

# Asahi Beverages – Oceania

## AGH Investor Presentation

June 2021

## Introduction to Asahi Beverages Oceania



# Over the past decade, Asahi Beverages has built the leading beverages portfolio in Oceania and is well positioned for future growth

## 1. “Establishing the foundations” 2009 – 2013

- Established footprint in Australia through acquisitions including:
  - Schweppes
  - The Better Drinks Co
  - Independent Liquor New Zealand



## 2. “Getting in shape” 2014 – 2018

- Further **growth through craft acquisitions** and **beverage partnerships** which extended reach in RTDs and premium international beer
- **Major operational improvements** –site consolidations and upgrades, shared services, business simplification



## 3. “Accelerating our growth” 2019 and beyond

- Acquired Australia’s leading alcohol beverages business **Carlton & United Breweries (CUB)**, doubling the size of the Oceania business
- Established the **Alliance for Growth program to integrate CUB** and **transform the region’s operating model**



# Asahi Beverages is the Regional Hub for Oceania

## Regional Hub accountabilities



Governance and Oversight



Strategy

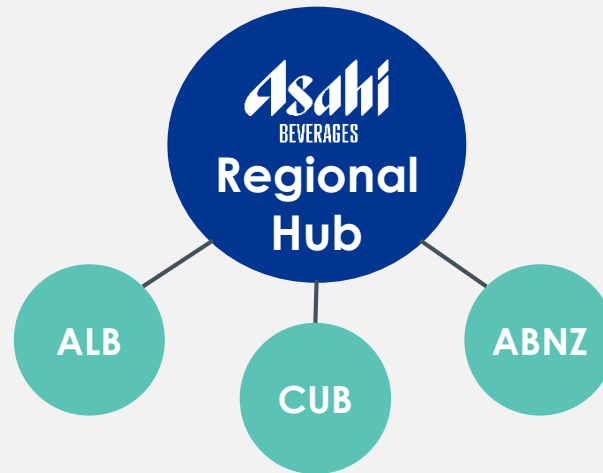


Regional Corporate Services



Mergers & Acquisitions

- As the **Regional Hub**, Asahi Beverages sets **the strategy, providing guidance and support to its operating business divisions** in Australia and New Zealand, with each Business Division reporting into the regional hub.
- The Regional Hub considers **investment decisions across Business Divisions** to generate optimal shareholder returns.
- With operational and financial accountability residing with our business divisions, our **regional model allows Business Divisions to flourish** while ensuring that the **benefits of** belonging to a larger **corporate group are fully realised**.



# Australia & New Zealand Overview – A stable, mature market with attractive economic conditions and growth prospects



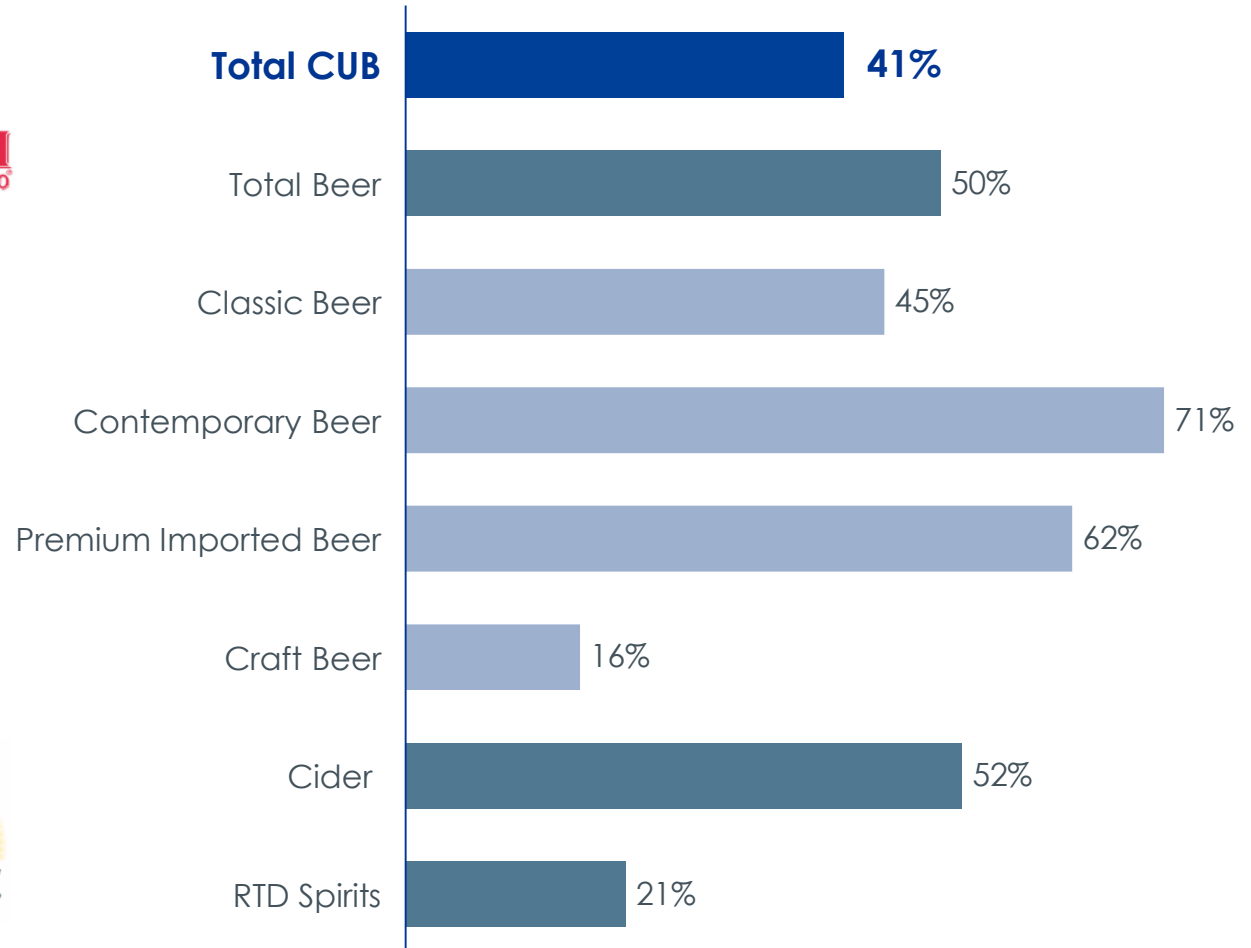
- **Area Size**
  - Australia: 7.7 million km<sup>2</sup> (~20x Japan)
  - New Zealand: 0.27 million km<sup>2</sup> (~3/4x Japan)
- **Stable population base**, heavily concentrated in populated capital cities
  - Australia: 25.7 million
  - New Zealand: 5.1 million
- **Off-premise market is** highly concentrated by world standards

