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

TUESDAY, 20 SEPTEMBER 2023

Chief Financial Officer, Fernando Tennenbaum - Optimize the Business- Intro

Hello everyone, and thanks again for joining our capital markets day here in Mexico City, it's a great pleasure to welcome you all here in person in one of our key markets.

I hope today's presentations have given you good visibility into our strategy to lead and grow the category and how we are digitizing and monetizing our ecosystem.

Now, I would like to talk to you about the third pillar of our strategy, optimizing our business to maximize long-term value creation.

I've been with the company for more than 19 years, across various finance functions, including Investor Relations, Treasury and M&A, and was most recently the Chief Financial Officer of our publicly listed subsidiary, Ambev.

When we think about maximizing long-term value creation at ABI we are focused on three key areas:

1. Optimized resource allocation

2. Robust risk management, and

3. Efficient capital structure

Let me start with Optimized resource allocation

Every day we make strategic choices to drive balanced and profitable organic growth.

Throughout the day, you have heard about some examples of these choices across the first two pillars of our strategy.

Consistent investment in our replicable toolkits: such as our megabrands, five category expansion levers, and our digital transformation allows us to better serve our customers, attract new consumers to expand the beer category, and drive increased participation across our footprint,

resulting in volume growth ahead of the industry across most of our key markets over the last few years.

We have made important choices in disciplined pricing and other revenue management initiatives, which drove an annualized Net Revenue per hL growth of 5.4% since 2019.

The strategic investments we made in our digital capabilities such as BEES and DTC have further enhanced our ability to grow.

All combined, the execution of our strategy has delivered accelerated top line growth with a healthy combination of volume and net revenue per hl since 2019.

As Michel mentioned earlier, we operate in a large and growing category and we have no shortage of opportunities to invest in driving the organic growth of our business.

Despite the challenges of COVID, commodity cost pressures, and FX headwinds we have invested nearly 47 billion US dollars between Sales & Marketing and CAPEX over the last 4 years.

Perhaps more importantly, these investments have been consistent year over year to support the brand power of our portfolio, maintain the efficiency of our facilities and develop the right capabilities to drive future growth.

While we invest heavily in our business, we are always seeking opportunities to optimize the effectiveness of the resources we allocate.

Within sales and marketing, there are two key concepts which are enabling us to be more effective with our commercial investment dollars.

First, Marcel spoke earlier about the Megabrands concept and reducing unprofitable brands and SKU's, which are enabling us to focus our sales and marketing investments in the brands that have scale, brand power and are best positioned to capture growth across our markets.

Second, we are scaling our replicable toolkits such as BEES, digital direct-to-consumer brands and our inhouse marketing agency draftLine across our footprint globally.

We are still exploring how we can fully leverage the customer and consumer insights developed across these platforms and we see clear opportunities in driving both efficiency and increased effectiveness across sales and marketing.

We measure the effectiveness of our commercial investments through brand power and volume growth with consistent improvement across both measures since 2021 for our overall portfolio and for the Megabrands in particular.

In relation to Capex, from 2019 to 2022 we have invested nearly 19 billion US dollars in capex to support execution across our three strategic pillars.

Almost 60% of this capex was invested in growth & technology initiatives, including

- expanding our capacity to meet the growing demand across developing and emerging markets

- investing in capabilities in faster growing premium and beyond beer segments

- And developing digital platforms such as BEES and DTC, that have fundamentally changed our route to consumer and relationship with our customers.

We also continue to invest to optimize our business, improving productivity in our facilities & logistics operations and investing in key sustainability initiatives. Roughly 10% of our capex has been focused on cost efficiency projects across our business.

The next building block of how we think about optimizing resource allocation across our business and translating top-line growth to value creation is our margins so let me take a few minutes to go through the evolution of our margin profile…

Our business's superior margins are driven by our fundamental strengths:

- Our portfolio of iconic megabrands

- Our global scale

- Our unique global footprint and..

- Our efficient operating model

However, over the last couple of years the overall beer industry profitability has been under pressure due to unprecedented commodity and transactional FX headwinds.

And ABI has not been an exception.

As you can see on the left-hand side of the slide, our EBITDA margin compression since 2019 was almost entirely driven by the gross margin decline, as our key input commodities reached near all-time highs.

Further, our basket of emerging and developing market FX exposures depreciated significantly above inflation differentials.

These two factors combined resulted in input cost escalations well above CPI.

