

A close-up photograph of several green hop cones, which are the flowers of the hop plant used in brewing. The cones are a vibrant green color and have a textured, scale-like appearance. They are arranged in a cluster, with some in sharp focus and others blurred in the background.

CERVEJARIA ambev

1Q19 Results
May 7, 2019

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This presentation segregates the impact of organic changes from those arising from changes in scope or currency translation. Scope changes represent the impact of acquisitions and divestitures, the start up or termination of activities or the transfer of activities between segments, curtailment gains and losses and year over year changes in accounting estimates and other assumptions that management does not consider as part of the underlying performance of the business. Organic growth and normalized numbers are presented applying constant year-over-year exchange rates to exclude the impact of the movement of foreign exchange rates.

Unless stated, percentage changes in this presentation are both organic and normalized in nature. Whenever used in this document, the term “normalized” refers to performance measures (EBITDA, EBIT, Profit, EPS) before special items adjustments. Special items are either income or expenses which do not occur regularly as part of the normal activities of the Company. They are presented separately because they are important for the understanding of the underlying sustainable performance of the Company due to their size or nature. Normalized measures are additional measures used by management and should not replace the measures determined in accordance with IFRS as indicators of the Company’s performance. Comparisons, unless otherwise stated, refer to the first quarter of 2018 (1Q18). Values in this presentation may not add up due to rounding.

Financial Highlights 1Q19

+13.7% Net Revenue

+7.5% Net Revenue per hL

+5.7% Volume

+16.4% EBITDA

+100 bps EBITDA Margin

+6.2% Normalized Net Profit



Beer Brazil

1Q19 Financial Highlights

Revenue +15.4%

Revenue per hL +3.7%

Volume +11.3%

Industry growth of low single digits, according to Nielsen

Cash COGS/hL +24.0%

Driven mainly by aluminum and barley prices

Cash SG&A +3.1%

Variable compensation accruals, which we didn't have in 1Q18, partially offset by initiatives on non-working money expenses

EBITDA +5.4%

Margin **contraction of 400bps** to **42.0%**

Excluding variable compensation accruals, EBITDA growth was approximately **7.0%**



Brazil NAB

1Q19 Financial Highlights

Revenue +25.1%

Revenue per hL +7.6%

Volume +16.3%

Industry growth of low single digits, according to Nielsen

Cash COGS/hL +4.7%

Higher aluminum prices partially offset by lower sugar prices and operational leverage

Cash SG&A +17.3%

Variable compensation accruals and higher distribution expenses related to volume growth, partially offset by savings in non working money as well as phasing of sales and marketing expenses

EBITDA +31.9%

Margin **expansion of 170bps to 33.6%**



Central America and the Caribbean

1Q19 Financial Highlights

Revenue +12.7%

Revenue per hL +3.3%

Volume +9.1%

Cash COGS/hL +8.5%

Additional temporary costs in order to supply the market in Panama with no disruption after continued strong volume evolution since 2017

Cash SG&A +1.1%

Below the average inflation in the region, with pressures being partially offset by initiatives related to non-working money expenses

EBITDA +14.4%

Margin **expansion of 50bps to 39.5%**



Central America and the Caribbean

1Q19 Commercial Highlights



Dominican Republic

In the core segment, we continued to invest in our trade programs, strengthening our connection with consumers through commercial platforms and occasions, such as carnival, to further enhance **Presidente** brand.



Panama

We keep investing in the trade execution with our main brand, **Atlas Golden Light**, and being present in the key selling moments in the country such as Atlas Golden Fest and Carnival, in which we promoted our full portfolio.



Premiumization

Roll out of our premiumization strategy in the region, developing our brands **Corona**, **Stella Artois**, **Modelo** and **Budweiser** through a customized execution both for the on-premise and off-premise and in key selling moments, such as a Corona execution in Carnival in Panama.

