

*SABMiller p/c*

Consumer Analyst  
Group of Europe

London

March 20<sup>th</sup>, 2012



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All references to "EBITA" in this presentation refer to earnings before interest, tax, amortization of intangible assets and exceptional items. All references to "organic" mean as adjusted to exclude the impact of acquisitions, 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.

# Global review

Jamie Wilson

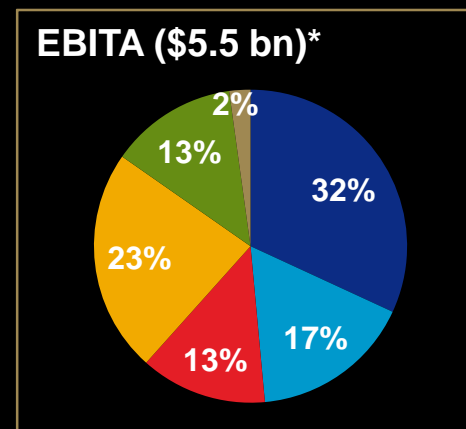
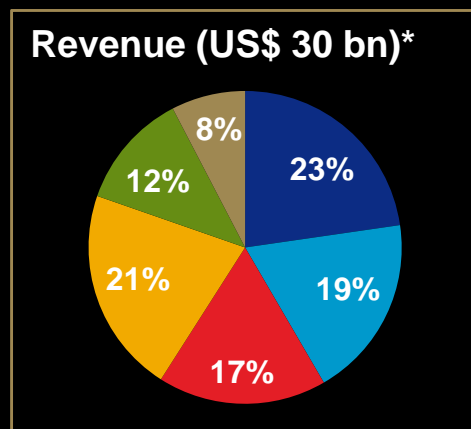
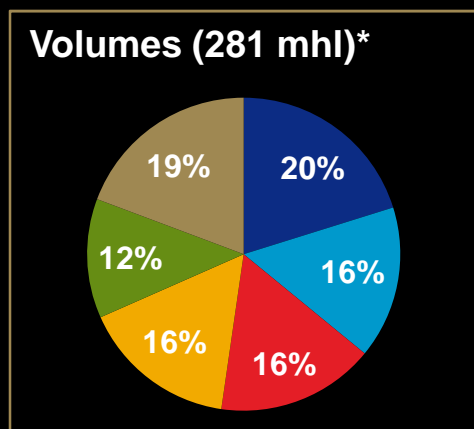
Chief Financial Officer  
SABMiller plc



# Balanced portfolio of businesses

## World's 2nd largest brewer

- # 1 or 2 position in > 90% of markets
- F05 – F11 CAGR: volume 9%, revenue 12% and EBITA 13%
- Leading local brands honed to local insights to build the category and local profit pool
- The leading Coke bottler in Africa and Central America



- Latin America
- Europe
- North America
- South Africa
- Africa
- Asia

\* For Last 12 months to 30 September 2011, before corporate costs

*Market equity capitalisation of \$64 billion (March 15 2012)*

*Strategic partnerships*



*The Coca-Cola Company*

# Strong, relevant brand portfolios that win in the local market

## Strong portfolio of leading local mainstream brands

- Deep local heritage with leading consumer equity
- Diverse local portfolios to target diverse consumers and occasions
- Leading market shares, superior profitability



Country	Brand	Rank
Poland	Tyskie, Zubr	1,2
Czech	Gambrinus	1
Romania	Timisoreana	1
Italy	Peroni	2
South Africa	CBL, Hansa, Castle	1,2,3
Tanzania	Safari, Kilimanjaro	1,2
Mozambique	2M	1
Uganda	Eagle Extra	1
Colombia	Aguila, Poker	1,2
Peru	Cristal, Pilsen Callao	1,2
Ecuador	Pilsener, Club	1,2
China	Snow	1
India	Haywards 5000	2

# 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*



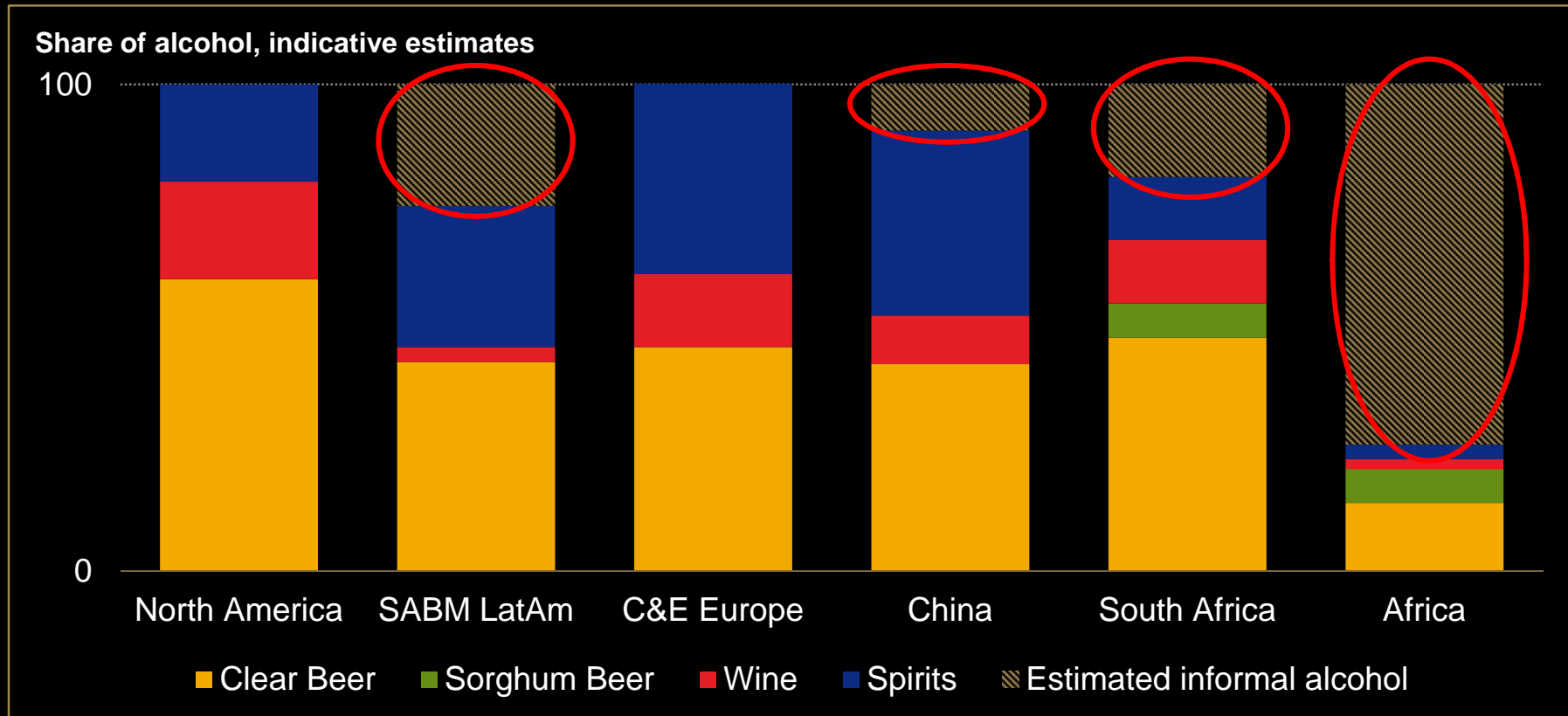
# Strong, relevant brand portfolios that win in the local market

## A global discipline to dig deep locally



# Strong, relevant brand portfolios that win in the local market

## Category development opportunity in emerging markets



*Growing preference for beer due to societal development, category attractiveness and availability*

