heard then and even more now, that being active is just a different way of bonding. Whether it's a game of pick-up soccer, or a quick 9 holes, those active, fun times with friends often end at a bar.

We celebrate that being active is a great excuse to get together with friends over a beer. Let's take a look.

This active lifestyle positioning is complemented by amazing PRO sport partnerships brought to life in a premium and disruptive way earlier this year we deepened and expanded our global partnership with the NBA, unlocking superior assets.

For example, for every nationally televised game, we will have this logo on both ends of the hardwood, but it's so much more than paint. We will transform it into a 360-courtside platform with experiences of unparalleled access.

We will also leverage our 20+ year partnership with the PGA tour with presence on the course, in traditional media and culturally relevant content.

Finally, soccer is about to enter a golden era in the US market, as it will host the 2026 FIFA World Cup. There could not be a better time to double down on soccer with Michelob ULTRA

Its already the #1 sport with the growing Hispanic consumer, and we have the assets to make the most of this huge opportunity.

From the us and Mexican national teams to a host of MLS teams and athletes.

There is a runway for this match made in heaven that will take off with the world cup in 2026. This unique, relevant positioning, executed consistently, has helped us double the size of this brand in just the last 5 years, surpassing \$3b dollars in revenue in 2022.

But we are equally excited about the opportunity for future growth not only globally but also, in the US.

Our market shares in these more developed states in the south is almost 2 times the rest of the country.

We have the plans and resources in place to accelerate our growth trajectory nationwide.

Michelob ULTRA is obviously a top priority for us. This brand has a unique positioning in consumers' minds, we have a proven success case and clear headroom for growth in the US. And beyond.

Thank you for your time. Now let's talk about China, Matt the floor is yours!

**Matt Che, CMO APAC**

Good morning, everyone.

I'm Matt, currently leading the APAC marketing team.

I am local born Chinese, joined the company in 2006.

Marcel just introduced the four main demand landscapes for premiumization, and I'd like to share how we've uniquely positioned our four key brands within this framework in China.

Corona, our super-premium brand, caters to the 'unwind' platform.

On the 'projecting image' platform is blue girl, another super-premium brand known as a classic lager.

For 'creating bonds', we have Harbin, our national Core+ brand.

Lastly, Budweiser plays a significant role in the 'building energy' occasion

Before we deep dive into this, I'd like to take a moment to introduce the China market.

As all of you can see on the left, which is the % of annual household income, China's middle class continues to grow rapidly, particularly the upper middle-income groups.

The middle graph simply illustrates the beer industry gross margin, how premium and super-premium segments, backed by this expanding middle class, are gaining higher profits.

In China, our premium and super-premium portfolios are well-positioned for success .

For instance, in the super-premium segment, we have corona and blue girl, while in the premium category, we have our flagship brand, Budweiser—a leader in the Chinese premium market.

When we're talking about the China beer industry, we can never forget about the growth story of Budweiser.

Hereby, it is my honor to share with you the remarkable 20-year journey of Budweiser.

In 1995, the first Budweiser brewery was established in China.

By 2009, Budweiser had already become China's no.1 international beer brand in terms of sales volume.

Fast forward to 2019, Budweiser had exceeded 20 million hectoliters, claiming over 45% of the premium segment share in China.

Now i'd like to discuss how Budweiser continuously drives its premiumization through three strategic approaches

The first is owning meaningful celebrations.

Here, by partnering closely with our global team, we ignite energy in significant celebration moments of consumers through the sponsorship of mega-events like the FIFA World Cup.

And for the past 15 years, Budweiser has paid respect to local culture by activating the biggest celebration moment for Chinese people- the Chinese new year.

The second, lead and shape the culture, is about introducing trends and fostering connection to consumers through various passion points—namely fashion and arts, as well as some high energy occasions, such as EDM festivals look at the t shirt i am wearing

Finally, the icon of the authentic premium. An example of this would be our stunning Budweiser brew master limited-edition for the year of the dragon.

Now, let's take a quick look at the video showing how these is implemented.

The next critical brand i would like to share with you is corona.

It fits into the 'unwind' platform, and in China, corona is positioned as a super-premium brand.

