

LEAD & GROW THE CATEGORY

Michel Doukeris, Chief Executive Officer

Let's start with our biggest opportunity. Let's talk beer. I know that, like me, a lot of you are beer people. People are passionate about beer. And like everything, people are passionate about politics, sports, music. There are lots of conversations and opinions about beer led by those passions but not by facts. Now, I'm passionate about beer, but I like data and facts just as much. So let me bring some facts to the table.

First, the beer category is inclusive. Men and women across geographies and socioeconomic groups enjoy having a beer with friends. Beer has always been a great equalizer, a firm beverage, accessible to all adults. And in fact, it has the highest penetration of any alcohol category, meaning more people drink beer every day than any other spirits, wines, or alcoholic beverage. Beer is made with simple ingredients processed naturally, essentially, a handful of very simple ingredients brewed with high-quality water. And that's the magic of beer. Beer is fundamentally local. It is made of local ingredients grown by local farmers. It is brewed locally, and it is often a major part of local communities and economies.

Second, beer is loved, resilient, and reliable. All over the world, people are passionate about their favorite beer brands. It is part of human culture. COVID reinforced this truth. During the pandemic, people continued to drink beer and remained loyal to their favorite brands, proving how resilient the category is. And as of year to date, beer revenue is outperforming pre-pandemic levels.

Third, beer is big and profitable. Beer is the largest single category within CPG and the number one driver of CPG growth according to Euromonitor. Finally, there is a lot of conversation around the performance of beer within the alcohol category. Based on the most comprehensive dataset I've seen, covering over 100 countries across all channels, the facts are clear.

Beer has been growing volume and share of throat in the last five years. This is happening across several key markets, like Africa, Latin America, and Asia. And when we compare premium beer and premium spirits growth over the last few years, beer wins, growing almost twice as fast. And it is better positioned to further benefit from premiumization, given its size versus spirits. Given the runway beer has to further premiumize, along with population and per capita consumption growth expected in key beer markets, Euromonitor projects that

beer will grow and gain share of value and volume over the next five years. I want to reemphasize that. Beer will continue to grow volume and share of throat in the years to come.

So recapping it all, the beer category is inclusive, natural, and local. Beer is loved, resilient, and reliable. Beer is big and profitable. And it is growing volume and share of throat. Given our footprint and ecosystem, we are uniquely positioned not only to capture this growth but to accelerate it and expand the total category. We want to move from just being category leaders to leading category growth. These are simple words, but they signal a very powerful shift in mindset and behaviors within our company, from inorganic to organic growth, and from an internal view to a consumer-first mindset. So, how will we do this?

You are familiar with our market maturity model that we shared a few years back, a model that helped us understand how our consumers and category evolved as markets mature. Over the last five years, we've been rigorously refining and evolving that model, leveraging all the data flowing through our vast ecosystem. We've launched many, many pilots and innovations. We've experimented, tested, and learned from our hits and misses. As a result, we are evolving from an outdated market maturity model to a consumer-first data-driven category expansion model. This model takes the best of what is working and focuses on five proven scalable levers that position us to expand not just watch the category.

The first is category inclusivity, attracting more consumers to new occasions by innovating and offering more choices, packages, liquids, and price points to all. Second, core superiority. We continue to strengthen our core portfolio by improving our liquids and packages and democratizing access to premium benefits for the category. Third is occasions development, reaching beyond traditional beer occasions, such as sports to in-home and meals. Next, which comes as no surprise, it is premiumization. As I shared earlier, beer has a great runway, especially relative to other alcohol segments, to drive growth through premiumization. Given our unique capabilities, we can be a leader in this growth. Lastly, Beyond Beer plays a critical role in expanding the category by addressing new and incremental consumer occasions. So five simple but proven levers that, through relentless execution, will position us to lead and grow the beer category, creating a future with more cheers.

I've asked Pedro Earp, our CMO, and Rosie, global VP of strategy and insights, to share more details and examples of how we are activating these levers across our global footprint. Pedro and Rosie, over to you.