Sources: Canadean, Euromonitor, internal management estimates

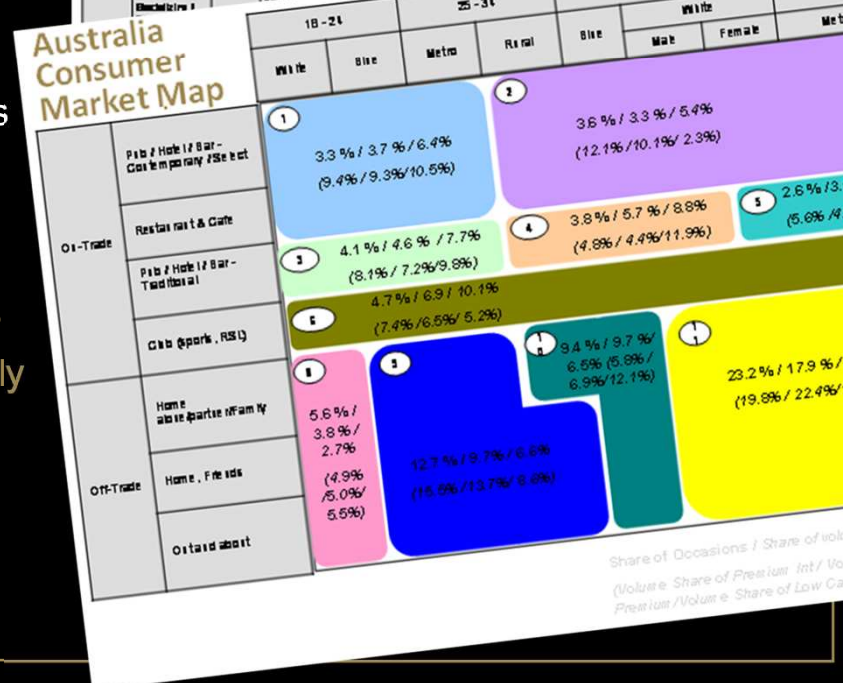
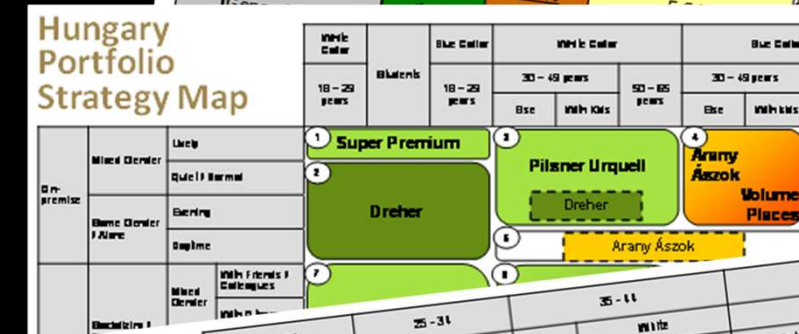
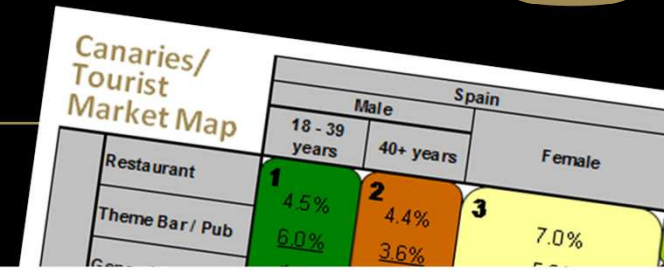


# Strong, relevant brand portfolios that win in the local market

## Rigorous approach to segmentation, delivering actionable plans

- Rooted in deep local insights
  - Local demographics, drinking culture
  - Recognizing changing local trends, opportunities
- Global methodology
  - Consistently mapping consumers and occasions
  - Enabling comparison and brand solution sharing across geographies
  - Aided by global expertise within SABMiller











... To drive our portfolios across all relevant market segments  
 ... To significantly grow the beer category nationally  
 ... To maximize each local profit pool



# Constantly raising the profitability of local businesses, sustainably

## Ten Priorities. One Future.

- Sustainable development is integral to the way that we do business
- Target 25% water efficiency by 2015 and 50% carbon efficiency by 2020
- Many of our challenges can only be tackled in partnership
  - ‘Water Futures’ partnership with WWF and GIZ
  - Working with Farm Africa to develop local sourcing capacity in Southern Sudan
- Directly source barley, sorghum and cassava from 30,000 smallholder farmers

Combating alcohol abuse 	Making more beer using less water 	Reducing our energy and carbon footprint CO <sub>2</sub> 	Packaging, reuse and recycling 	Working towards zero waste operations 
Encouraging enterprise development in our value chain 	Benefiting communities 	Contributing to the reduction of HIV / Aids 	Respecting human rights 	Transparency and ethics 



# Attractive recent transactions: Foster's

## Three key business enhancement areas

*Approach to consumers and brands*

- Create category value – differentiation and marketing to build robust brand equity
- Renovate mainstream and premium brands, synergies of combined portfolio
- Focus on growing and profitable segments

*Channel and revenue management*

- Retailer relationship management - mutually beneficial solutions
- Focus on shopper marketing
- Holistic revenue management

*Cost saving opportunities*

- Leverage global scale, procurement capabilities and supplier relationships
- Global best practice implementation
- Pacific Beverages cost synergies in production, distribution and fixed costs

## A combined portfolio of leading brands



*#1 regular beer*



*#1 draught beer*



*#1 domestic premium beer*





# Attractive recent transactions: Anadolu Efes

## Forming enhanced positions in Russia, CEE and Central Asia

*Number 2 player in large Russian beer market*

- Valuable portfolio of brands across key segments
- Footprint to compete on a national basis
- Cost and revenue synergies

*Leading position in beer and soft drinks in Turkey*

- Large population with strong forecast GDP growth (5.4% p.a. until 2015)
- 89% share of beer market
- 69% share of soft drinks market

*Leading Position in Central Asian markets*

- Growth beer markets of Kazakhstan, Georgia and Moldova

*Leveraging international brand portfolios*

- Distribution of each company's international brands across their respective platforms
- Sharing best practice

*Financially attractive*

- EPS enhancing for both companies within first full year of completion

# SABMiller group conclusion

- Very large beer category growth opportunities, particularly in emerging markets
- Substantial upside from attracting consumer trade up, often from illicit/informal alcohol
- SABMiller's leading local portfolios target diverse consumers
- Revenue and cost management to drive up revenue/hl and profitability



Divisional medium term guidance ranges from low-single to high-single digit volume growth, low-single digit revenue/hl growth, and 25-100 bps of EBITA margin growth

*Africa context*

Jonathan Kirby

Finance Director  
SABMiller Africa



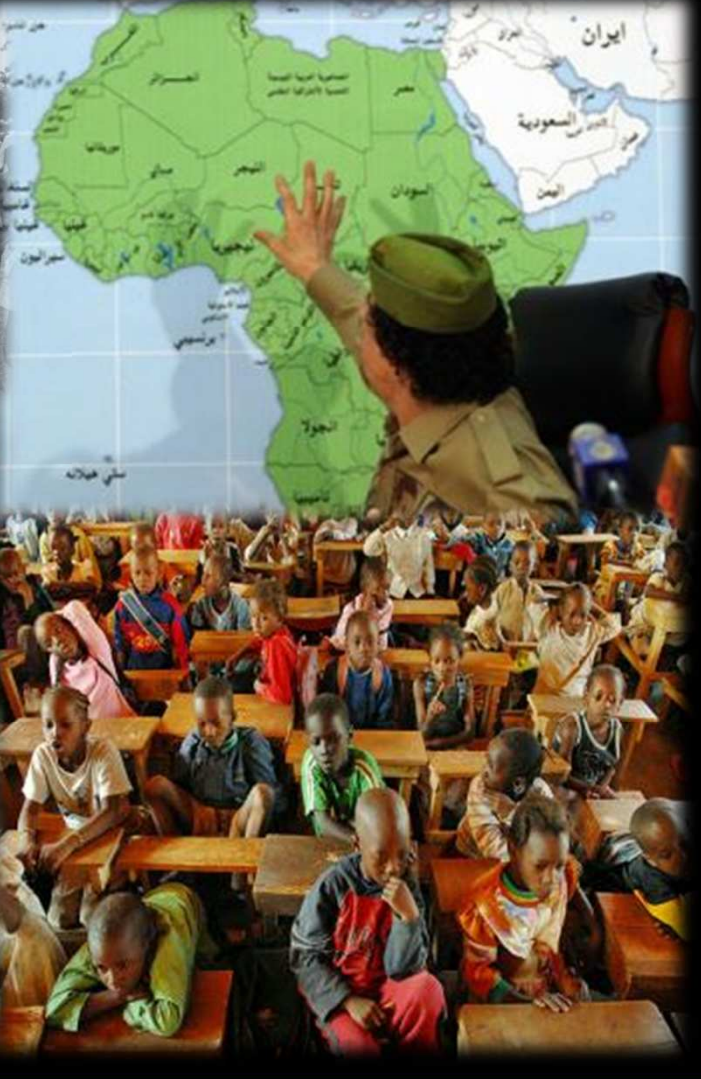
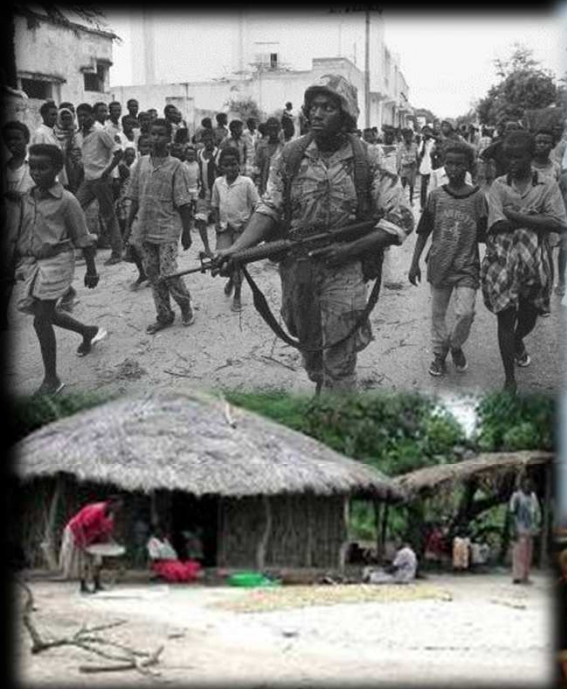
# Africa in Context