Latin America South

1Q19 Financial Highlights

Revenue +14.5%

Revenue per hL +27.1%

Volume -10.6%

Cash COGS/hL -4.7%

Mostly driven by favorable FX hedges

Cash SG&A +19.0%

Mainly driven by inflation in Argentina

EBITDA +36.5%

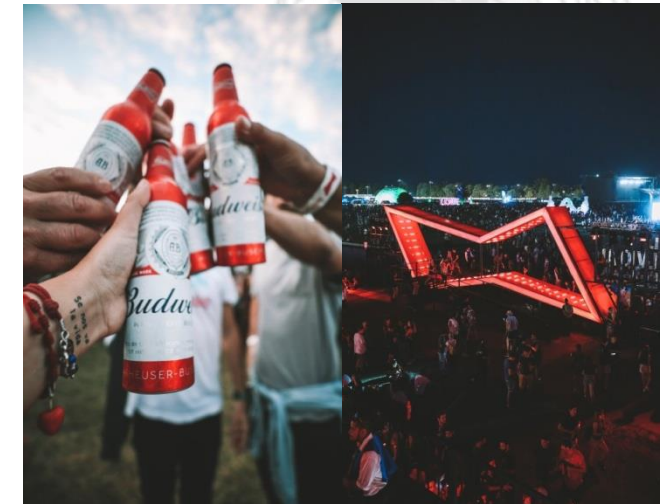
Margin **expansion of 820bps to 47.6%**



Latin America South

1Q19 Commercial Highlights

- In Argentina, we maintain our strategy of **differentiating the core**.
 - For **Quilmes**, our classic lager, we launched its proprietary bars “Los Clásicos de Quilmes”.
 - For **Brahma**, the summer campaign reinforced its positioning as our **easy drinking lager**.
- In the **core plus segment** in Argentina, **Budweiser** embraces music, sponsoring Lollapalooza, and **Andes Origen** continues to offer liquid variety.
- Our **premium portfolio** continues to show promising results in the whole region. In Argentina, we focused on better world: Stella Artois in favor of the Water cause, and Corona focusing on plastic.



Canada

1Q19 Financial Highlights

Revenue -3.1%

Revenue per hL +1.2%

Volume -4.3%

Mostly driven by a slowdown in the beer industry

Cash COGS/hL -1.9%

Mainly explained by an easy comparable in 1Q18

Cash SG&A -6.0%

Driven by phasing of sales and marketing expenses

EBITDA +6.5%

Margin **expansion of 230bps** to **25.4%**



Canada

1Q19 Commercial Highlights

- In the **core and core plus segment**, Michelob Ultra remains the fastest growing brand in Canada and **Bud Light** has maintained its momentum.
- In the **premium segment**, our portfolio grows ahead of the industry. Corona leads the way, supported, for the first time, by a 360° winter campaign, “Corona Sunsets Winter Tour”.



1Q19 Financial Results

Net Financial Results totaled an **expense of 672 million reais**, **12.2% higher** than in 1Q18.

Financial Results (R\$ Million)	1Q19
Interest Income	135
Interest Expenses	-392
Derivative Instruments	-195
Non-derivative Instruments	-111
Taxes on Financial Transactions	-54
Other	-153
Impact of Hyperinflation Accounting	97
Total	-672