Despite the cost pressures we have been disciplined in continuing to price in line with local CPI as this is the long-term pricing strategy that we believe maximizes the value of the beer category.

This dislocation in local CPI versus brewer input cost pressures has primarirly driven the 660bps of gross margin contraction we have seen since 2019.

We cannot control commodity prices or FX movements but we are able to manage our overheads tightly to free up resources to continue to invest in our business despite the elevated cost environment.

Our culture of every day financial discipline and the ownership mindset of our people have enabled efficient overhead management

Over the last 4 years we have meaningfully increased our productivity with our volume per FTE increasing by 9% since 2019.

When you look at our total overhead expenses for the same period it has declined by 1% in US Dollars.

If we compare the evolution of our overhead expenses versus local CPI, we estimate that since 2019 we have saved more than 300 million US Dollars.

The silver lining is that what I’ve just covered shows that the margin decline we’ve seen in recent years is not structural..

And as we move forward, although input costs are still elevated, recently the key commodity and FX rates have begun to ease for the first time in a few years.

Our fundamental strengths, disciplined pricing, continued premiumization and efficient operating model remain the same, creating an opportunity for margin expansion over time.

I know there are many finance professionals with us in the room today, and as I always tell my team cash is king.

The ultimate measure of value creation of a business is the size of the free cash flow generation and the consistency of delivery. When you look at the last four years, despite the dynamic operating environment, and even including the impact of COVID in 2020, our business continued to deliver consistent free cash flow while investing for growth.

When we benchmark our cash conversion and margins across our peers in the CPG landscape we consistently have best-in-class profitability and conversion of net income to free cashflow.

Now let's move on to how we think about robust risk management…

Our risk management framework is an important lever to maximize value creation.

By reducing the uncertainties we lower the cost of capital, mitigate tail risk events and ensure the sustainability of the business for the next 100+ years. We do this by focusing on three areas:

- Cost visibility through our hedging policy

- Actively managing our debt portfolio, and

- Bringing greater efficiency and standardization, with our replicable management systems..

Our 12-month rolling hedging policy is focused on all economically viable exposures and is designed to provide our business with input costs visibility to enable revenue management and strategy planning

With respect to balance sheet management, as you can see on this slide - our debt maturity profile remains well distributed with NO bond maturities in 2023 and NO relevant medium-term refinancing needs.

Our bond portfolio has an average pre-tax coupon of around 4% and 96% of our bonds have a fixed rate, insulated from interest rate volatility and inflation. .

The structure of our debt is a direct result of active choices we have made to minimize risk and manage our deleveraging.

Before we move to efficient capital structure, I’d like to invite Ezgi Barcenas, our Chief Sustainability Officer, to join me on the stage to take you through how Sustainability is integral to our business and is key to both risk management and optimizing resource allocation. .

Ezgi…

Chief Sustainability Officer, Ezgi Barcenas - Optimize the Business-Sustainability

Thank you, Fernando.

Good afternoon, everyone. It’s a pleasure to be here with you today.

For those of you I haven't met yet, my background is in engineering and environment.

Before joining ABI, I worked in public health and international development.

I’ve been with the company for more than a decade.

And I’ve had the honor of serving as the Chief Sustainability Officer for the last two years.

I previously held roles in Corporate Affairs and Procurement, where in 2018 I led the creation and launch of our 2025 Sustainability Goals.

Sustainability is key to optimizing our business for the long-term:

It allows us to manage our risks and costs,

ensure supply security,

and protect our license to operate and grow for the next 100 years.

Our sustainability efforts are centered around three core attributes that are inherent to the beer category:

- Beer is Inclusive, in the types of products we offer and in how we strive to improve livelihoods across our value chain

- Beer is Natural. We are a company based in nature, leveraging nature based solutions to build resilience where it is needed most.

- Beer is Local, with more than 500 local brands in our portfolio across nearly 50 operating countries, the success of these local economies is our success.

And we continue to invest in their well-being and resilience

Today, I want to share with you how we are approaching sustainability at ABI as a fundamental enabler of our strategy.

As I mentioned our value chain is deeply rooted in local communities and natural ecosystems.

From tens of thousands of farmers to millions of retailers to billions of consumers across the world –putting sustainability at the forefront of our value chain helps optimize our business and create shared value.

As you well know, we are a target driven organization and that is no different when it comes to sustainability

We set clear KPIs across our priorities, and we are proud of the progress we are making

Fernando was just talking about our approach to robust risk management.

And part of that risk management is investing in value chain resilience and supply security.