'Africa – the hopeless continent' Economist front cover - May 2000

# Historical African thinking...

- Poverty
- Lack of infrastructure
- Corruption
- Over population
- Poor leadership
- Civil wars





# Pragmatic, predictable governments...

*Our View...*

- Significant tax (excise) contribution gives us a place at the table
- Local sourcing initiatives help government create jobs: we will uplift 65 000 small holder farmers by 2015
- Large investments in infrastructure >\$1bn in last 3 years

## Examples of win-win positions with govt:

<i>Mozambique</i>	Cassava project
<i>Uganda</i>	Maltings plant
<i>Zambia</i>	Excise reduction
<i>South Sudan</i>	First foreign investment
<i>Tanzania</i>	Barley farming
<i>Botswana</i>	Duty equalisation



*Best taxpayer in Tanzania*

# There is a need for self-sufficiency...

- Generators
- Effluent treatment
- Water treatment
- Local sourcing



...with our breweries being self-sufficient

Mbeya, Tanzania  
2010



Onitsha, Nigeria  
2012



# ...and with a different route-to-market

- Multiple decentralized breweries vs. single mega brewery
- Overcoming logistical challenges



# Highly fragmented on-premise market – a challenge and an opportunity

- Our consumer is key- sales reach
- Providing a basket offering
- Refrigeration
- Small drops



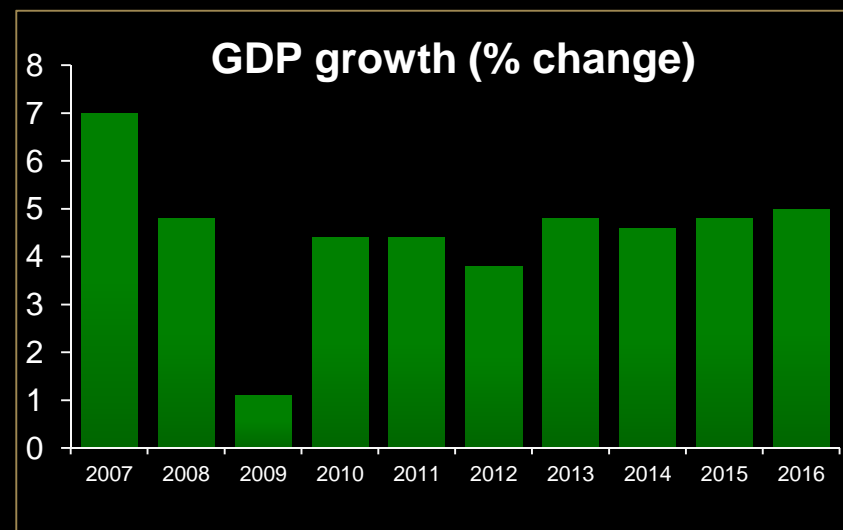
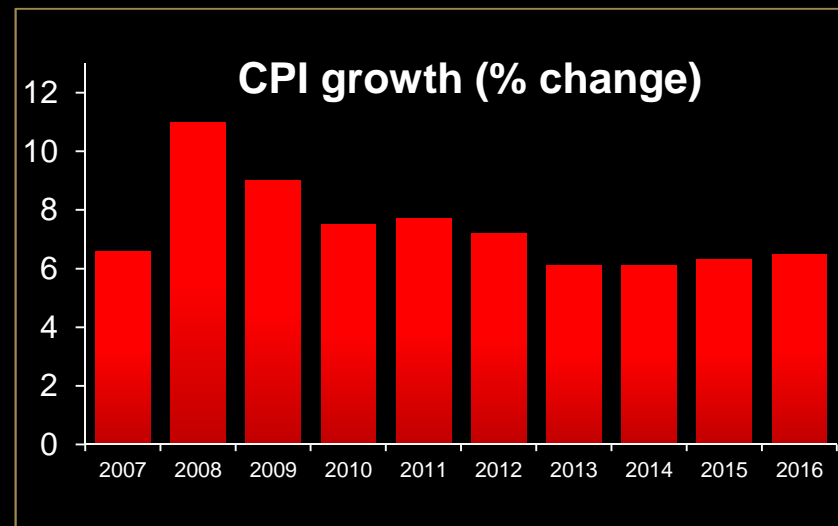
# Fledgling banking and capital markets

- Currency fluctuations
- Interest rate volatility
- Inefficient banking markets with limited capacity
- Need for innovative trade terms
- Offering supplier credit



# Relative predictability of economic indicators support pricing decisions

- Pricing opportunities with CPI
- Revenue and portfolio management with mix opportunities



# The playing field in Africa . . .



**20%** of the world's land

**15%** of the world's population

**3%** of global consumer spending

**5%** of total beer volume

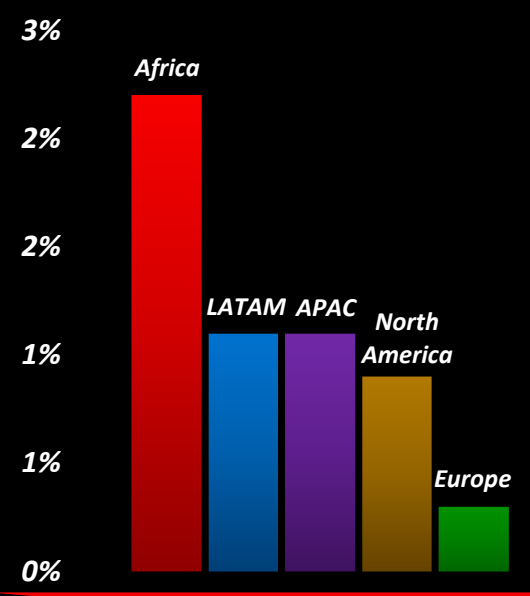
**12 of 25** fastest growing economies in the world

**52** cities with populations of more than a million

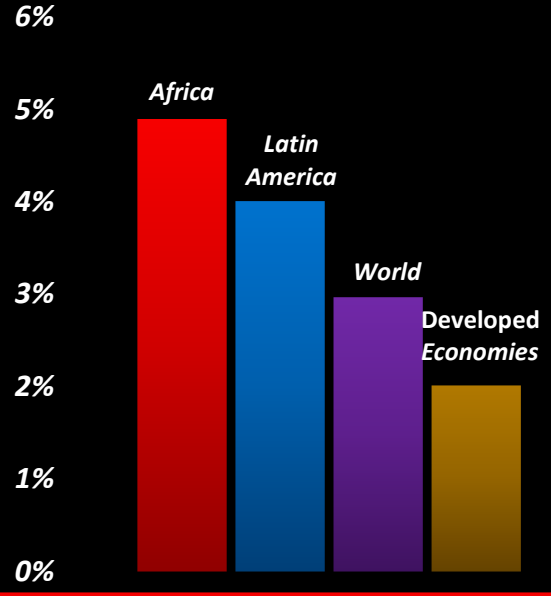


# Macro economic factors continue to support our long term growth model

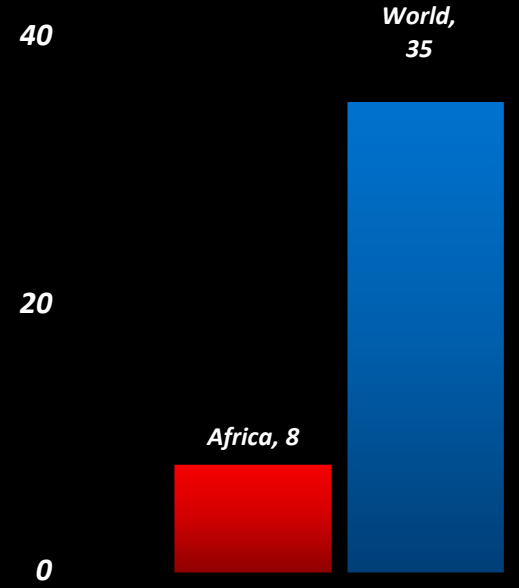
**Real population growth rates of 2.4%**  
Population growth 2010-2013