# Business Division Overview: Carlton & United Breweries (CUB)

## KEY BRANDS



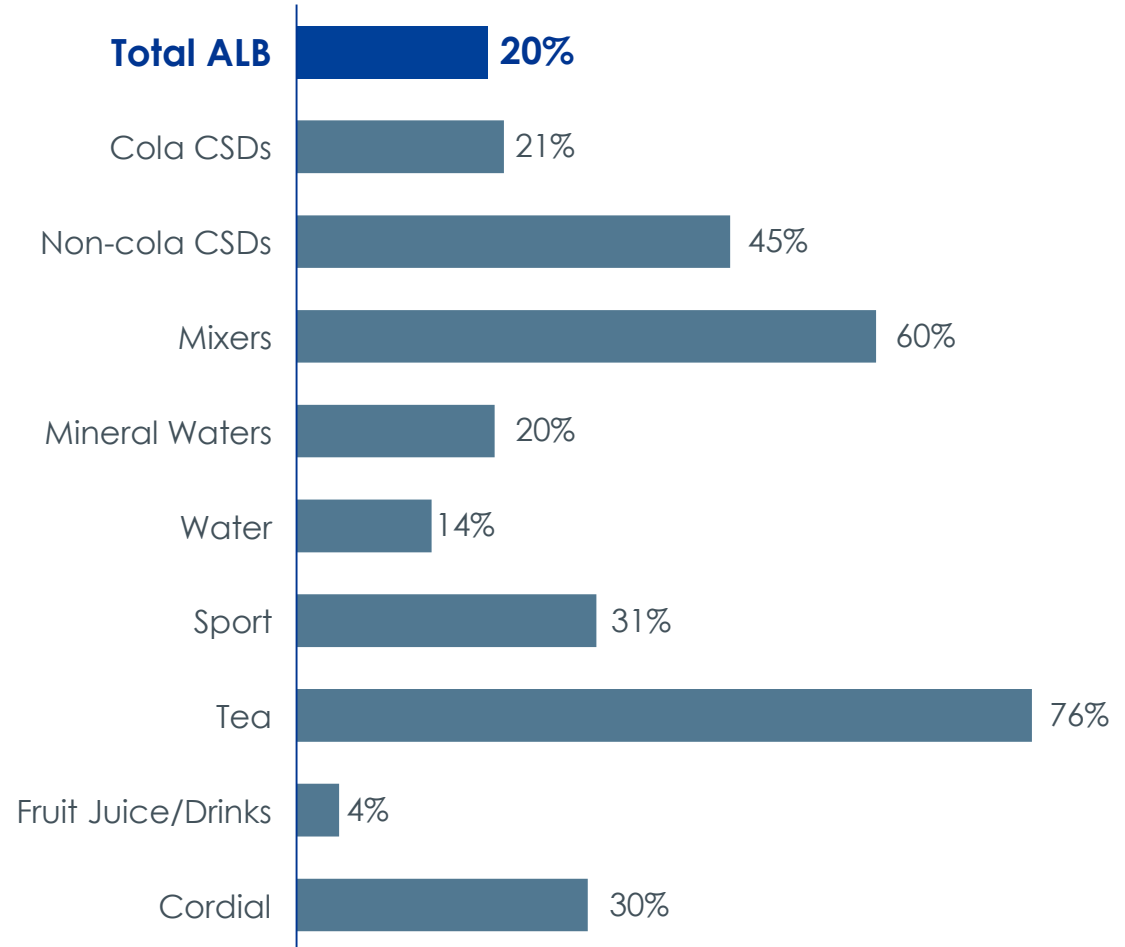
## CUB MARKET VALUE SHARE



## KEY BRANDS



## ALB MARKET VALUE SHARE

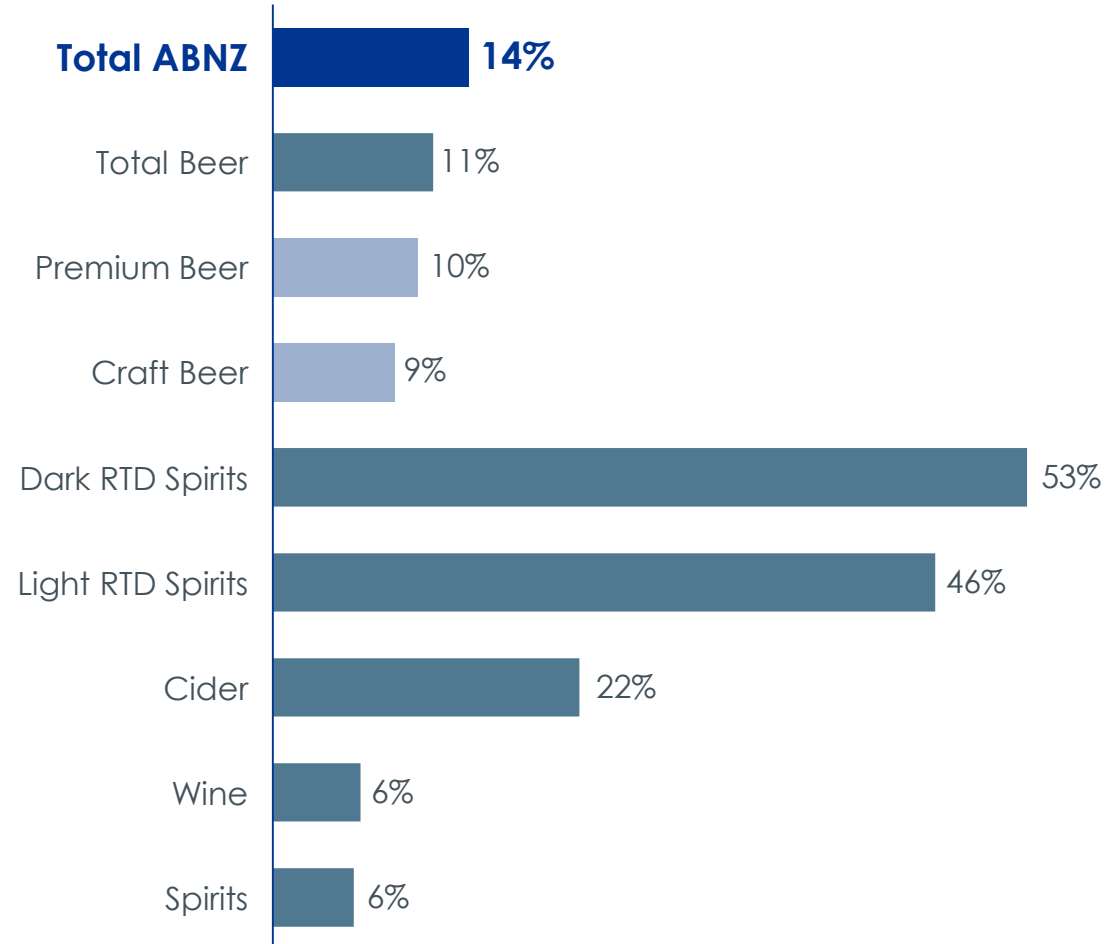




## KEY BRANDS



## ABNZ MARKET VALUE SHARE





# Asahi Beverages Oceania Region Executive Leadership Team

## Asahi Beverages Oceania Region



**Robert Iervasi**  
Group CEO,  
Asahi Beverages  
Regional Hub

## Asahi Beverages Business Divisions



**Peter Filipovic**  
Carlton and United  
Breweries,  
Chief Executive  
Officer



**Nigel Roberts**  
Asahi Lifestyle  
Beverages,  
Chief Executive  
Officer



**Andrew Campbell**  
Asahi Beverages  
New Zealand,  
Chief Executive  
Officer

## Group Supply Chain

## Group Human Resources

## Group Finance

## Group Procurement & Sustainability

## Group Digital, Technology & Shared Services



**Sandra Gibbs**  
Group Chief Supply  
Chain Officer



**David Clark**  
Group Chief Human  
Resources Officer



**Amanda Sellers**  
Group Chief  
Financial Officer



**John Tortora**  
Group Chief  
Procurement &  
Sustainability Officer



**Kellie Barnes**  
Group Chief  
Information Officer

## Asahi Beverages Oceania Strategy

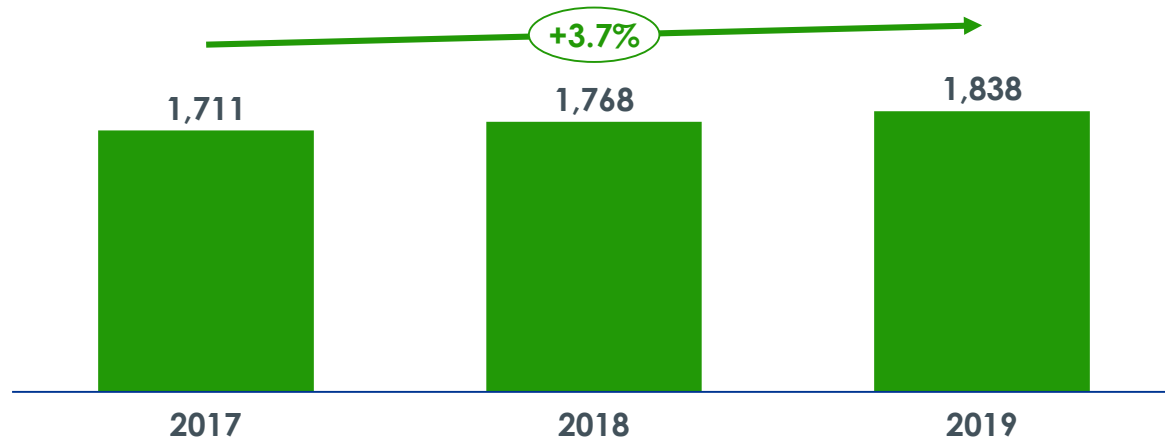


# Asahi Beverages experienced strong commercial growth prior to COVID-19 across the business, with Business Income CAGR of +11% from 2017-2019