Strategic Platforms



BRAZIL BEER

Strategic Platforms

Category Framework & Portfolio Strategy



**Premiumize
at Scale**



**Differentiate
the Core**



**Drive Smart
Affordability**



Sustainability



**Drive Operational
Excellence**

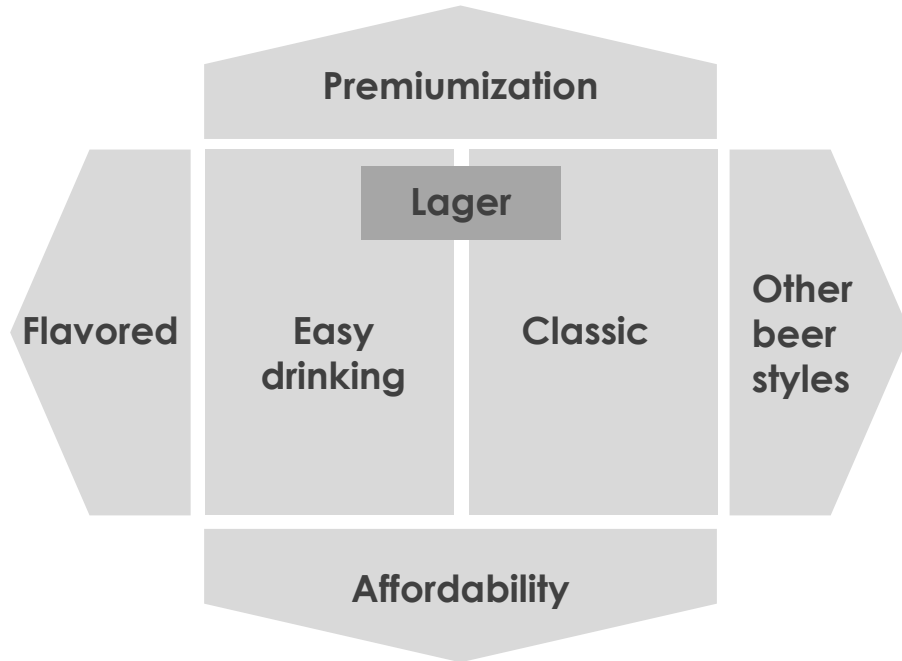


**Business Transformation
Enabled by Technology**

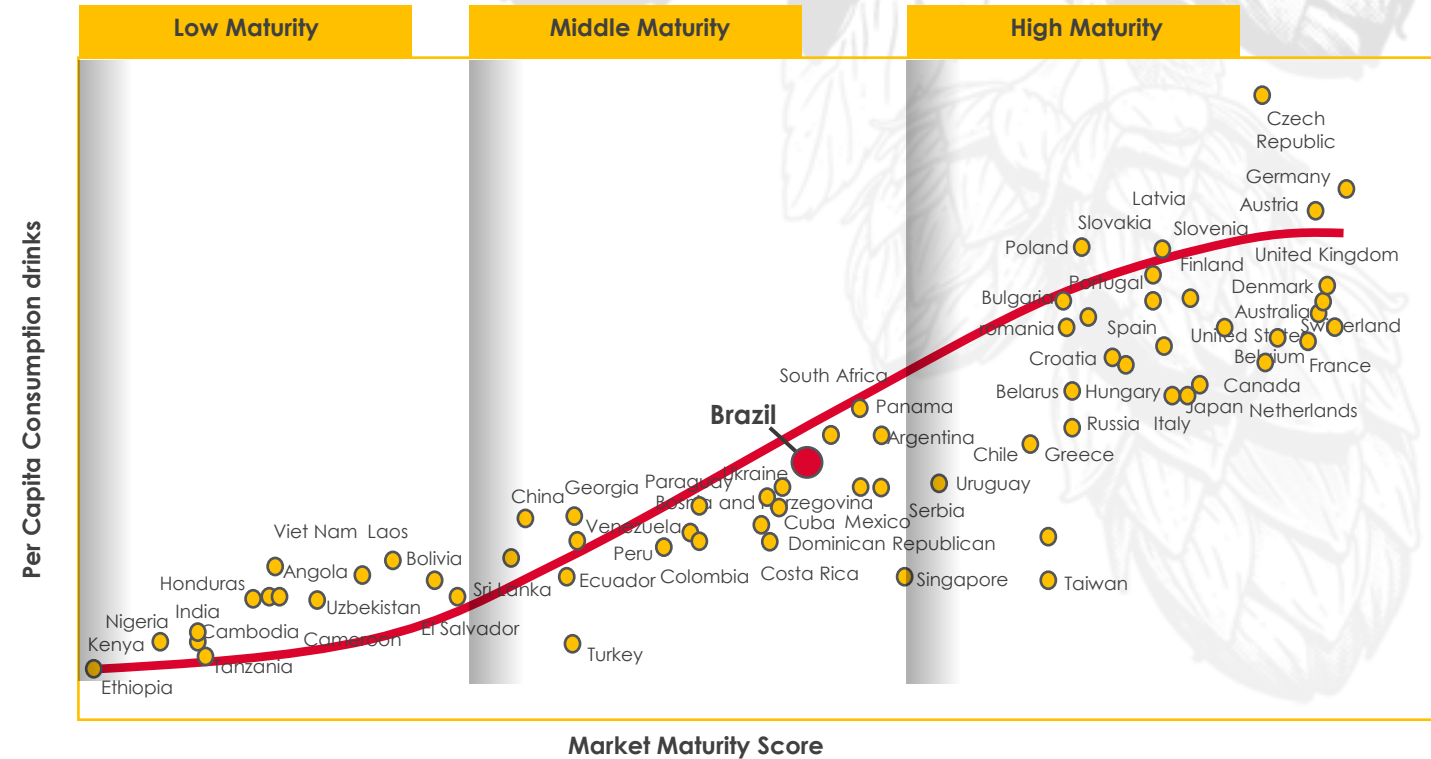


Category Framework & Portfolio Strategy

Category Expansion Framework



Market Maturity Model*



We use the Category Expansion Framework and the Market Maturity model
to define the correct portfolio mix and strategies for each region