**Robust GDP growth**  
Percentage growth %



**Low per capita consumption of beer (L)**



**Sustainable beer volume growth of 6-8%**

SOURCE: International Monetary Fund; McKinsey Global Institute; Economist Intelligence Unit

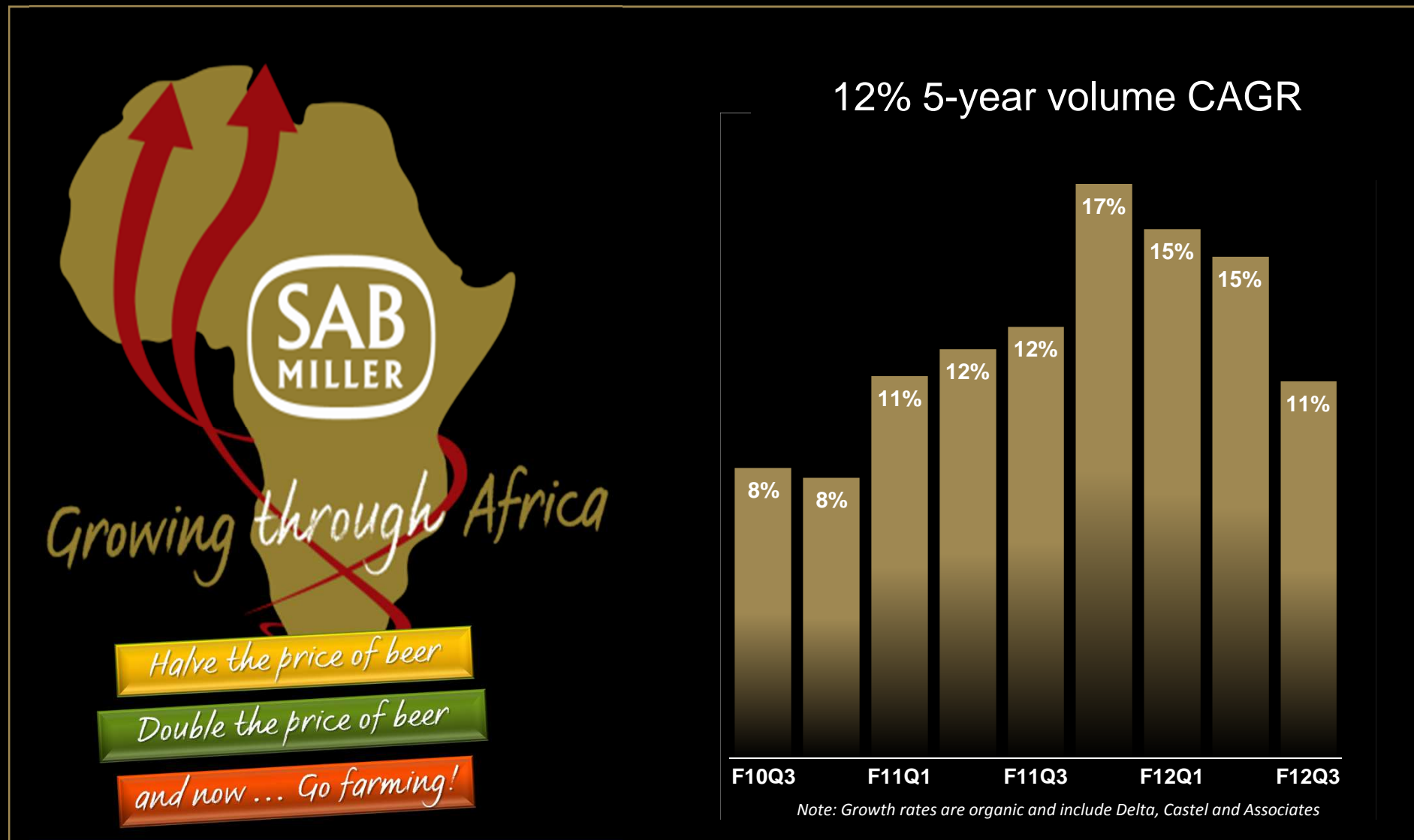
# *Africa review*

Mark Bowman

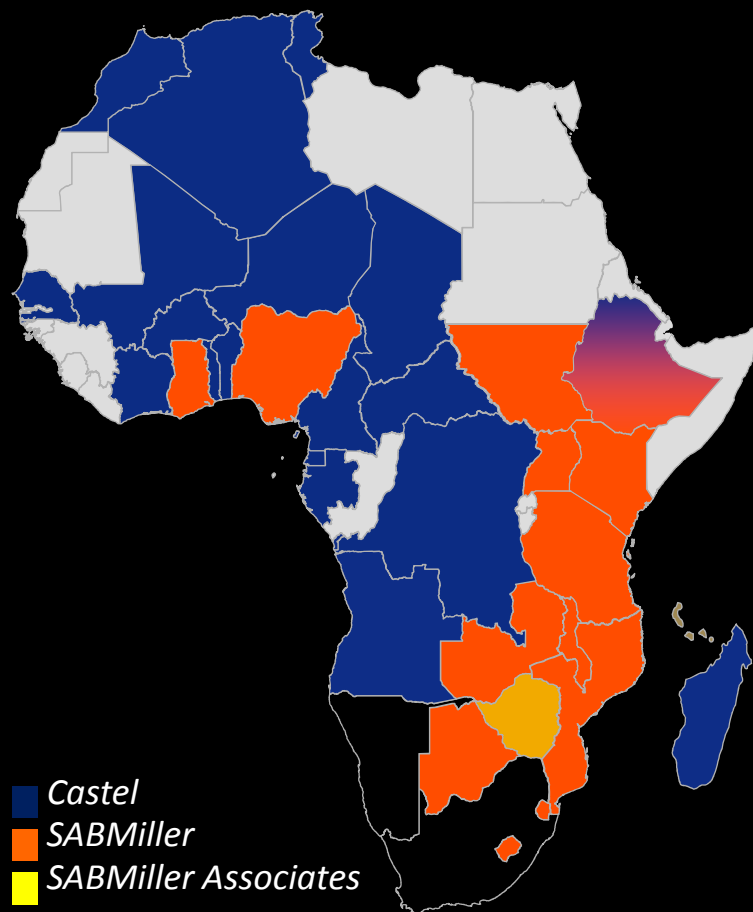
Managing Director  
SABMiller Africa



# SABMiller Africa growth themes



# Operations in 37 of 53 African countries

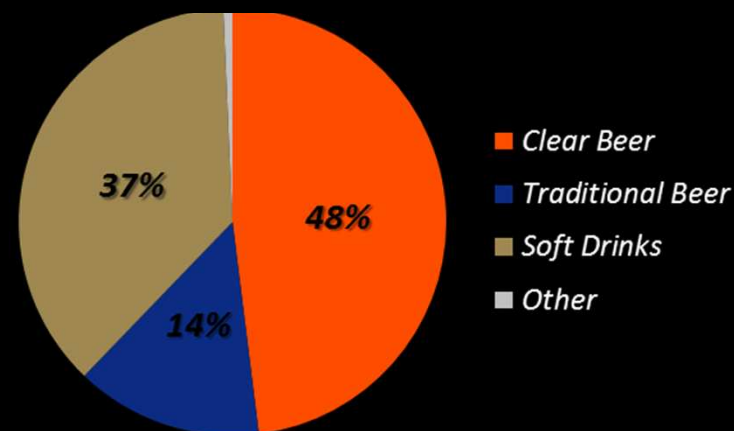


Managed operations in 16 countries

Castel operations in 22 countries

Leadership in 30 countries

Coca-Cola bottlers in 20 countries



*SABMiller volumes 35.8m\* HL*

*\*F12PF3 including pro-rata share of associate volume*

# SABMiller Africa commercial agenda

- 1 Category expansion - drive affordability
- 2 Strengthen Mainstream
- 3 Premium -mix ahead of prior year
- 4 Winning with customers – share gain
- 5 Revenue and cost opportunities
- 6 Licence to Trade