Pedro Earp, Chief Marketing & ZX Ventures Officer

Hi. My name is Pedro Earp, and I've been ABI's chief marketing officer since 2019 and also head of ZX Ventures, our disruptive growth unit, since 2015. I've been in the company for 21 years in a variety of roles in marketing, innovation, consumer connections, and also mergers and acquisitions.

For the past years, we have used our global footprint, combined with improved data analytics capabilities, and an agile innovation process, to test and prove initiatives to lead and grow our category. We've undertaken hundreds of experiments globally on what drives category development. Our lead and grow category strategy is a set of proven initiatives to expand the category as markets develop. To be more specific, emerging markets are experiencing fast population growth, but they have low disposable income. Our primary objective here is to make the category as inclusive as possible and ensure we have superior offerings. Developing markets are in fast economic expansion and rising disposable income. Our goal here is to premiumize the category and also expand it through the development of new occasions, especially the in-home. In developed markets, more sophisticated consumers have broader Budweiser needs. Our opportunity here is to attract new consumers to the category by expanding Beyond Beer.

In summary, one, build an inclusive category, two, offer superior core propositions, three, extend beer occasions, four, lead premiumization, and lastly, expand the category with Beyond Beer. These initiatives, combined with our relentless execution during COVID, have been showing positive results and will get us to 2022 and beyond in a position of strength. Now, I would like to invite Rosie Coppiano, our global VP of category strategy and insights, to share in more detail these initiatives and some exciting results.

Rosie Coppiano, Global VP, Category Strategy and Insights

Thank you, Pedro. Hello, everyone. I'm Rosie Coppiano, and I have been with ABI for nine years in a variety of roles across strategy, innovation, and insights,

both in New York and our Middle America zone. Now, let's dive a bit deeper into our category expansion levers.

The first lever in our strategy is making the category more inclusive through revenue management, product, and pack innovation. The opportunity to make the category more inclusive is sizable as around 450 million adults of legal drinking age have limited access to the category today. Since 2017, we have highlighted the use of revenue management, pack price, in new products such as our local crop beer in Africa. Given the success we've seen, we're expanding these initiatives to 10 markets in the Middle America and South America zones. By making the category more inclusive to all, we estimate we could capture an increment of 50 million hectoliters of volume across our footprint. A great example is Colombia, which, through the successful execution of this strategy, reached the highest beer per capita consumption in the country's history in the third quarter. A little later today, my colleague, María Angélica, will describe how we did this. For the past three years, inclusive products have contributed to more than 500 million to our topline, and we're only just starting.

Now, let's talk about core superiority, our second lever. There's still a significant opportunity to gain share within beer through superiority, which we define as superior products, packaging, positioning, in-store and digital activation, and a superior value equation to consumers and customers. Gaining share through superior value equation is not new to ABI. We have a track record of delivering strong commercial results by launching superior innovations that disrupt category codes and democratize access to premium benefits.

For example, the launch of Harbin Ice in China in 2005 was ABI's first flint bottle with national reach and within the core plus segment. Similarly, Michelob Ultra has been the largest market share gainer in the U.S. beer industry since 2016. We achieved this by pioneering low cal and low carb beer. And we did it again with Brahma Double Malt in Brazil, the largest innovation in InBev's history. Since its launch in 2020, Brahma has sold more than 9 million hectoliters, making a top 5 brand by volume. The learnings from these initiatives were synthesized into our core superiority framework. Our Brahma Double Malt proposition is a great example of the framework in action. This proposition has been rolled out across 14 brands in our top 12 markets in 2021 and will continue to be expanded in 2022. For the past three years, according to our estimates, we have gained 90 basis points of beer market share across our

footprint by delivering superiority in product and execution. Let's take a look at some examples and results of core superiority.

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Woman: Brahma Double Malt was launched in Brazil in 2020. The proposition was simple, a superior sessionable lager that leveraged premium codes at a core plus price. The results were outstanding. Brahma Double Malt reflects our core superiority principles. One, superior product. Two, superior packaging. Three, superior positioning and communications that build new quality references to the category. Four, superior retail execution, including in digital. Five, superior value with a leading work perception to consumers and better margins for customers.

The success of Brahma Double Malt validated the strength and scalability potential of the superiority platform. In 2021, we seeded and launched this platform in 12 countries. Altogether, the superiority platform will deliver \$500 million net revenue, with 50% incrementality. We will continue expanding the platform to our top 20 markets in 2022 and beyond.