This means its price to consumer is 11 times higher compared to core and value brands.

Talking about corona, i always use a simple "three-ones" to describe the brand guided by the global toolkits.

The first one is a piece of sunset, representing the ultimate unwinding experience.

Leveraging global sunsets tour this year, we have brought the sunset experience to various locations in China

The second is a piece of beach.

We continuously promote beach lifestyle through cooperation with the local community on sustainability initiatives, such as plastic reduction.

The final piece that stands out when consumers talk about corona is the lime ritual.

Corona has its iconic look- a flint bottle, with the long neck.

Moreover, adding a slice of lime into a corona bottle creates the most unique drinking ritual in the world.

Here, i would like to share a lime story from China, as the lime is so crucial to our brand experience.

We're not just educating consumers about the lime ritual through media and retails in China.

Three years ago, we established a lime company to ensure consumers can access the freshest and highest quality limes, at anytime, anywhere in China. Now, let's look at the video.

I'd like to share our achievements and results so far.

On the left side of the page, you'll see our quarterly brand health tracker.

The horizontal line represents brand power, and the vertical line indicates premium scores.

The position and size of the bubbles clearly show that Budweiser gained very strong brand power among other beer brands in China.

You can also see that corona is rapidly picking up.

On the right side, it also indicates some promising results. Premium and super premium volume and net revenue are showing consistent growth.

In past years there has been increasing demand of health and wellbeing across the categories and services

Inspired by the Michelob ULTRA success in the other countries, we started to seed it in China.

We have seen some promising results. Tomorrow we will look at how these demand landscape spaces are taking shape in Mexico, with a specific focus on the development of the Michelob ULTRA here over the past few years.

Thank you.

**Marcel Marcondes, AB InBev CMO**

Awesome, Kyle.

Great Matt. Xiexie

Now, last but not least, let's go beyond beer.

Similar to what we did with beer, we went deep on understanding the consumers and their motivations to choose beyond beer.

We found out that 20% to 30% of alcohol consumers everywhere are what we call sweet seekers.

We also learned that beyond beer consumption can also be segmented in four big spaces with a similar path for category development as markets mature.

This business has proven to be incremental and profitable for the category and we are doubling our net revenue contribution since 2019.

Now, to share how we are connecting with the sweet seekers and going beyond, let me invite our beyond beer VP in Africa, Leanne Owens and, again, Kyle Norrington to show how the category has been developing in the us.

Welcome!

**Leanne Owens, Beyond Beer VP, Africa**

Hello everyone.

I'm Leanne Owens & i lead beyond beer for Africa zone.

I've spent the past 9 years building our beyond beer portfolio in South Africa and across the rest of the continent.

I'm very happy to be here today to share how we have applied our global framework to beyond beer in South Africa.

Beyond beer is a unique intersection of three alcohol categories and addresses the consumer barriers in each of the three.

For example, with a brand such as brutal fruit – it brings the sophistication of wine and delivers a complex yet fruity taste of a cider.

The beyond beer segment is

- 1: inclusive, in that it addresses unmet consumer needs,
- 2: incremental, as it sources the majority of its volume from non-beer categories
- 3: and profitable, competing in high growth and highly profitable segments

Now we know there is a big opportunity in all markets as 20-30% of the population are sweet seekers – they are looking for something sweet, fruity and flavorful

We looked at two perspectives: consumer needs and product attributes.

And these two perspectives then led us to defining our global framework for beyond beer products.

From left to right, the framework helps us decide our big bets based on market maturity.

And as you see they are leads in international brands in each segment.

Ok so, let's take a look at how this framework applies to South Africa.

Our power brands brutal fruit and Flying Fish lead the way in flavorful and refreshing.

And in this segment, our brands address unmet needs in female & mixed gender social occasions.

First up is Flying Fish.

Launched at the end of 2013, Flying Fish is a premium flavored beer which has captured the hearts & minds of our consumers with its wacky personality.

We have expanded to 9 countries in Africa, with the latest launches in Tanzania and Nigeria showing promising early results.

It is consumed by beer, RTD and cider drinkers and has doubled in volume since 2018.

Moving on to the ever-sophisticated Brutal Fruit.