*Market maturity model updated 2017 – Canback, WHO, Plato, Euromonitor, Canadean

Premiumize at Scale

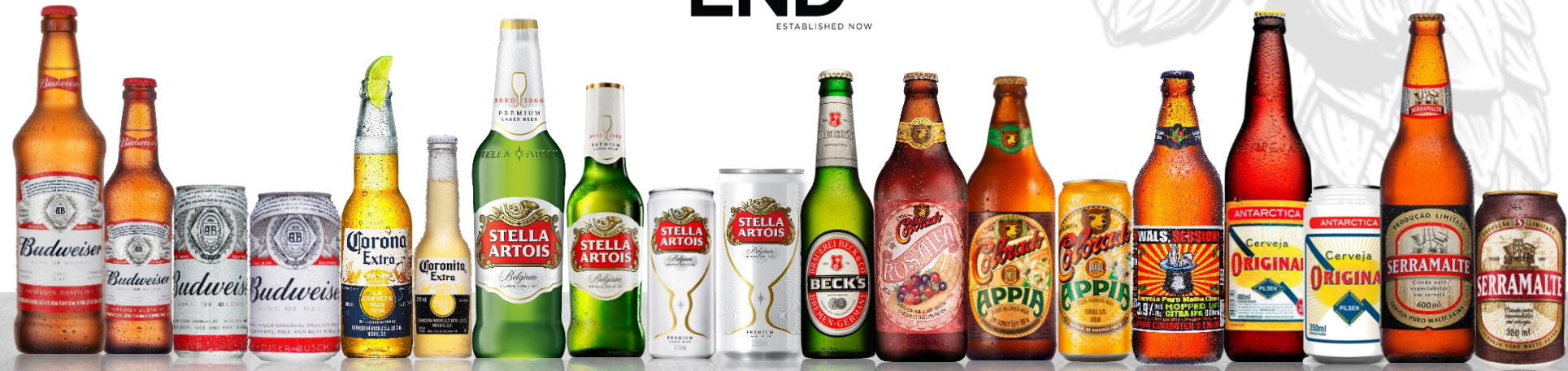
We are certain that the premium market is a portfolio game