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Now, on to our third lever, occasions development. No category development strategy would be complete without extending beer into new and growing occasions. Our involved category expansion model gives us a view on how occasions and consumer requirements change in developed markets, and our geographic footprint gives us the opportunity to lead and expand these occasions in developing markets. In 2020, during COVID lockdowns, as consumers had spent more time at home, we saw an opportunity to further develop occasions by leveraging insights from developed markets combined with our data and analytics capabilities to develop a series of communications and direct-to-consumer pilots to elevate beer in meal occasions.

For example, Zé Delivery in Brazil, our beverage courier platform, leveraged its millions of consumer records to gain a deep understanding of how consumers' needs were evolving during the pandemic. Through continuous learning and activation, it was able to quickly expand its coverage, and today, Zé Delivery reaches over 50% of the Brazilian population. In Q3 alone, it sold 15 million orders. That is 50% more orders by September this year than in all of 2020.

Among global premium brands, Stella Artois is our bet in meals occasions. The brand grew in 2020 through programs like Rally for Restaurants even with the

challenges of the untrade globally and has delivered over 20% net revenue growth outside of Belgium year to date, September 2021. These learnings are the basis of Stella Artois meals development program. Let's take a look.

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VO: Food. Not only the biggest and most premium beer drinking occasion, it's also the way we stay connected with family and friends. Which is why Stella Artois and food are a match made in heaven. And to unlock this opportunity, we've defined a clear and incredible role, positioning Stella Artois as the first drink of the meal occasion. Using the pouring of a chalice as a signal that it's time to disconnect from work, set the mood, and not just eat but dine again. And we're betting big with the Start with Stella global trade program, disrupting the in-store experience, and activating in restaurants in key premium precincts.

Secondly, we've got the right innovations to unlock the occasion, like PerfectDraft, which is now in over 270,000 homes across Europe, and Stella Artois Alcohol Free, perfect for the lunch occasion or when you're the designated driver. We've now launched this category expanding product in 8 key markets, with sales up 270% versus last year.

Finally, from product innovation to game-changing retail innovation, like our unique restaurant experience, Frites Artois, and direct-to-consumer platforms such as Zé Delivery, which makes it easier than ever before to put Stella Artois on your table at home. Together, these programs are having immeasurable impact, increasing our overall association with the meals occasion by 3 percentage points and fueling a strong rebound in 2021, with the brand up over 20% year to date in net revenue.

So, are you hungry for more? Well, that's just the taste of the life Artois.

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Premiumization is our fourth and most important lever to drive category growth. We do this by providing consumers an opportunity to trade up through a market-leading portfolio of premium and super premium brands that can address nuanced and diverse needs in these occasions. This portfolio has made ABI the leading brewery in the premium segment, delivering double-digit revenue growth over the last three years and making premium the number one growth driver for our business. Our premium global brand portfolio has been growing revenue at 10% CAGR since 2017.

The next big opportunity within premium is the continued international expansion of Michelob Ultra, building on its success pioneering low carb, low cal beer in the U.S. Globally, as of September, Michelob Ultra has delivered about 26% year on year revenue growth. Outside the U.S., revenue from this brand grew by more than \$200 million over the past 3 years. We will continue its expansion to more than 20 markets in 2022. Let's have a look.

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VO: In 2001 Michelob Ultra broke boundaries. Today it's the number 2 beer brand, and top beer share gainer in America, the fastest growing brand in Canada, consistent strong performer in Mexico. Eight new expansion markets in 2021, exceeding rate of sale benchmarks. Repurchase above 55%. Average net promoter score of 64. The next generation light beer. Twenty-two markets next year. Leading the low carb, low calorie proposition, and an active, balanced lifestyle, with proven global platforms. The time is now to bet big. It's only worth it if you enjoy it.