To strengthen and formalize local supply chains, we work side-by-side with farmers in the field:

to improve their productivity through research, crop management tools and agronomic advice.

In 2022, we worked with nearly 24,000 direct farmers to source barley, hops, cassava, sorghum, maize and rice - our six priority crops.

Taking a farmer-centric approach, our agronomy teams work in the field to skill, connect and financially empower 100% of our direct farmers.

When we set this goal back in 2018, we knew that if we put farmers at the heart of our efforts, we'd see impact.

And we did. Let's take Uganda as an example...

•Roughly 40% of ABI's smallholder farmers – close to 10,000 – are in Uganda.

In 2017, we locally sourced approximately 8,000 tons of barley in Uganda.

In 2022, we sourced nearly 30,000 tons from roughly the same number of farmers - with average production per farmer nearly tripling during that timeframe.

In addition to improved productivity and agricultural development in Uganda, sourcing locally rather than importing barley…

gave us an annual excise benefit of over $30 million dollars.

And while these are clear wins for our business, they also speak to the resilience we're building across our supply chains and the broader food systems

In 2022: 89% of our direct farmers globally met our definition of Skilled - with access to approved crop varieties and technical support from our global barley research teams and network of agronomists.

To truly embed sustainability into the business, we set clear goals and work diligently to deliver against them. We build alignment on key priorities and drive progress across the business through shared targets linked to annual variable compensation.

In 2022, over 3,000 colleagues had targets linked to sustainability – from Chiefs, like Fernando and me, to energy and fluids directors, to agronomists and logistics managers.

And this is exactly how we approach Climate Action and our ambition to achieve net zero by 2040....

Shared targets drive our primary strategy, which is deep decarbonization inside our operations. One example of how we do this is through our proprietary Simmer & Strip technology which reduces the amount of energy required for boiling by 80%.

This translates into approximately a 10% reduction in energy costs where implemented.

And now we are using the Simmer & Strip technology across five Zones.

Since 2017, we have reduced our absolute operational emissions (that is Scopes 1 and 2) by nearly 40%, achieving our science-based target to reduce absolute operational emissions by 35% - 3 years ahead of target. This emissions reduction is due in part to decreased energy use, resulting in over $200 million dollars in savings over the last 5 years.

As we decarbonize inside our operations, we continue to share the learnings and best practices with our value chain partners to tackle our Scope 3 emissions.

We rely on replicable toolkits to advance sustainability and scale impact.

Take water for example.

We developed a water risk assessment tool that leverages external data and input from our local teams to review our water risk on a quarterly basis.

We know that water security is local and complex, and there is no single solution.

So, to help our local teams tailor solutions for each high-stress watershed,

we have developed a seven-step watershed management process that drove measurable improvement in six high stress watersheds in 2022.

Inside our four walls, we are aiming to reach global water efficiency of 2.5 hectoliter per hectoliter across our breweries by 2025.

The biggest replicable toolkit for our operations is our VPO management system.

VPO allows us to manage the performance and complexity of our operations from production and environmental metrics to safety KPIs in a disciplined way.

To date, Nanning brewery in China is our most water efficient brewery at 1.1 hl/hl, including reuse of treated effluent within the brewery and local community.

And we continue to benchmark our progress with this and other top-performing facilities.

Between 2017 and 2022 we improved our water efficiency by 14%.

That improvement equates to 16 billion liters of water saved.

Sustainability allows us to innovate and unlock new sources of value.

Our approach to circular packaging is based on four key principles:

Reduce packaging and the need for virgin materials;

Increase the availability and use of recycled content;

Promote the recovery and reuse of packaging; and

Rethink our packaging and distribution models.

And we continue to develop innovative solutions that provide:

- Better price point for the consumer

- Higher margins for us.

- And less impact on the environment.

A recent example of how we are promoting circular packaging is in Brazil

As you heard from Dani this morning,

earlier this year we launched a nationwide returnable bottle campaign that drives increased participation and promotes sustainability

The campaign also leverages Ze Delivery.

And as Lucas mentioned in the DTC presentation, Ze Delivery is the only e-commerce retailer in Brazil that sells returnable glass bottles online - eliminating the consumer friction of carrying bottles back to collection points.

In 2022, 77% of our products were in packaging that is returnable or made from majority recycled content. We also increased the return rate of our two-way bottles by 1.5%,

which translates into more than 600 million bottles saved compared to the year before -

Capturing more than $50 million dollars in value. Beer is a drink of moderation.