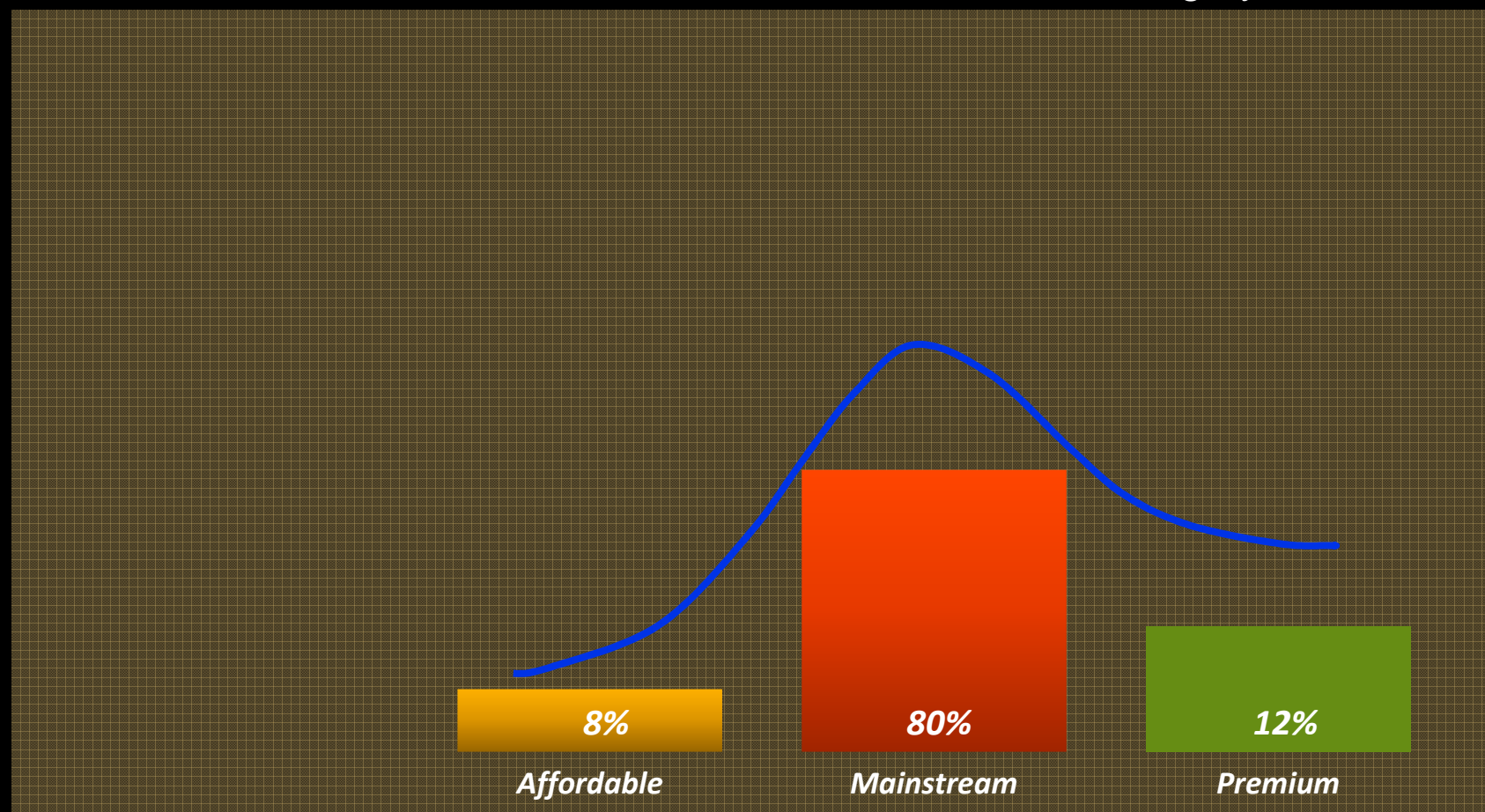
*Halve the price of beer*  
*Double the price of beer*  
*And... Go farming!*

# Category Expansion

## Longer price ladders

Both Premium and Affordable present a volume and value opportunity...

Mainstream Beer is a premium category

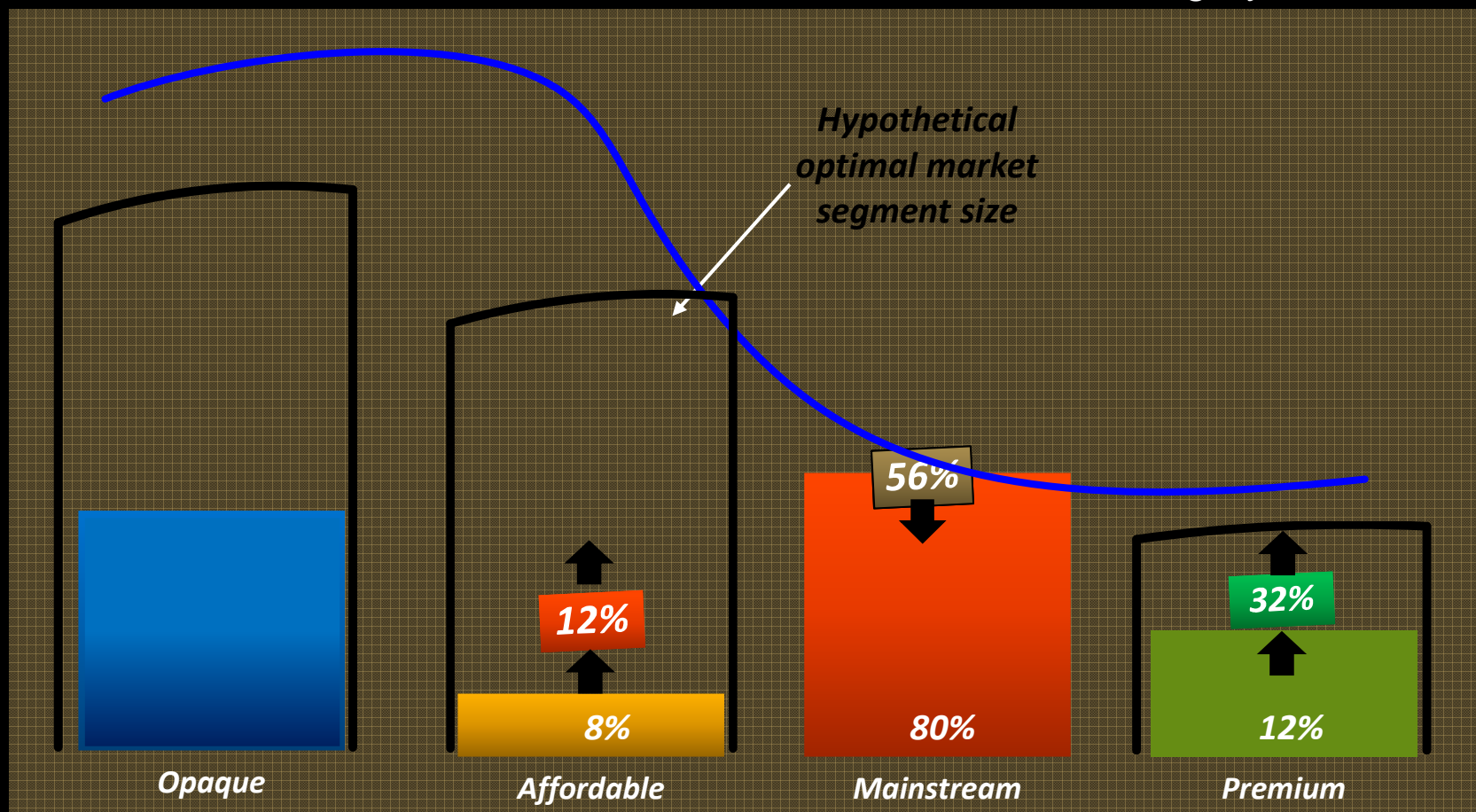


# Category Expansion

## Longer price ladders

Both Premium and Affordable present a volume and value opportunity...