The brand is 21 years old but with the launch of the spritzer range in 2018, its volume accelerated to over 1m hl.

It is now 4x the volume it was in 2018.

It is also the number 1 fastest growing brand in female participation in South Africa.

And of course, the best part, its more than 70% incremental to our portfolio.

Our results have been strong- we are proud of brutal fruit's growth with women and the fact that Flying Fish is number 2 with LDAs.

They are both listed in Kantar's top 30 most valuable brands in South Africa.

The brands are highly incremental sourcing >50% of their volume outside beer.

In terms of profitability our beyond beer brands collectively contribute a high-teens percentage to our business revenue,

And what does this all demonstrate?

We're meeting the needs of sweet seekers with powerful brands which are winning the hearts and minds of South Africans.

Now handing over to Kyle to share how beyond beer is premiumizing in the US.

**Kyle Norrington, Chief Commercial Officer, US**

Thanks, Leanne!

Hello again everyone, I'm excited to share what we're doing to capture growth in beyond beer in the US, driven by our bets Nütrl and Cutwater.

But let me start from the beginning. The beyond beer category has been growing in the us for a long time.

But similar to beer, the premiumization trend has been a driving force and has migrated consumers up. To real cocktail solutions that offer an elevated experience.

This shift sources disproportionately from hard liquor. When we look at these 2 segments there are a few things in common. They are more co-ed, over-indexing with females. They also over index with 21-34 years old, and SKU towards social occasions.

So, what is Nütrl? Nütrl is our bet in the light & refreshing Seltzer space. It's the fastest-growing vodka seltzer in the market. Growing triple digits. And has taken the number 2 spot in a crowded segment in just over a year.

Its net revenue per hectoliter is one and a half times the average and is highly incremental to our portfolio.

Nütrl is vodka, seltzer, real juice. Simple. It exists to remind us that the simple things in life can be extraordinary. So, to tell it to the world, we enlisted Gunter.

Our seltzer sommelier, played by Chloe Fineman of Saturday night live, to inspire the masses of traditional seltzer drinkers to step up to something better.

So, let's check it out. With Nutrl, we have a pureplay proposition. And have not slowed down our share growth in this booming segment while established malt-based seltzer brands have unsuccessfully tried to launch vodka variants.

Now Cutwater. Number 1 in the complex cocktail segment and the crown jewel Of our beyond beer portfolio. It has double the net revenue per hectoliter vs our core, it represents nearly a quarter of the segment, and it's growing over 20%.

But why is Cutwater so special? It is a product that solves a consumer problem.

People want to elevate their hosting game to include a margarita or a Mai Tai, But they don't want to buy the ingredients or go through the hassle of making one. Insert Cutwater. Real bar quality cocktails made with award winning spirits.

Our new campaign "open the bar" brings that to life, showcasing occasions And overcoming the hurdle of having a great quality cocktail wherever you are.

Let's check it out: Cutwater and Nütrl are front and center in our us mega brands strategy and they are the core of our beyond beer portfolio.

They are inviting new co-ed LDA consumers to trade up to a better beyond beer experience. They are profitable and accelerating our topline growth because consumers are willing to pay more for them.

Finally, they are highly incremental with over 2/3rd of volume being sourced From outside of the beer category. Tomorrow, we'll dive into how this knowledge is shaping our strategy in Mexico led by Vicky's.

Thank you.

**Marcel Marcondes, AB InBev's CMO**

Thanks, Leanne and Kyle! You are good to have a Flying Fish now

So, that concludes our category expansion model and the 5 expansion levers.

Each one with its own replicable model so the strategy can get executed with consistency.

Building the megabrands and the category expansion model is a big a journey, to lead and grow the category.

So, to close, let me just show some global results. We showed you consistent improvement on brand power, volume and net revenue.

More importantly, growing ahead of the industry. Gaining market share globally. But the name of the strategic pillar is to lead and grow the category. So, here are the end results. Beer is growing per capita and continues to gain share of throat of total alcohol.

In summary, we have one global strategy for organic growth, five category expansion levers, unique portfolio of loved brands to lead and grow the category with focus, efficiency and scale. Thanks.