Our Smart Drinking initiatives aim to empower consumers with information and choice to make smart decisions while enjoying our products.

We are encouraged by the evolution of the non-alcohol beer segment.

In 2022 we were well positioned to respond to consumer trends, with 30 non-alc brands spanning 42 countries

For example, one of our latest non-alcohol innovations, Corona Cero was launched in 2022 with social norms marketing campaigns across Europe and in Brazil.

Since 2016, we have invested more than $700 million dollars globally in social norms marketing to promote Smart Drinking and moderation.

Since we are here in Mexico, I want to share with you two stories that make me particularly proud of our local teams.

The first is an initiative launched in 2021 called Rebounce – a project that rescues bottles that are lost in the market.

In 2022 alone, the initiative worked with 90 collectors to recover more than 350 million glass bottles...

nearly tripling the number of rescued bottles from the previous year and saving approximately $18 million dollars.

The second is from a trip I made to Apan earlier this year, where our teams are partnering with the local community to help rebalance the aquifer.

As you can see, this is a very arid region.

Together with local partners and GIZ- the German development agency,
we are investing in nature-based solutions to improve the health of the watershed.

It was incredible to stand on one of the recently built gabion dams —
a structure made of rocks that slows the flow of a stream just enough to allow water to naturally seep back into the ground and help decrease soil erosion

I was so moved as I walked through areas where we have planted native species, which have now literally taken root.

These plants were thriving, and we could even see the natural regrowth of other plants a visible indication that the health of the watershed and the ecosystem around it had been improving.

We're humbled about this multi-year partnership and the progress being made...

and are excited about the potential of scaling these learnings as stewards of nature and watersheds.

In conclusion, I want to leave you with five takeaways...

To help future-proof our business and enable our commercial vision we continue to:

- invest in value chain resilience and supply security

- deliver against our goals.

- build replicable toolkits to scale best practices.

- seek opportunities to unlock new sources of value

- and differentiate our category through promoting moderation and choice.

In short, we believe that sustainability is good business

- Thank you for your time, and as always, we welcome your feedback.

With that I would like to hand it back to Fernando to close the Optimize the business presentation …

Fernando…

Chief Financial Officer, Fernando Tennenbaum - Optimize the Business-Wrap Up

Thank you, Ezgi.

As you can see, Sustainability is embedded within our business, and a fundamental component of our strategy to drive long-term value creation.

Both the scale and consistency of our free cash flow generation are relevant drivers of value creation on a standalone basis and when we add an efficient capital structure, there is additional upside to be unlocked.

With the excess cash generated by our business after investing for organic growth we dynamically allocate between our three Capital Allocation Priorities:

Deleveraging, Selective M&A, and Return of Capital to shareholders.

At our last Capital Markets Day we showed our optimal capital structure and also the theoretical curve of value creation to shareholders from deleveraging and that is unchanged.

As you can see here, 2.0x net debt / EBITDA remains the point at which we maximize value, though, approximately 90% of the benefits from deleveraging can be captured as we approach 3.0x.

As result of the value to be created from deleveraging, since 2019 a significant portion of our free cash flow has been allocated towards debt paydown.

In the last 4 years we have reduced gross debt by approximately $32 Billion US Dollars, and we reached 3.5x Net Leverage at the end of 2022.

With our focus on deleveraging, the amount of free cash flow available to return capital to shareholders in the form of dividends and share buybacks has been limited.

However, given the progress we have made on our deleveraging path there has been additional flexibility in allocating our capital, and the 2022 dividend increased.

Going forward, as we move towards 3 times, we believe that there will be continued flexibility

If you look at the output of this dynamic balance of capital allocation over the last few years, while we invested more than 47 billion dollars in the organic growth of our business, we also reduced gross debt by 32 billion dollars reaching 3.5x net debt to EBITDA and increased our dividend to 75 euro cents for the 2022 fiscal year.

Wrapping up, I want to leave you with a few key takeaways.

- Our consistent investments across sales & marketing and capex to support our strategy are driving organic growth

- Our industry leading margins are a result of our iconic megabrands, global scale and unparalleled footprint, and efficient operating model.

- As a result, our business has best-in-class free cash flow generation and cash conversion

- And our Dynamic Capital allocation is another lever that we are actively using to further unlock value creation.

With all of this, even in an ongoing, dynamic operating environment, we are confident, in delivering our medium-term growth outlook of 4-8% organic EBITDA growth.

Thank you for the time and I look forward to continuing to engage with you all today and tomorrow.