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# Category Expansion

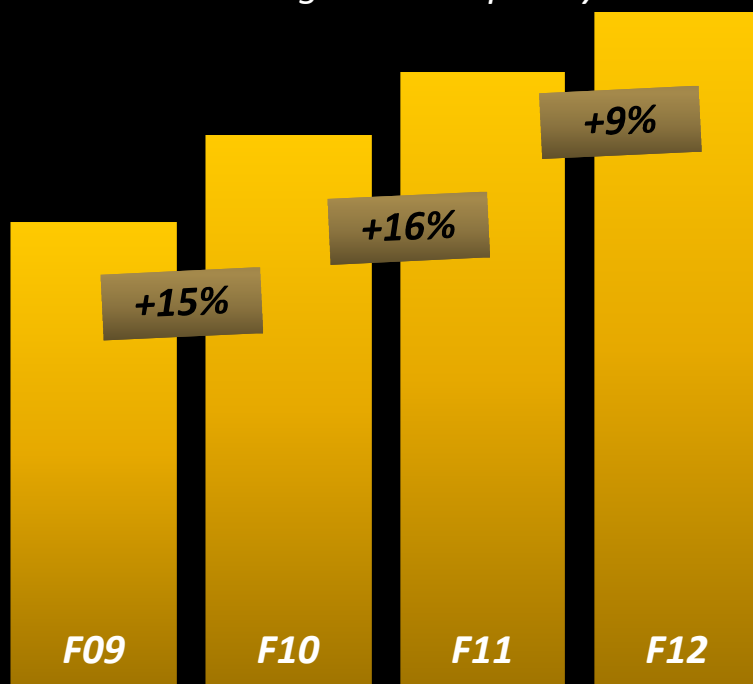
## Making beer more affordable

### Affordable beer category

Made from sorghum and cassava  
Lower excise for local ingredients

#### Total Affordable Clear Beer

Volume and MAT\* growth vs. prior year



\*MAT Dec'12

### Improving affordability over time

Pricing restraint to improve average affordability









# Category Expansion

## Recruiting consumers from informal alcohol

### Affordable Beer Initiatives

Cassava	Eagle+Extensions	Draught	Opaque
			
<p><b>Mozambique</b></p> <ul style="list-style-type: none"> <li>• Pricing at 75% to Mainstream</li> <li>• Cassava as primary ingredient</li> </ul>	<p><b>Sorghum based</b></p> <ul style="list-style-type: none"> <li>• F12 volume &gt; 500k HI</li> <li>• Capacity constrains growth</li> </ul>	<p><b>Lower price</b></p> <ul style="list-style-type: none"> <li>• Transactional unit drive entry point</li> </ul>	<p><b>Expansion</b></p> <ul style="list-style-type: none"> <li>• Suitable for all markets in Africa</li> </ul>

# Strengthen Mainstream brands

## Maintaining momentum

### Brand Positioning

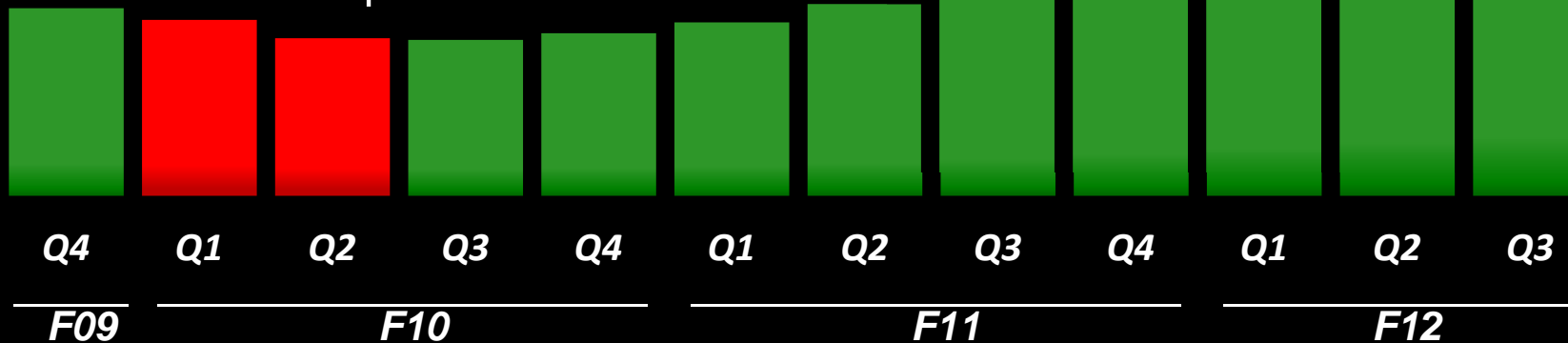
- Strong creative platforms and integrated through-the-line campaigns
- Centrally driven best practice sharing