## Historical Net Sales Value (NSV)\*

2017 – 2019, \$AUD million

■ Net Sales Value



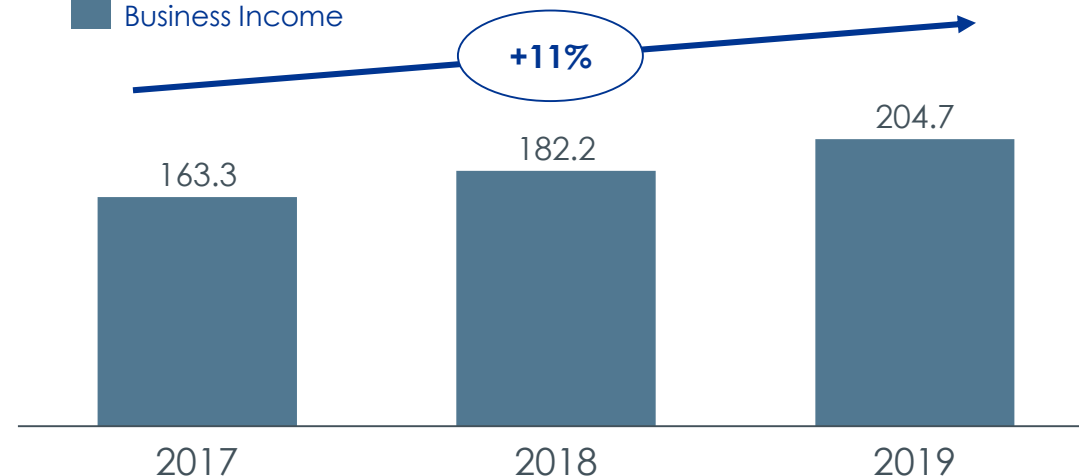
### Top-line growth consistent, demand resilient during pandemic

- Strong growth in revenue between 2017-19
- Combined Australian CUB and legacy Asahi alcohol business NSV down in 2020 versus 2019 due to strict lockdowns experienced in Australia and New Zealand, especially in Victoria
- ABNZ maintained strong growth in 2020

## Business Income performance

2017 – 2019, \$AUD million

■ Business Income



### Strong profit growth to 2019, pandemic impacts to 2020 Business Income

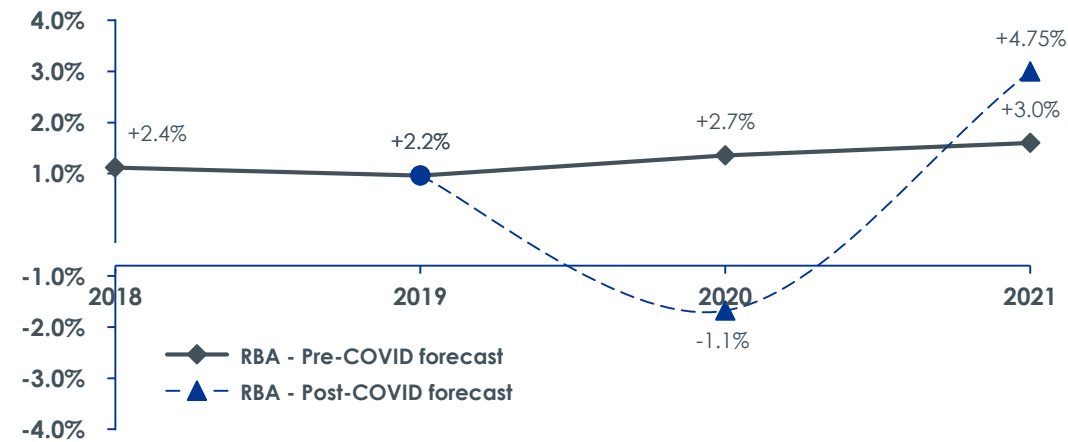
- Business Income (BI) increased between 2017 and 2019, with CAGR of 11%
- 2020 pandemic impacts affected returns from the region, with Business Income declining from 2019 levels
- Profit delivery of the last few years has significantly out-performed major peers in the Oceania region

# 2020 has seen a COVID-19 linked recession with a strong rebound now occurring in 2021. Outlook remains attractive in the long term, supported by moderate population growth

## Projected GDP growth, adjusted for COVID-19

Growth % p.a., 2018-2021 (Adjusted for projected COVID-19 impacts)

Source: Reserve Bank of Australia



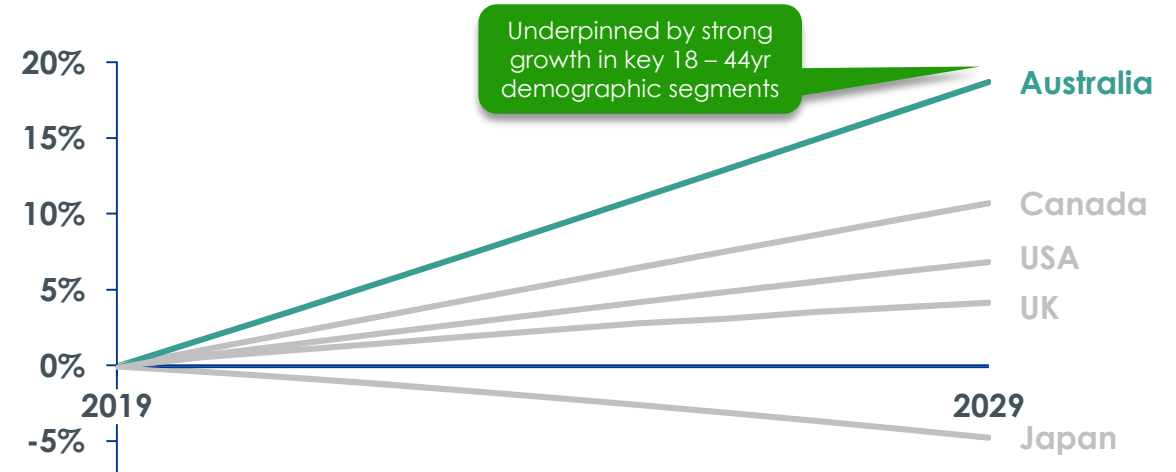
## Recessionary environment in 2020, but strong recovery being observed in 2021

- Australia entered a recession in 2020 due to the COVID-19 shutdown
- Gross Domestic Product (GDP) contraction of 0.3% in March 2020 quarter, 7% in June 2020 quarter, followed by a 3.4% rise in the September 2020 quarter and a 3.1% rise in the December 2020 quarter
- Expectation is that GDP has returned to pre-pandemic levels in the March 2021 quarter

## Projected population growth of developed economies

10 year expected total % population change (indexed to 2019)