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Our last lever is Beyond Beer. Beyond Beer expands the category by tapping into consumers and occasions in which beer is under indexed. Beyond Beer products tackle perceived beer barriers like bitterness, masculinity, and high carbs. To win in Beyond Beer, we are focused on the fastest-growing segments where we can leverage our core supply, logistics, and route to market capabilities. The first is flavored alcoholic beverages or FABs, like Mike's Hard Lemonade, which has doubled in size since 2019. Another is Hard Seltzer, including NÜTRL in Canada, Bud Light Seltzer in the U.S., and Michelob Ultra Seltzer in Mexico. And lastly, canned cocktails, led by Cutwater, which has been growing in the U.S. year to date at twice the rate of the segment. This year, we're on track to double the size of our Beyond Beer portfolio to be about \$1.5 billion of annual net revenue. We'll build on the success by expanding this portfolio to reach 65 markets in 2022.

Our category expansion model relies on strong partnerships with our customers. Key to building these partnerships is an evolved retail category strategy anchored in the deep understanding of consumers, shoppers, and occasions enabled by data and analytics capabilities. A great example of this is The Vault, a customer collaboration center in the U.S., which reflects our commitment to growing the category. Let's hear about it from Amanda Tilley, U.S. VP of category leadership.

Amanda Tilley, VP, Category Leadership

Thanks, Rosie. We've been on a journey here in the U.S. over the last three years to transform our category capabilities. The goal is to elevate both our strategic plans with our wholesalers and ABI's position as the trusted partner to our retailers, driving growth across total alcohol and the beer category as a whole. Key to this strategy has been the creation of our retail category strategy, which powers our category thought leadership across total alcohol, and we're ready to take this to the next level.

The Vault is our game-changing customer collaboration center located within building number 1 in the famous Budweiser Brewery in St. Louis. Once an old schoolhouse, this building is one of the most iconic story buildings on the Anheuser-Busch Brewery campus. It was first a place of learning. Then a hub for innovation. And now, in its third act, it has been transformed into an immersive collaboration experience for our retail partners across the U.S.

Powerful forward-leaning insights across consumers, shoppers, and occasions are at the core of our retail category strategy. Encapsulated in The Vault, these capabilities become the epicenter where our commercial portfolio and category strategies are brought to life. Insights, analytics, and leading-edge technologies converge as we collaborate with our retail partners to design the future of alcohol. It's my privilege to introduce to you The Vault.

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Welcome to The Vault - at Building No. 1. Insights, analytics, leading-edge technology, enhancing business partnerships. Create change. Lead future growth. Together.

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Our discussions with our retailers are not limited to our PowerPoint deck or presentations in a conference room. We have conversations dealing with supply chain and store-level operational issues that drive their business. Touching, feeling, and tasting our new products while they're still in development. Collaborating with our brand teams and providing transparency on strategies to jointly deliver above-average category growth together. This approach to joint strategic planning resulted in participating retailers in the 2021 U.S. Advantage survey rating ABI as the number one alcohol supplier across all retail sales capabilities and number one in the total consumer packaged goods industry.

The Vault provides us with an enhanced environment to have our retailers fully commit the time to collaborate with us in an elevated way. We're excited to continue to develop and expand the category together and lead future growth.

Pedro Earp, Chief Marketing & ZX Ventures Officer

Thanks, Amanda. While you're still early days implementing the strategy, we're enthusiastic about early results. Our topline has been accelerating, the category has been gaining share of throat globally, and we are gaining significant share within beer even in some of our key markets, like Brazil, Mexico, Canada, and South Africa. We have been clear globally with innovation, our rolling 36-month share of innovation growing over 6 percentage points in 2021, with a clear acceleration in the last 12 months.

In conclusion, we are in a growing and vibrant category, and we still have many opportunities to lead and expand it. We're enthusiastic about the early results of our strategy and excited about the prospects of continuing to lead and expand the category for years to come. Thank you.

Michel Doukeris, Chief Executive Officer

Thank you, Pedro and Rosie. To reinforce what we had said here, beer is a profitable and exciting category, projected to grow volume and share of throat over the next five years. Based on our footprint, we have a unique opportunity to not only capture this growth but lead and grow the category above expectations. Our evolved category expansion model, with repeatable and proven levers, is how we plan to do it. This is compelling on its own, but we can make it even better by digitizing and monetizing our business, which is our second strategic priority. Before we jump in, let's have a quick break.