### Relevance through 'New News'

- 3 year road maps

Annual mainstream performance

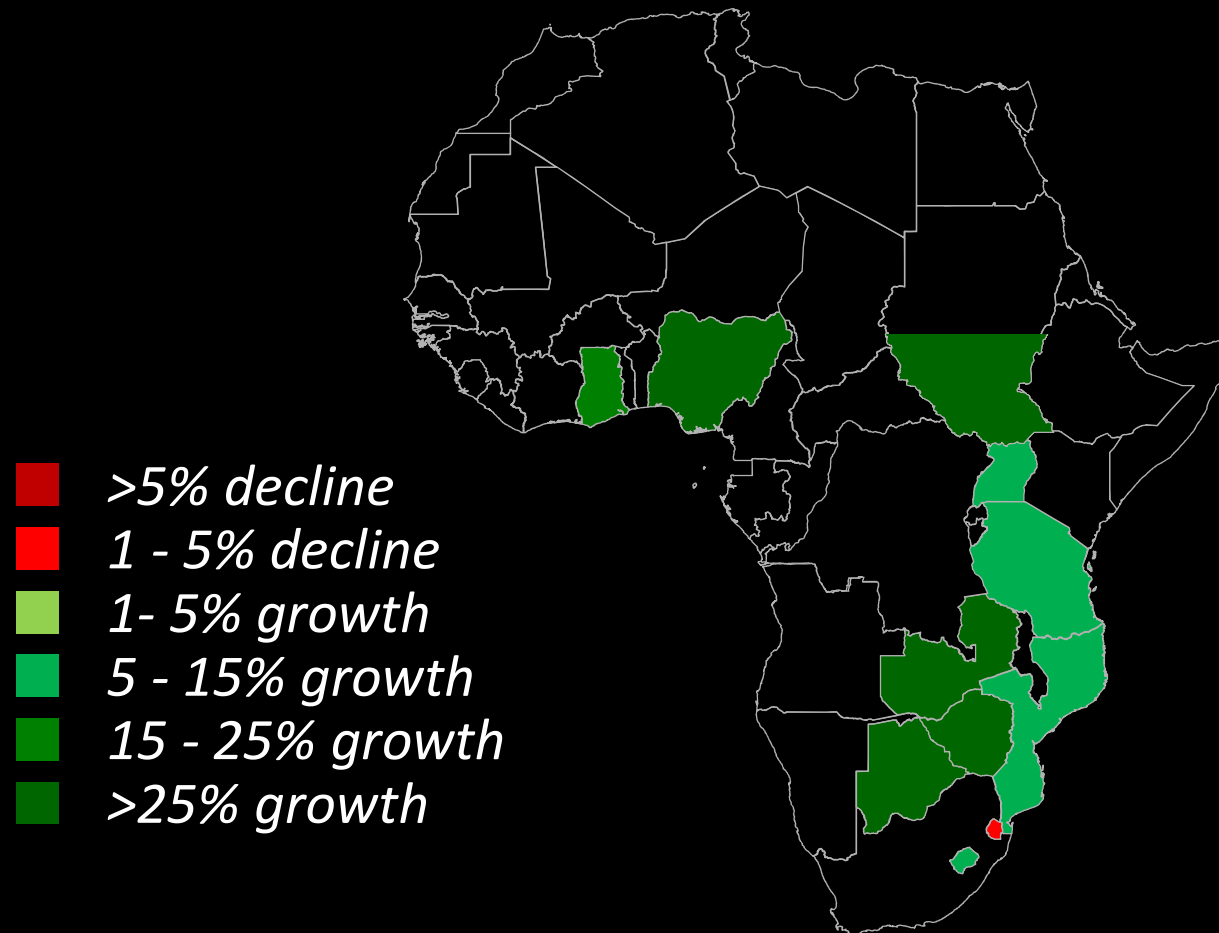


*Strengthen Mainstream brands*

Underpinning consistent lager growth



### SABMA F12Q3 Lager volume growth



# Differentiated premium portfolios

## Maluti premium lager in Lesotho

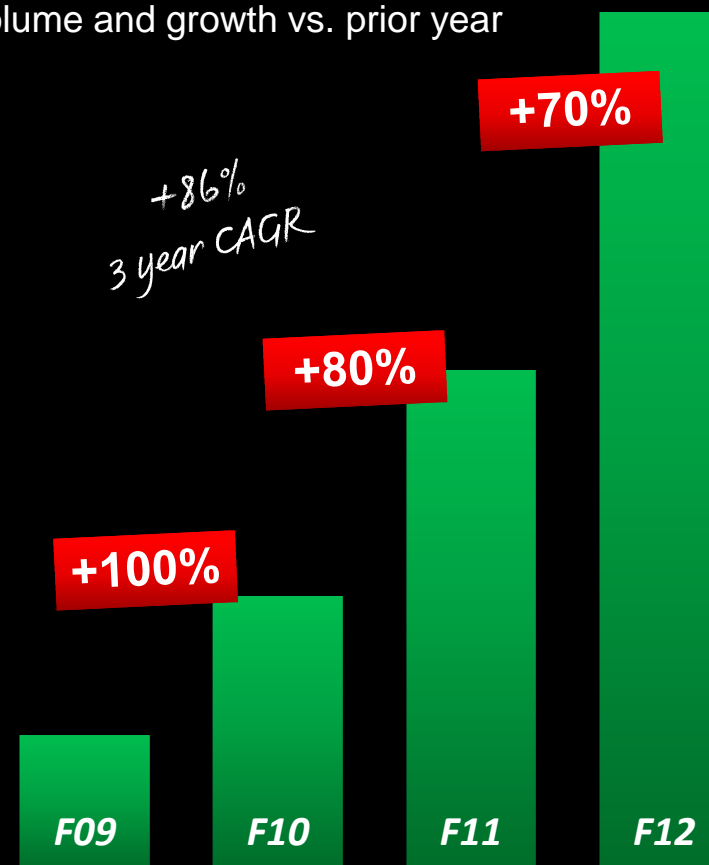


Refresh of a small brand with new premium and nationalistic communication

Strong volume and revenue mix benefits

15% price premium against mainstream

**Total Maluti**  
Volume and growth vs. prior year



\*MAT Dec'12

*Differentiated premium portfolios*

## Castle Lager and now Castle Lite success



**Castle Lager**

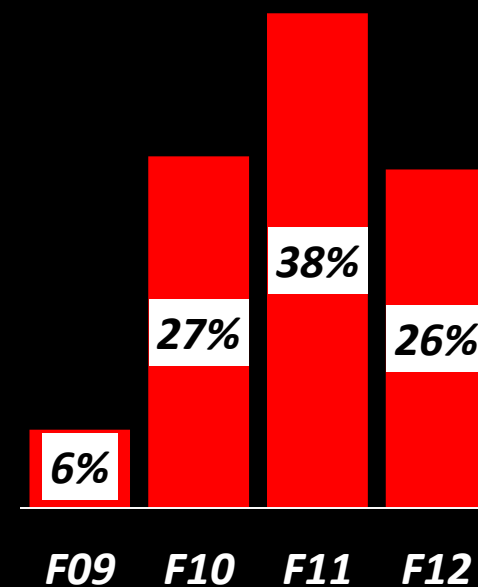
Africa European Football  
Broadcast sponsorship



**Castle Lite**

Traction throughout  
Africa

Castle Lager growth rates (%)



\*MAT Dec'12

*2.5 million Hl in Africa ex-SA*

# Winning with customers

## “Go to market” capability in a fragmented trade

### Universe Penetration

Enhance our ability to influence consumer and retailer buying decisions

### Availability

Provide consumers with greater access to our full brand portfolio

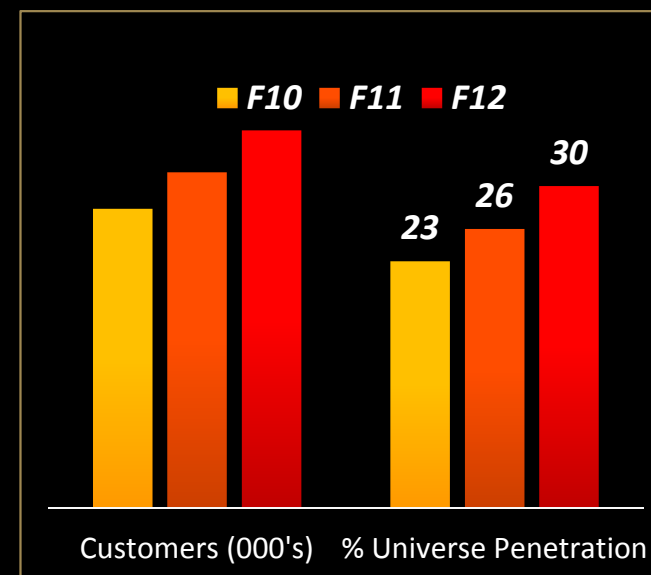
### Refrigeration

Increase consumer access to cold beer

### Pricing

Provide consumers with optimal value for money

Customer universe coverage



# Revenue and cost opportunities

## Generating incremental value

### Total Cost of Manufacturing

- 3 Year plan to reduce Total Cost of Manufacturing for beer by localising inputs and constantly improving efficiency

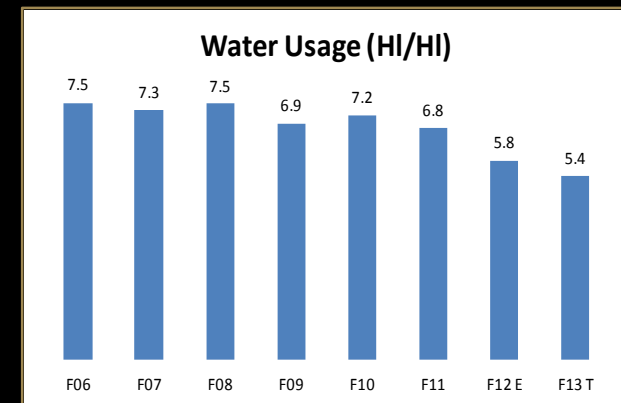
### Mix

- By focusing on better price laddering, pack format optimisation and premiumisation

### Category opportunities

- Licence to Trade model to engage in affordable beer initiatives

### Water reduction in Tanzania



# License to Trade

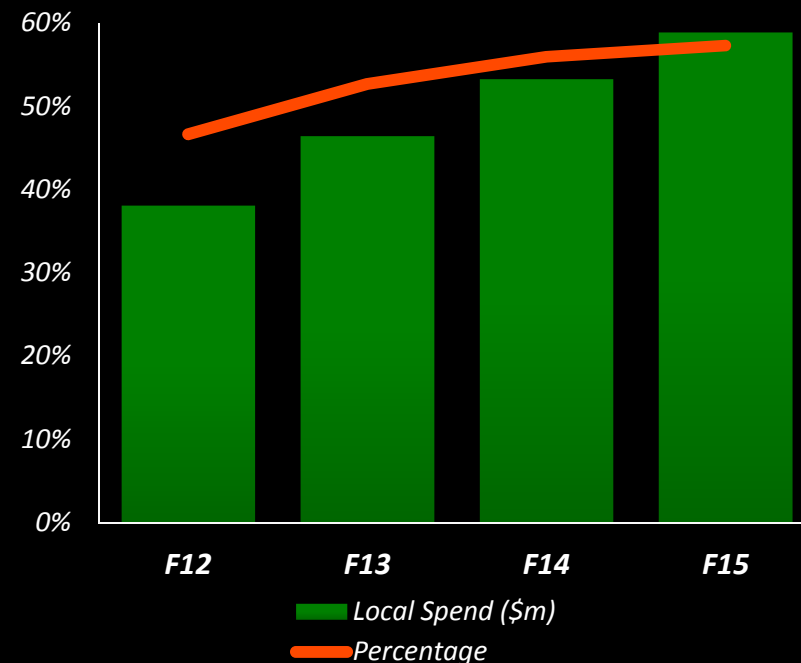
## Creating win-win propositions with local sourcing

### Future initiatives:

- Mozambique barley expansion from 250 tons to 10 000tons
- Roll out cassava concept to new countries
- Zambia barley approaching self-sufficiency
- Recently commissioned \$18m barley maltings in Uganda