Source: See footnote



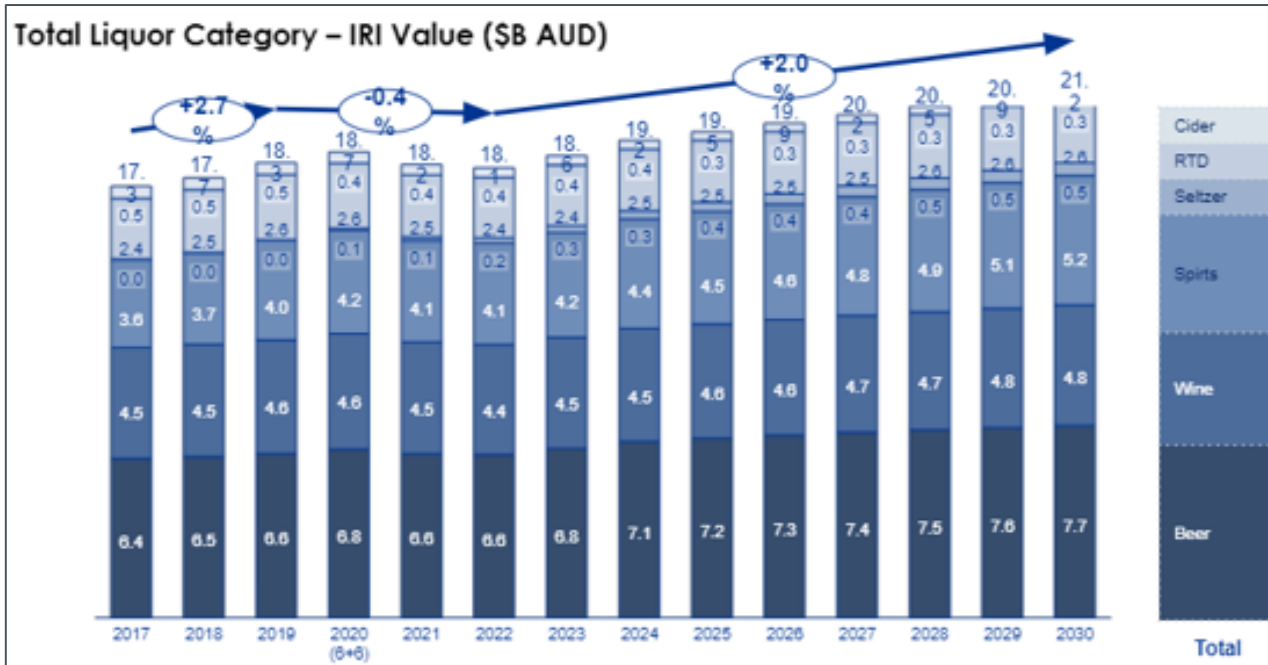
## Strong outlook for Australian population growth

- Current population of 25.7 million
- Current annual growth of ~1.5%
- 60% of growth from Net Overseas Migration (40% natural increase)
- Projected growth significantly exceeds other developed economies

# The alcohol category is expected to recover following a challenging 2020 due to COVID-19 recessionary impacts, with growth supported by ongoing industry trends

## Projected alcohol category growth

Australian market<sup>1</sup>, value by category, \$AUD billion



## We expect post-pandemic growth to continue to be fuelled by existing consumer mega-trends

- COVID-19 shutdowns and the related recessionary environment slowed some categories / channels across 2020 and early 2021, particularly on-premise alcohol sales
- However, key alcohol beverage sector trends that supported pre-COVID growth are expected to continue and **provide opportunities for recovery** – particularly those with the scale & speed to move quickly
- Asahi Beverages' **market-leading portfolio is well placed** to harness opportunities as the economy and beverages sector begin to recover
- Specifically, **acceleration of the key health and wellbeing trends is expected to continue**, with Asahi Beverages' low-ABV / non-beer products (e.g. seltzer) positioned to capture growth
- Innovation will also be central to growth as **consumer preferences and 'occasions' shift to reflect a 'COVID Normal'** (e.g. channel shifts such as home dining, increased focus on outdoor entertaining and picnics, reduced frequency of large-crowd events)



# Our Mid Term Plan and Business Division strategies have been developed with a strong consideration of broader macro and value chain trends impacting our business

## CONSUMER TRENDS SHAPING OUR INDUSTRY



### HEALTH & WELLNESS

Consumers are becoming more health conscious, with 48% of Australian & NZ consumers stating that 'healthy / good for me' is a more important purchase criteria<sup>1</sup>. This trend has driven demand in categories with lower sugar, calorie and alcohol content e.g. Seltzers, Kombucha.



### ECOMMERCE

COVID-19 has accelerated eCommerce adoption, with 39% of consumers stating they will shop more online for products previously bought in store<sup>1</sup>. Manufacturers can benefit by building omnichannel category management capability and direct-to-consumer platforms.



### DATA-DRIVEN DIGITAL MARKETING

Building a data-led understanding of consumers can support brand health and cutting edge NPD insights. Acquiring proprietary insights via owned eCommerce platforms can create competitive advantage.

## TRENDS AFFECTING OUR VALUE CHAIN



### LAST-MILE LOGISTICS PRESSURES

FMCG businesses are seeking direct to store arrangements, splitting last mile logistics savings with key customers. Growth in eCommerce means last mile cost control can be a source of competitive advantage (by offering lower delivery costs to consumers)



### PRODUCTION FLEXIBILITY

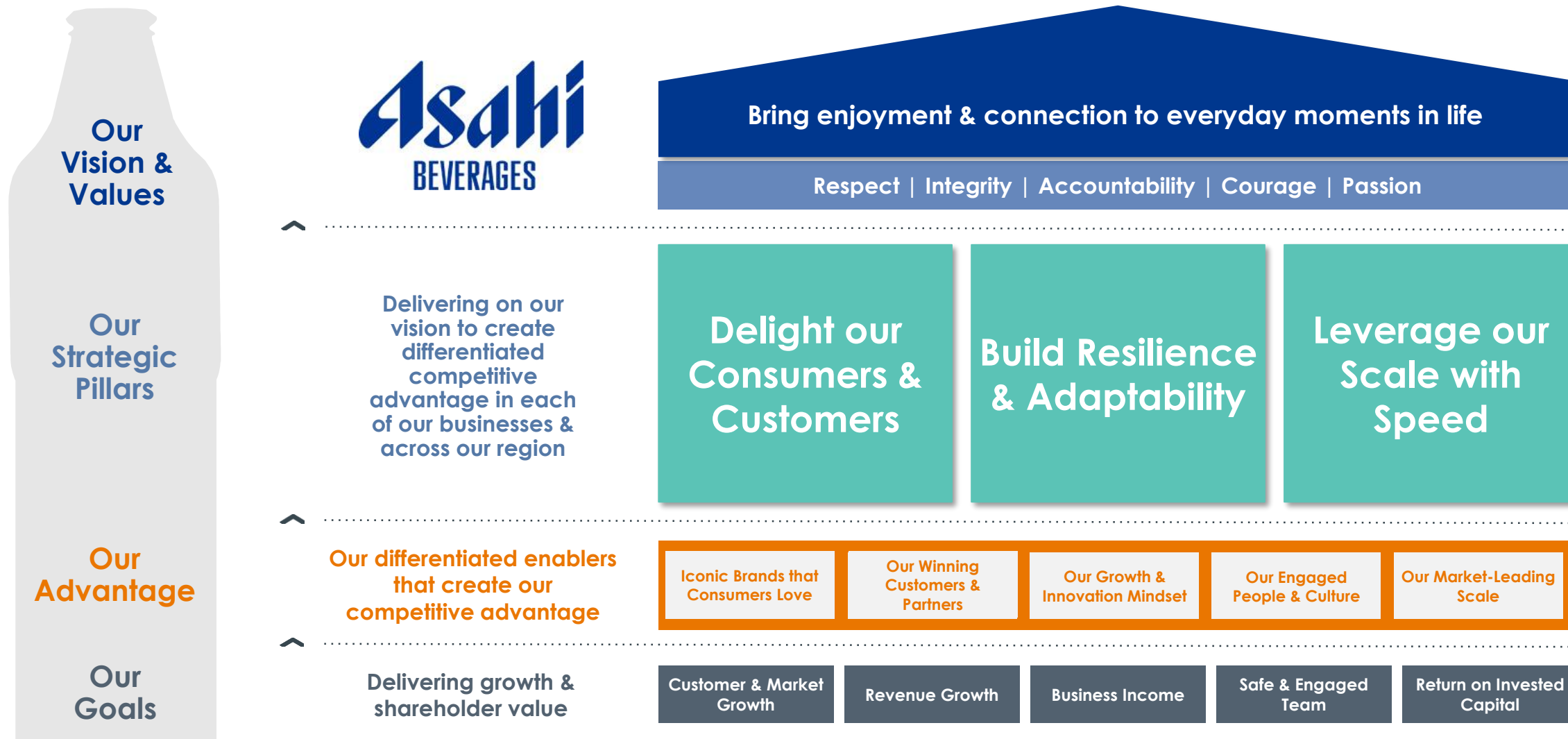
Increased pace and extent of changing trends requires more adaptive production capability. This in turn helps reduce capital intensity of launching new products and helps reduce reliance on co-packing.