BEFORE



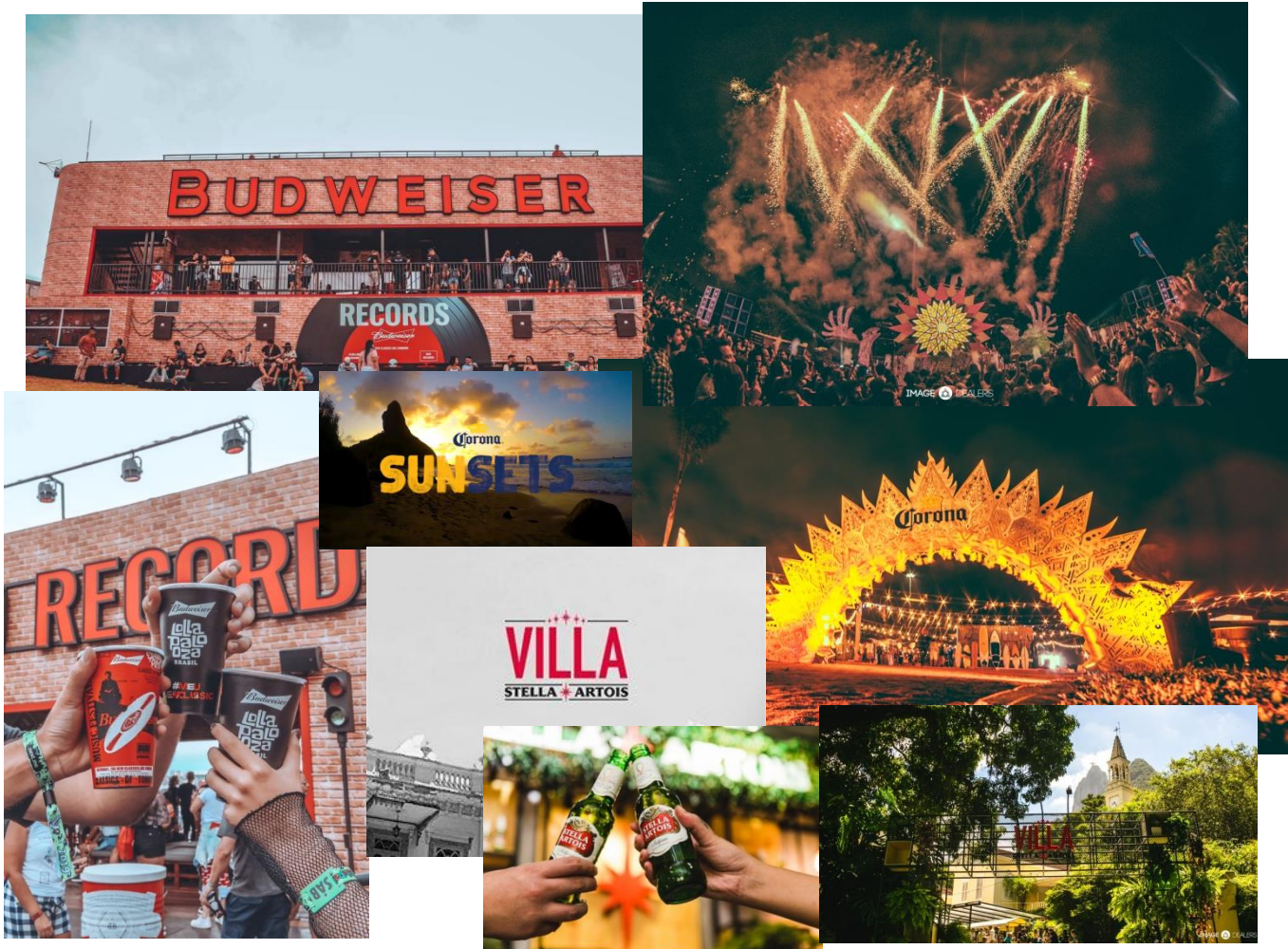
WHAT WE'VE DONE

THE
HIGH
END
ESTABLISHED NOW



Premiumize at Scale

Occasion and Brand Experience



1Q19 Highlights



Global Brands Volume:
+50% vs 1Q18



Gaining market share in the
past consecutive quarters



Corona more than doubled
its volume vs 1Q18

We made transformational investments in our core segment in the past years

WHAT WE'VE DONE

SKQL
Family

BOHEMIA



Differentiate the Core

SKOL
Family

- Easy Drinking Lager
- Drinkability
- Innovation and Youth



BRAHMA
Family

- Classic Lager
- Beer Expertise
- Heritage



Drive Smart Affordability

PACKAGING



REGIONAL BRANDS



Sustainability



Water

Water efficiency is an ongoing quest. Over the last 20 years our consumption index was reduced by 50%



Climate Change

2025 target to have all electric energy from renewable sources



Agriculture

Global program to digitally connect farmers with the company



Entrepreneurship

100+ Accelerator, boosts startups that develop solutions to foster sustainability



Packaging

Returnable Glass Bottles and in our bottles factory 50% of the raw material is recycled glass



Smart Drinking

Educate consumers on smart drinking and help increase road safety



AMA, our mineral water launched in 2017, reverts all the profit to projects of potable water access in the Brazilian semi-arid



VOA, an internal consulting company with voluntary participation of our people, was created to help NGOs optimize their processes, budgets, as well as manage people and careers

Drive Operational Excellence

Excellence Programs

Ensure consistent quality and share **best practices**



breweries



logistics



sales



shared services center

Continuously pursuing **operational excellence** that delivers both **efficiencies and quality**

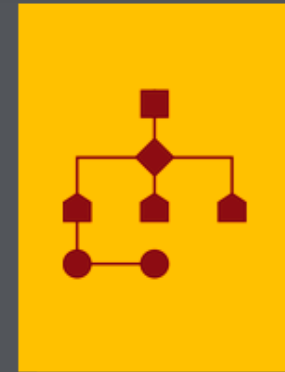
Client Service



Wherever is Brazil, there has to have **ambev**



Net Promoter Score



Predictive requests algorithms with the use of **machine learning**

Business Transformation enabled by Technology

Big Data

Big Data and sales algorithm fueled by machines learning to provide the ideal portfolio, enabling the sales team to focus on customer experience

parceir6
ambev

B2B

Enabling time to our sales team to focus even more in costumes experience

Investment in Technology

Internalizing technology knowledge and expanding tech support to more areas of Ambev

draftline®

Digital Content Bureau

Establishing a closer relationship with our consumers, in a more personalized way and with scale

A long row of various beer bottles and cans, including Budweiser, Corona, Stella Artois, Beck's, and others, displayed against a white background. The collection includes several Budweiser bottles and cans, Corona Extra bottles, Stella Artois bottles and cans, Beck's bottles, and a variety of other brands like Appia, Indica, Demoiselle, Cerveja, and Serramalte. The bottles are arranged in a single row, showing a wide variety of beer packaging and branding.