### Total Africa Procurement Localisation Plan

Local spend in \$millions and % Sourced locally





# License to Trade

## True innovation: Cassava beer launch in Mozambique



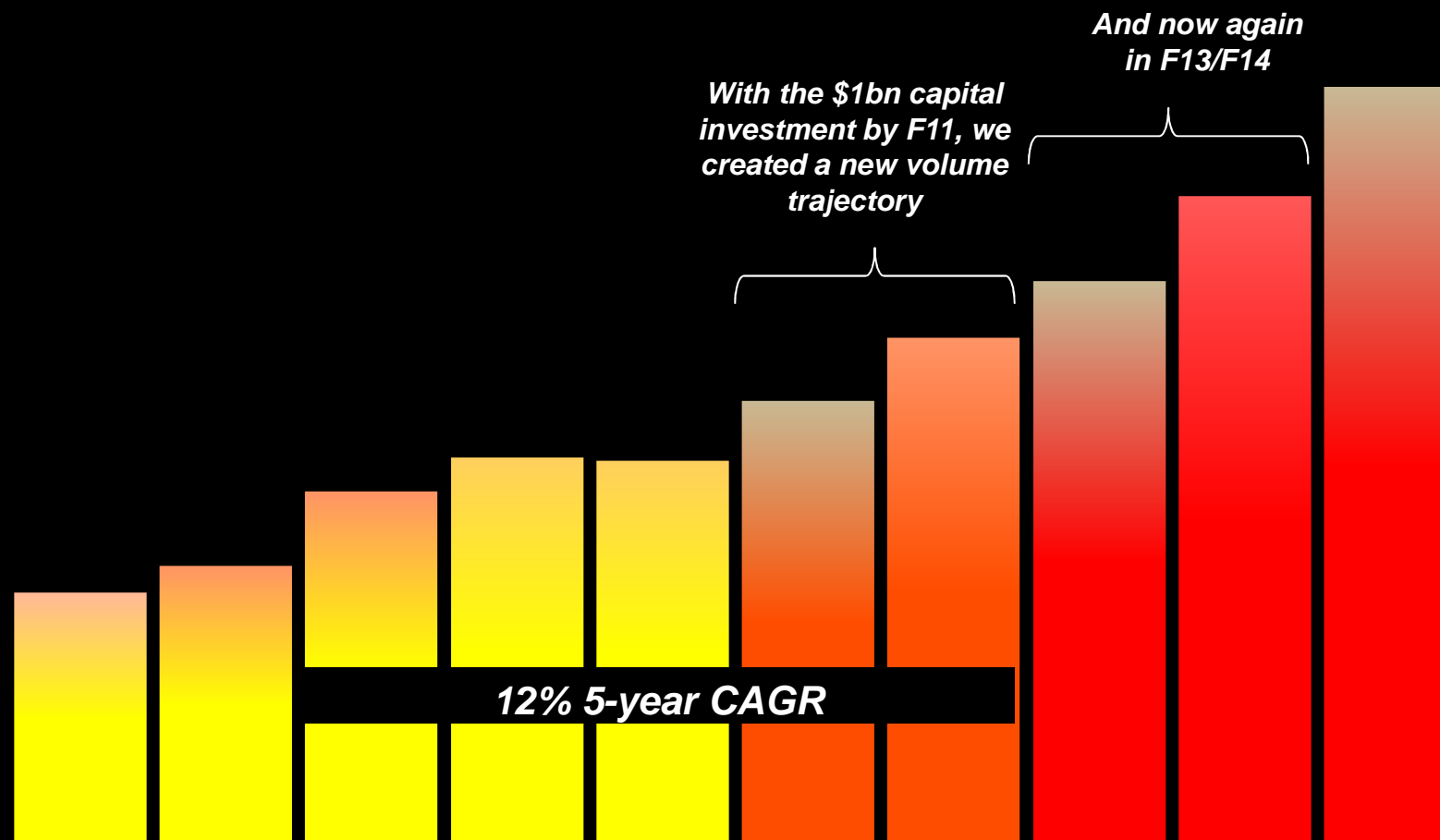
**Cassava widespread in Africa- but low levels of commercialisation**

- Produced with 70% cassava, reduced excise tax
- Cassava sourced from local farmers in a broad-based farming scheme
- Beer priced at 75% of mainstream



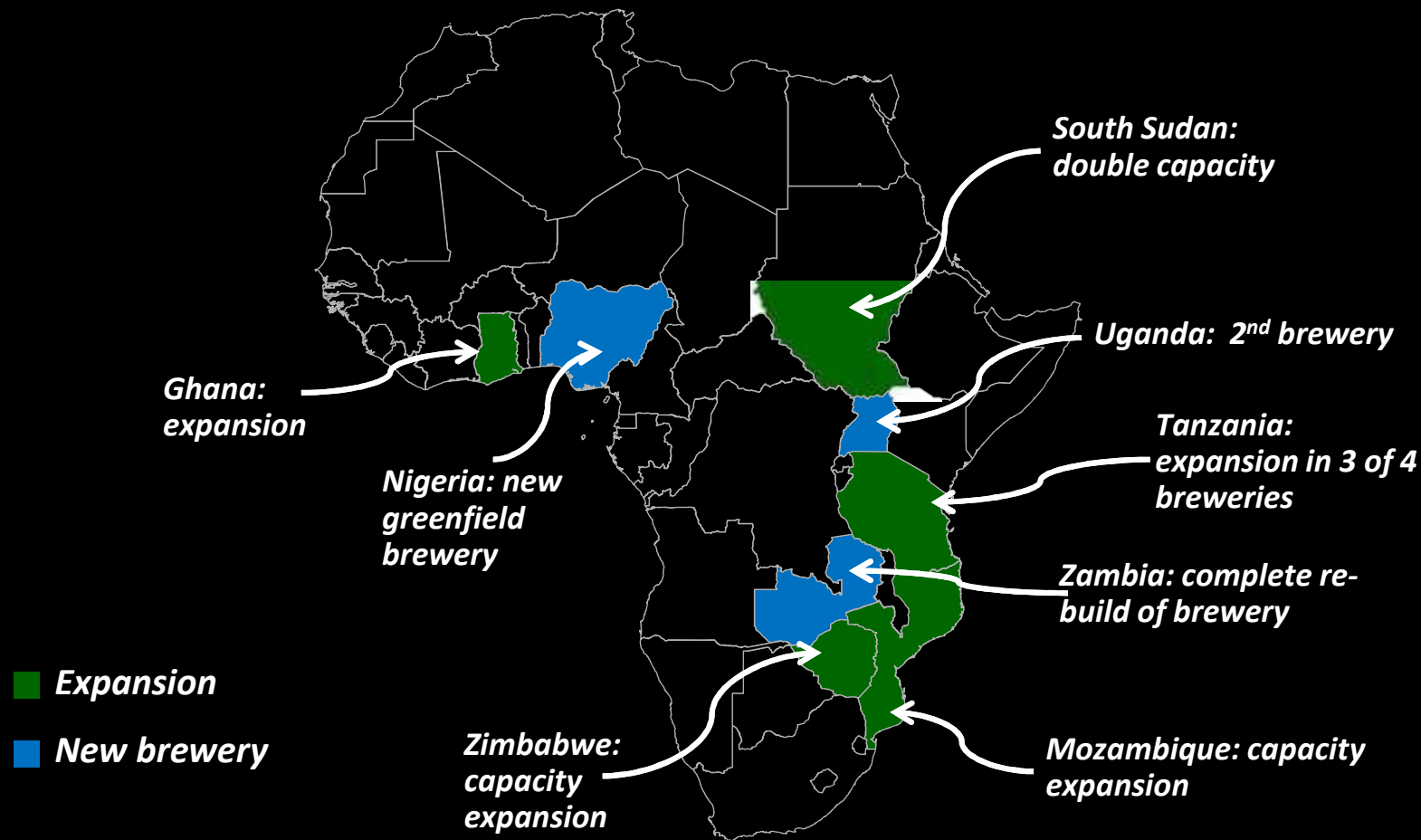
# Where to from here?

Our significant capital investments have created a solid volume trajectory



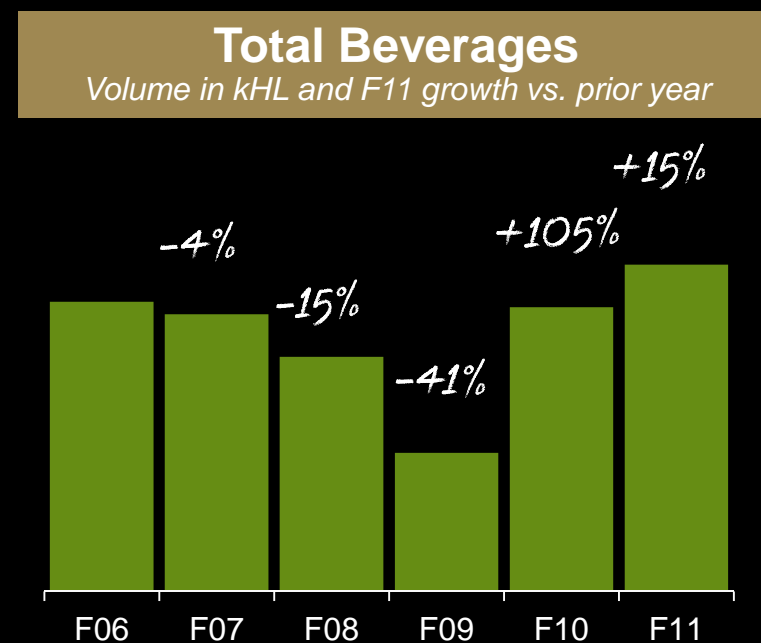
# We are expanding to meet demand

## Major projects for 2012



# Zimbabwe now a significant contributor

- Strong recovery in volume
- SABMiller Africa holds 40% of Delta
- US\$ default currency, single digit inflation and political compromise
- An experienced management team in a well run business



## Key focus areas going forward

1. Maintaining Africa's momentum in mainstream and premium beer
2. Licence to trade model embedded (and especially key farming initiatives)
3. Aggressively compete for share of consumer spend



Q&A