### ETHICAL CONSUMPTION

With increasing environmental concerns and consumers demanding more sustainable products, businesses are investing in sustainability initiatives (e.g. reducing plastic) and commercialising by-products to reduce waste

# Our refreshed Vision & Strategy addresses the same values & principles as our Group AGH Philosophy, adapted to reflect our regional business and priorities





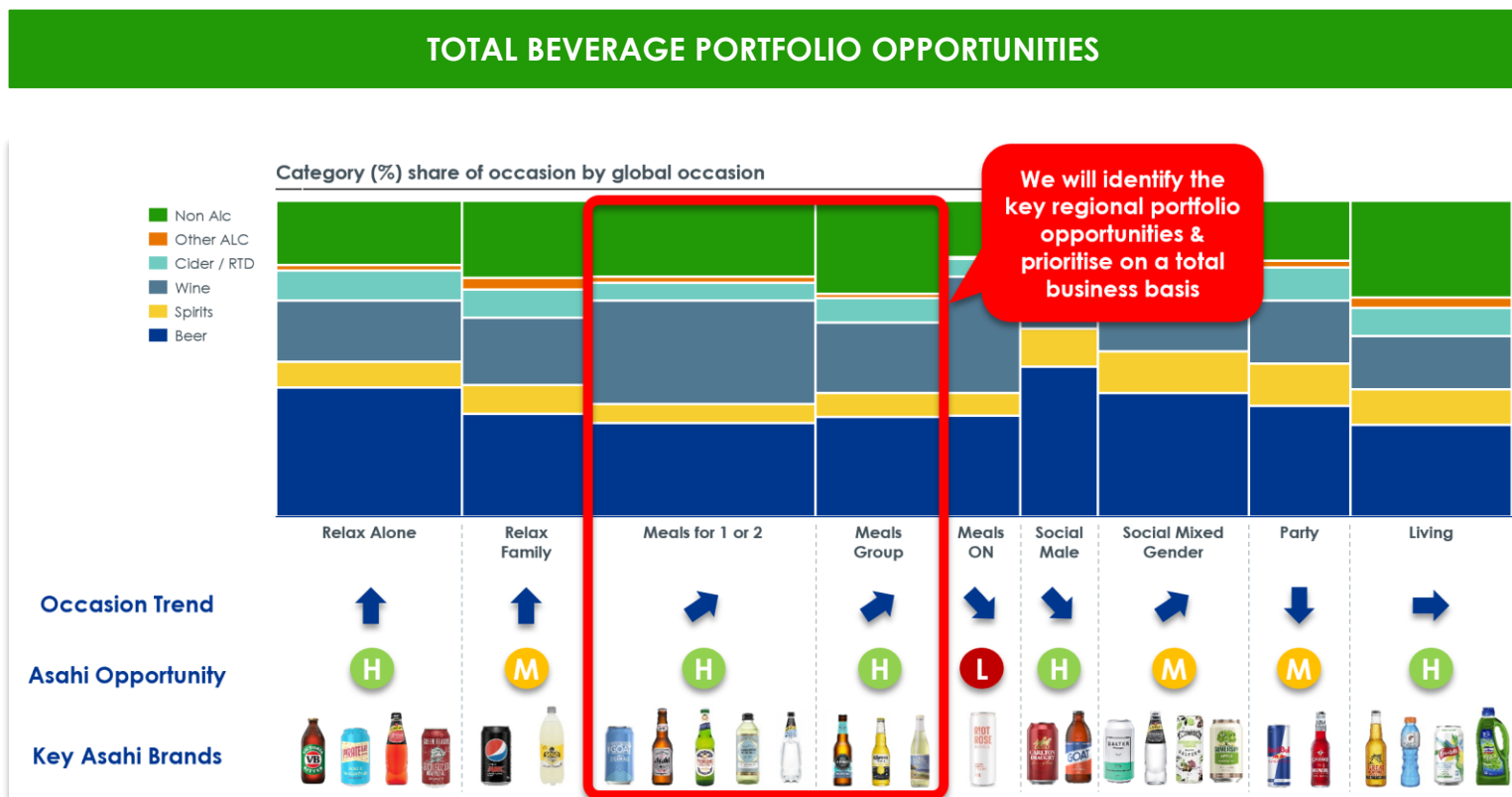
# Our new Vision forms the core of our new strategy, and informs how we bring this to life (through our Values) and the Strategic Pillars which will deliver against this aspiration



## Our Vision is to bring enjoyment & connection to everyday moments in life

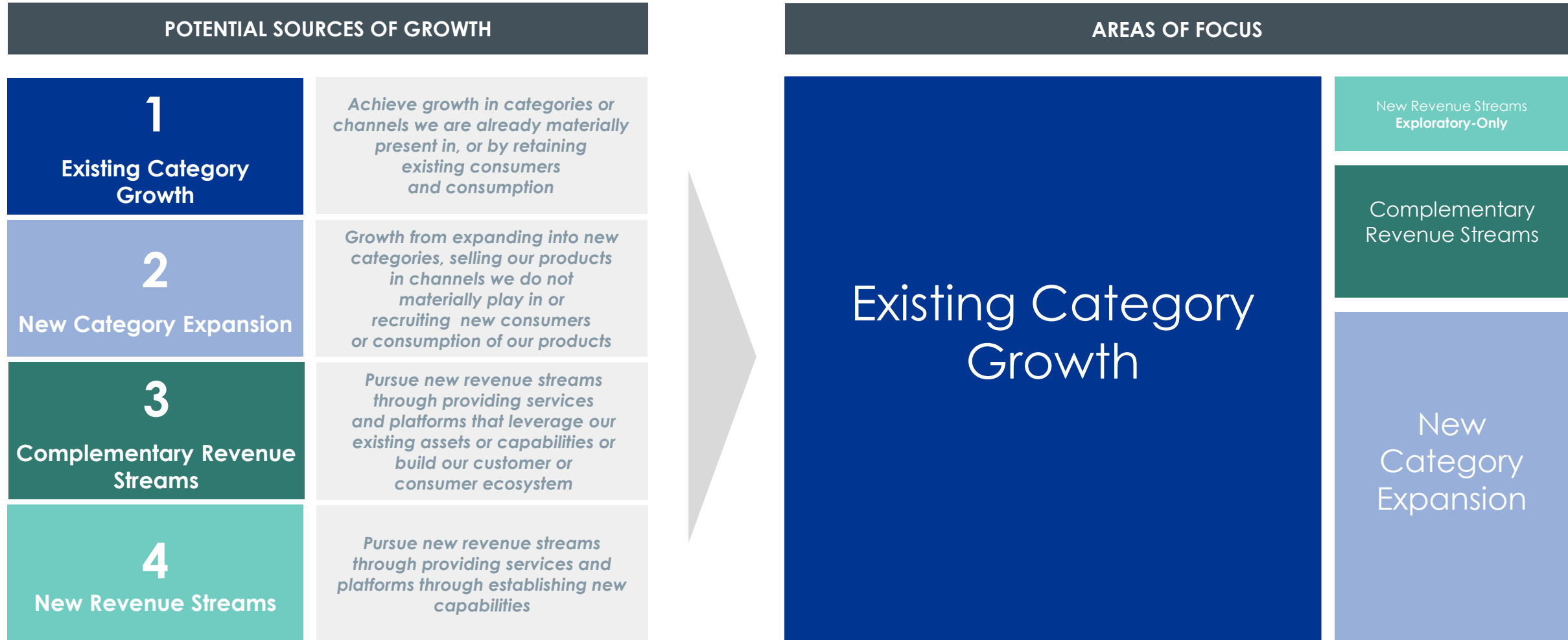
- Our **Vision articulates “why we exist”** and is our aspirational north star for all of our employees within Asahi Beverages – reflecting the new
- The Vision is anchored in our perspective that our business **connects people & brings delight, enjoyment and fun through our products**
- With our expanded portfolio we can **meet the beverage needs of people in every occasion**, enhancing their life experience
- This Vision is **brought to life through our Strategy**, and we will measure achievement through our Goals

# Our approach will be to look across all beverage consumption occasions, and seeking to optimally meet consumer needs with our total portfolio (alcohol and non-alcohol)



- Our portfolio of leading brands and our number of customers (approximately 45k) in both Alcohol and Non-Alcohol **sets us apart from peers** in Oceania
- This will enable us to assess growth opportunities objectively and by reference to total beverage occasions – and which represent the **best total business opportunity** for Asahi
- Our hypothesis is that our portfolio will be able to **reach all key beverage occasions**, with a focus on those in growth
- This allows us to view our competitor set differently – we will compete with anyone who supplies a beverage to satisfy the consumption occasion. We will **design our portfolio to be the superior offering** for beverage consumption occasions

# We remain focused on delivering growth through our core beverage brands, by both enhancing existing products but also expanding existing markets through innovation



# We have developed long-term commercial strategies which focus on accelerating and enhancing our core businesses, whilst also exploring new growth opportunities



Accelerating growth through the combined CUB and legacy Asahi Oceania alcohol businesses

- ✓ Australia's best alcohol **portfolio**
- ✓ Market-leading **commercial capabilities**
- ✓ Investment in **consumer and customer** focus



Redefining Non-Alc for scale and sustained growth

- ✓ From value player to **fast scaler**
- ✓ Consumer, customer and **category-led**
- ✓ Grow **beyond-grocery**



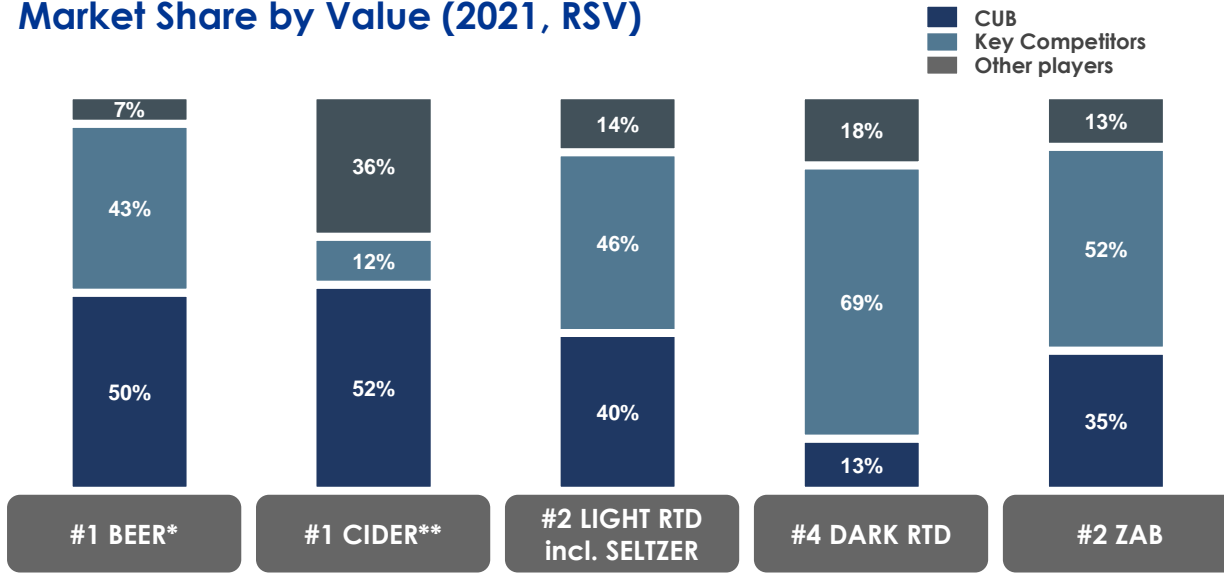
Building One NZ capability and unlocking future growth strategies

- ✓ Building **One NZ ownership** & capability
- ✓ Define One NZ beverage market **growth opportunities**
- ✓ **Aligned strategies** to unlock growth

# CUB is the clear market leader in beer and cider and a challenger in the more fragmented Ready To Drink (RTD) and glass spirits categories

## MARKET POSITIONING

### Market Share by Value (2021, RSV)



### STRENGTHS

#### PORTFOLIO STRENGTH AND SCALE IN BEER AND CIDER

Scale means we are important to off-premises retailers, giving us an opportunity to take a category leadership role

#### ON-PREMISE CUSTOMER RELATIONSHIPS

Opportunity to deepen on-premise customer relationships by meeting needs for beer and other beverages





## EXTEND MARKET LEADERSHIP IN BEER



- Maintain **#1 market share** by growing value and power of our iconic brands
- Maintain #1 value share and stretch price-to-consumer to **grow category value**
- **Innovate** to renew and differentiate our portfolio



## ESTABLISH CHALLENGER POSITION IN “BEYOND BEER”



- Maintain **leadership in the cider** category and disproportionately invest to achieve **category leadership in seltzer**
- Be the **#1 contributor to RTD category growth**, focusing on growth segments where we can take a leadership position (vodka- and bourbon-based)



## TAKE A CATEGORY LEADERSHIP POSITION IN CRAFT

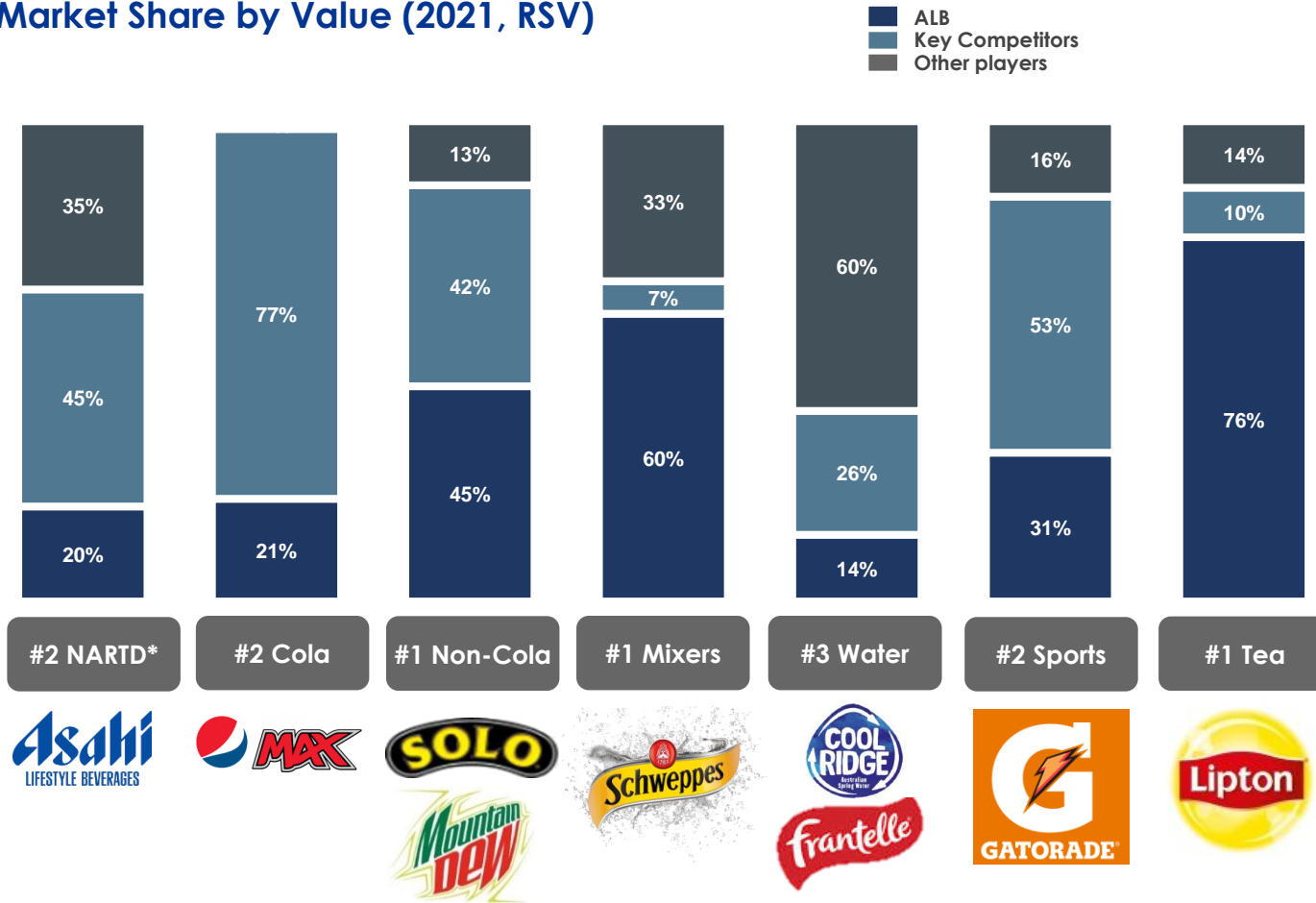


- Execute our **craft portfolio** strategy
- **Grow brand awareness** through incremental category investment
- Revenue management to **grow at a price premium**

# ALB's strength is as a high volume / efficiency player in the Australian soft drinks market and relies on three core capabilities

## MARKET POSITIONING

### Market Share by Value (2021, RSV)



STRENGTHS

#### ESTABLISHED GLOBAL BRANDS



ALB's portfolio of established global brands provide stability while supporting future growth ambitions

#### ESTABLISHED HIGH-VOLUME SUPPLY CHAIN



ALB's high-volume manufacturing network allows ALB to produce at low cost

#### EXPANSIVE CUSTOMER BASE AND DISTRIBUTION NETWORK



ALB's large customer base of 14,000+ customers across Australia allows for distributing high volumes and is attractive for partner brands





## EXTEND MARKET LEADERSHIP IN NO SUGAR



- Maintain **#1 market position** by continuing roll out and invest in “zero sugar” options across the portfolio
- **Innovate beyond sugar**

## DRIVE DISTRIBUTION BEYOND GROCERY



- **Grow share of OTG channel** to market average for other beverage suppliers
- **Evolve portfolio** to meet channel needs and develop OTG sales capabilities
- Advance capability and investment into **eCommerce**

## EXPAND INTO NEW OCCASIONS



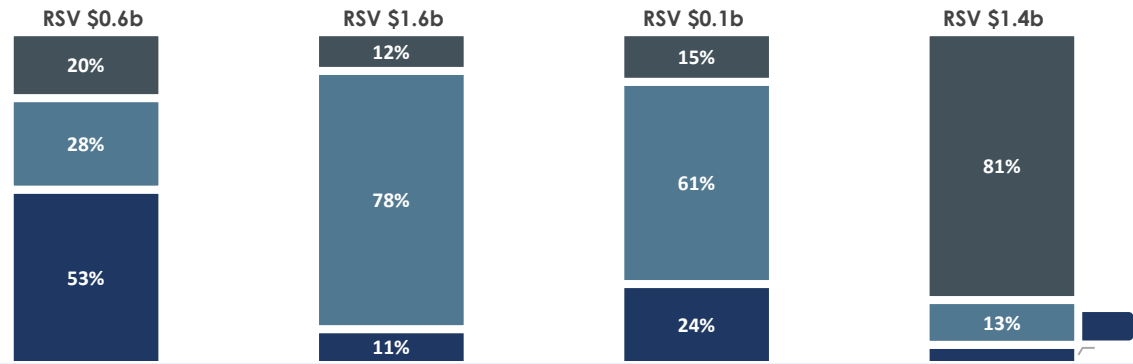
- Execute the **category growth strategy** to expand beyond the heartland driving increased frequency for NARTD

# Currently, ABNZ is the market leader in RTDs, a challenger in a fragmented Wine category and has the opportunity to disrupt in beer

## MARKET POSITIONING

### Market Share by Value (2021, RSV)

■ ABNZ  
 ■ Key Competitors (Lion & DB Breweries)  
 ■ Other players



#1 RTD

#3 BEER

#3 Cider\*

#5 Wine\*\*

LONG  
WHITE  
VODKA

Asahi  
JAPAN'S NO.1 BEER

SOMERSBY

Penfolds

WOODSTOCK

PERONI  
ITALY

WOLF BLASS

## STRENGTHS

MARKET LEADER IN RTDs  
SUPPORTED BY NO 1  
SALESFORCE

Scale means we are important to Traditional retailers, giving us an opportunity to take more of a category leadership and business partner role

FULL BEVERAGE  
PORTFOLIO, INCLUDING  
STRONG PARTNERSHIP  
BRANDS

Lower reliance on single brand provides opportunity to leverage wider portfolio and brands' strength to win with key customers

SINGLE PRODUCTION  
FOOTPRINT

Opportunity to build more efficiency without need to move production and product across multiple production sites

## STRENGTHEN THE CORE – CUSTOMER AND CONSUMERS



- Instil robust **customer strategies** and capability uplift to maximise effectiveness and efficiency of trade investment and deliver a Customer value proposition
- **Innovate at pace** to maintain consumer relevance by investing in consumer analytics, our priority brands and leveraging Asahi Group and partners' expertise

## STRENGTHEN THE CORE – FIX THE BASICS



- Improve **efficiency and profitability** of our supply chain through best in class technology and tools and a continuous improvement mindset
- Establish a **robust enterprise architecture, infrastructure solution** and embed a data driven mindset to enable functional and commercial excellence

## GO FOR GROWTH



- **Protect RTDs** by leading the market with innovation and maintaining the relevance of our core brands
- Through **increased investment and execution in market** with our existing beer portfolio (led by Premium), together with future incorporation of partnership brands
- Grow share across Juice, CSD and Energy through **portfolio optimisation and greater innovation** in Functional and B4U segments

**Alliance for Growth Integration  
Program**



# Value creation opportunities derived from leveraging strategic resources and enabled by (i) being part of the Oceania region and (ii) combining commercial Alcohol Divisions

## Strategic resources leveraged

### Iconic Brands

#### Premium



#### Contemporary



#### Classic



#### Cider



## Enabled by operating model

Leveraging Asahi Beverages Oceania Regional Hub

Combination of Alcohol Business Divisions (CUB and legacy Asahi Oceania alcohol business)

## Creating value creation opportunities (examples)

- Leveraging **centralised procurement** strategy and sourcing scale
- Consolidation and optimisation of the **joint supply chain**
- Centralised **shared business services** and **IT infrastructure**
- Generating value from **scale benefits from integration with the other Business Divisions** within the Oceania Regional Hub (e.g. expansion opportunities to sell non-alcohol through the alcohol business division)

- Unlocking commercial benefit from the **creation of the leading alcoholic beverages business** in Australia
- Unlocking value in **Premium International Beer**
- Accelerating **non-beer revenue growth** as a result of increased scale
- FTE synergies from the **removal of duplicate roles** within the alcohol business division

## Targets for Synergy Creation by 2024 (Business Income)

Top-line

Approximately AUD \$60m

Cost

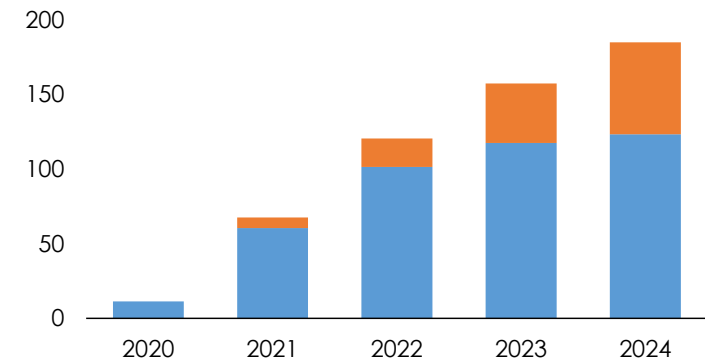
Approximately AUD \$120m

~45k active customers

~1.5m deliveries pa

~200m cases / kegs pa

(AUD \$m) ■ Cost Synergies ■ Top line Synergies



# We have also executed a joint commercial alcohol business to establish Australia's #1 alcohol business



Proudly part of **Asahi BEVERAGES**

## Market position



**#1** Beer

**#1** Cider

**#3** RTD Spirits

**#7** Glass Spirits

CUB | BEER & ALL KEGS

PACKAGED BEER

ZERO-ALC BEER

ALL KEGS (ALL CATEGORIES)

DIVESTMENT BRANDS

CUB PREMIUM BEVERAGES | BEYOND BEER

CIDER

GINGER BEER

RTDs

POST-MIX

CANNED WINE

NON-ALCOHOL

SELTZER

SPIRITS



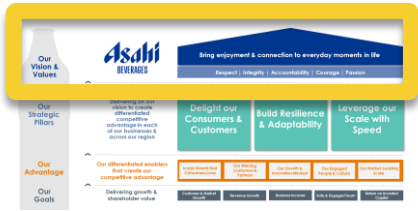


People, Culture and ESG





# As part of bringing our Vision and Values to life, we have defined the set of Behaviours that will help to drive our people and culture forward as we transform our business



Values	Behaviours	
Respect	<i>We recognise and care for every individual</i>	<ol style="list-style-type: none"> <li>1. We <b>collaborate as One Team</b>, valuing <b>inclusion and diversity</b></li> <li>2. We <b>welcome challenge</b> and <b>challenge each other</b> with <b>positive intent</b></li> <li>3. We <b>give credit</b> to each other's <b>achievements</b></li> </ol>
Integrity	<i>We are honest, open, ethical and fair</i>	<ol style="list-style-type: none"> <li>1. We <b>live our values</b> and align to our strategies in the decisions we make</li> <li>2. We're <b>honest and transparent</b> in our actions</li> <li>3. We <b>do the right thing</b></li> </ol>
Courage	<i>Being courageous is in our DNA</i>	<ol style="list-style-type: none"> <li>1. We <b>challenge the status quo</b> and <b>drive to be better</b></li> <li>2. We are <b>adaptable and resilient – quick to flex</b>, and <b>committed to staying the course</b></li> <li>3. We are <b>vulnerable</b> and <b>grow from failure</b></li> <li>4. We are <b>brave and take the steps that others won't</b></li> </ol>
Accountability	<i>Accountability is clear and personal</i>	<ol style="list-style-type: none"> <li>1. We take <b>initiative and empower people</b></li> <li>2. We <b>drive for results</b> and <b>deliver on our commitments</b></li> </ol>
Passion	<i>We are obsessed by our brands and our purpose. Our passion goes beyond advocacy</i>	<ol style="list-style-type: none"> <li>1. We go the <b>extra mile for our customers, our consumers and each other</b></li> <li>2. We have a <b>thirst to be the best</b> and <b>love winning together</b></li> <li>3. We <b>live and breathe our brands</b> in everything we do</li> </ol>

# Pride in our region and being a 'great place to work' remains central to our Asahi Vision. We manage this under the Asahi "Be" framework.



Pride in our region and being a 'great place to work' remains central to our Asahi Vision. We manage this under the Asahi 'Be' framework

We use this to:

- **Communicate key initiatives**, benefits and **how we work with our people**
- **Communicate what we stand for**, what we value and how we work externally (LinkedIn)
- Drive **brand love** and **ambassadorship**
- Drive **inclusion, responsibility, performance & development** and **community involvement** across our organisation

# Diversity & Inclusion remains a key area of focus, championed by the Asahi Beverages Oceania Leadership Team

Celebration examples

## Gender@Asahi

International Women's Day (March)



## Pride@Asahi

Mardis Gras (March)



## All Abilities@Asahi

International Day of People with Disability (Dec)



## Multiculturalism@Asahi

Olympics in Tokyo (July)



What does success look like?

## Our Diversity & Inclusion Roadmap

2021 - Set foundations through awareness & communication	2022 - Expand through education & conscious behaviour change	2023 - Reach advanced culture of inclusion – “just part of how we do things”
<ul style="list-style-type: none"> <li>✓ D&amp;I Strategy</li> <li>✓ MTP Diversity &amp; Inclusion KPI's</li> <li>✓ Best practice defined</li> </ul>	<ul style="list-style-type: none"> <li>✓ Behaviour-based change</li> <li>✓ Training for leaders</li> <li>✓ Policy updates</li> <li>✓ Impact on business performance</li> <li>✓ Graduates and interns</li> </ul>	<ul style="list-style-type: none"> <li>✓ Inclusion = ‘how we do things’</li> <li>✓ Inclusion criteria in KPI's</li> <li>✓ Expanding to other diversity pillars</li> </ul>

# Sustainability – Consumer-Led, Customer-Driven, Asahi Owned

## Consumer-Led

**1 in 4**

consumers are early adopters when it comes to Sustainability

**1 in 2**

expect businesses to be doing everything they can to be environmentally friendly

**3 in 5**

think that big brands should set an example on environmental Sustainability (58%)

**43%**

believe businesses should treat Sustainability as an extremely high priority

## Asahi Progress to Date

Championing 100% Recycled PET & Reuse



Removal of Hi-Cones



Release of BE Report  
Established Strategy & Goals



4 Pines 1% for the Planet product launch



Renewable Electricity



CUB Off-Site Solar PPA  
Operational (On-Site Completed 2020)



Cool Ridge Marketing Campaign



PACT/Cleanaway JV Finalised



# We will now build on that momentum with a refreshed Sustainability Strategy that aligns our local goals with our Asahi Group global pillars

## ASAHI BEVERAGES SUSTAINABILITY STRATEGY



### FOCUS AREAS

#### Climate Change



#### Packaging



#### Sustainable Water Resources



#### Sustainable Supply Chains/ Respect for Human Rights



#### Circular Economy



### OUR GOALS

#### Renewable Energy

- 100% Renewable electricity by 2025

#### Reduce CO<sub>2</sub> Emissions

- Scope 1,2: Reduce CO<sub>2</sub> emissions 50% by 2025
- Scope 1,2: Reduce CO<sub>2</sub> emissions 60% by 2030\*

#### ZERO CO<sub>2</sub> Emissions

- Scope 1, 2, & 3 – our total supply chain will be Zero Carbon by 2050

#### Plastics

- Strategically transition to 100% r-PET in selected brands
- Invest and develop technology to build our capability

#### Glass, Cans & Cardboard

- 100% of packaging will be recyclable, compostable, or reusable by 2025
- Glass bottles and cans will on avg. use majority (50%+) recycled content by 2030

#### Partnerships to Repurpose & Reduce

- Develop partnerships to collect/repurpose more plastic than we use by 2025
- Reduce the amount of virgin plastic usage we use by 2025

#### Reduce water consumption

- Reduce internal water use by 2-3% at our manufacturing sites

#### Protect water access & use

- Conduct water risk assessments in areas where we operate and source water from by 2022

#### Community access to water

- Utilise our capability in water access to support communities in need e.g. CUB Water Cans

#### Modern Slavery & Responsible Sourcing

- Comply with Modern Slavery Act Requirements
- Produce annual Public Statements on our actions in regards to Modern Slavery
- Launch Human Rights Policy & Training
- Launch supplier platform to engage, assess & partner with our suppliers in regards to Sustainability & Responsible Sourcing

#### Zero Waste to Landfill

- 100% ZERO waste to landfill at our manufacturing plants and warehouses by 2030
- Pilot Zero Waste at 2 offices

#### Circular by-products

- Innovate to make our by-products circular & add value

#### Sustainable Raw Material Procurement



#### Pilot sustainable sourcing and build reputation

- Pilot sustainable barley program in 2021
- Track key measures on water, soil health & impact management on farm in 2021



# Bring enjoyment & connection to everyday moments in life

We will deliver **transformational growth** post the acquisition of CUB based on our plans and strategies:

1. **Top line growth accelerated**, driven by business strategies
2. **Continued strong business income generation**
3. **Growth and efficiency** benefits delivered
4. Differentiated **critical capabilities** embedded, making our people and business **resilient, adaptable** and **fast**
5. Organisation wide quality mindset and **high-performing, engaged teams**





# Thank You

