

RECEIVED

2010 OCT 22 A 11: 20

OFFICE OF INTERNATIONAL  
CORPORATE FINANCE



**FOSTER'S**  
GROUP



10016479

# ASX RELEASE

**The following release was made to the  
Australian Securities Exchange Limited today:**

**"CUB Investor Day Presentation"**

**Released: 21 October 2010**

**Pages: 60  
(Including this page)**

**FILE NO: 082-01711**

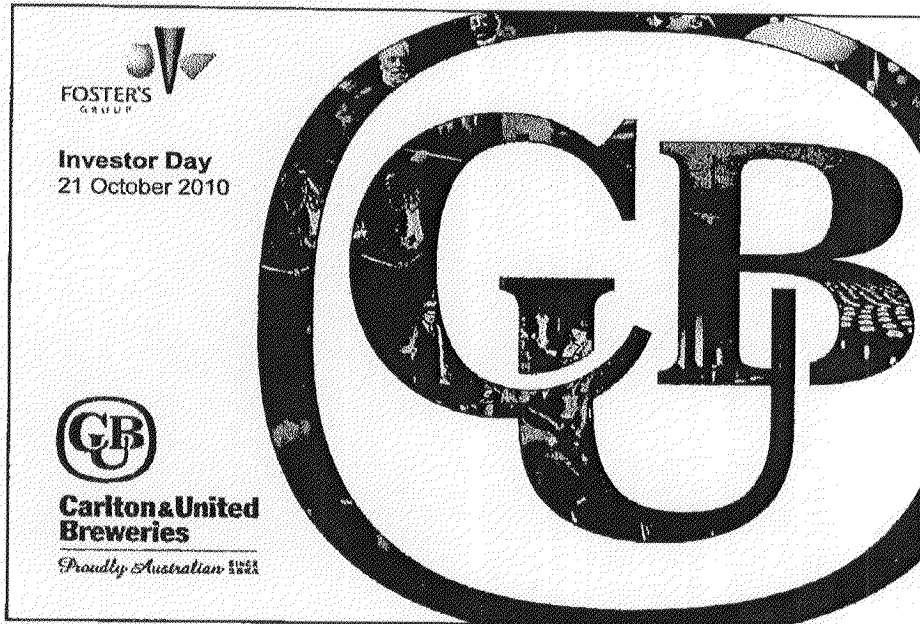
*Foster's Brewing*

If you would prefer to receive this notification by email please reply to  
[jane.jamieson@fostersgroup.com](mailto:jane.jamieson@fostersgroup.com) or  
Ph: +61 3 8626 2105

*dlj  
10/25*

**FOSTER'S GROUP**

77 Southbank Boulevard Southbank Victoria 3006 Australia GPO Box 753 Melbourne Victoria 3001  
Tel 61 3 9633 2000 Fax 61 3 9633 2002 Foster's Group Limited ABN 49 007 620 886 [www.fostersgroup.com](http://www.fostersgroup.com)




**FOSTER'S**  
GROUP

**Investor Day**  
21 October 2010

**Carlton & United**  
**Breweries**

*Proudly Australian since 1864*

Agenda 	
Topic	Presenter
Introduction	Ian Johnston Chief Executive Officer Foster's Group
CUB Overview	John Pollaers Managing Director Carlton & United Breweries
Beer Market Overview	Stephen Matthews Finance Director Carlton & United Breweries
<i>Questions</i>	
<i>Lunch</i>	
CUB Supply	Grant Peck Supply Director Carlton & United Breweries
CUB Marketing	Peter Sinclair Marketing Director Carlton & United Breweries
CUB Sales	Peter Cantwell Sales Director Carlton & United Breweries
Close	John Pollaers Managing Director Carlton & United Breweries
<i>Questions</i>	

1

**Outlook Statement Disclaimer**

Foster's Group Limited (Foster's) advises that the following presentation contains forward looking statements which may be subject to significant uncertainties outside of Foster's control.

No representation is made as to the accuracy or reliability of forecasts or the assumptions on which they are based.

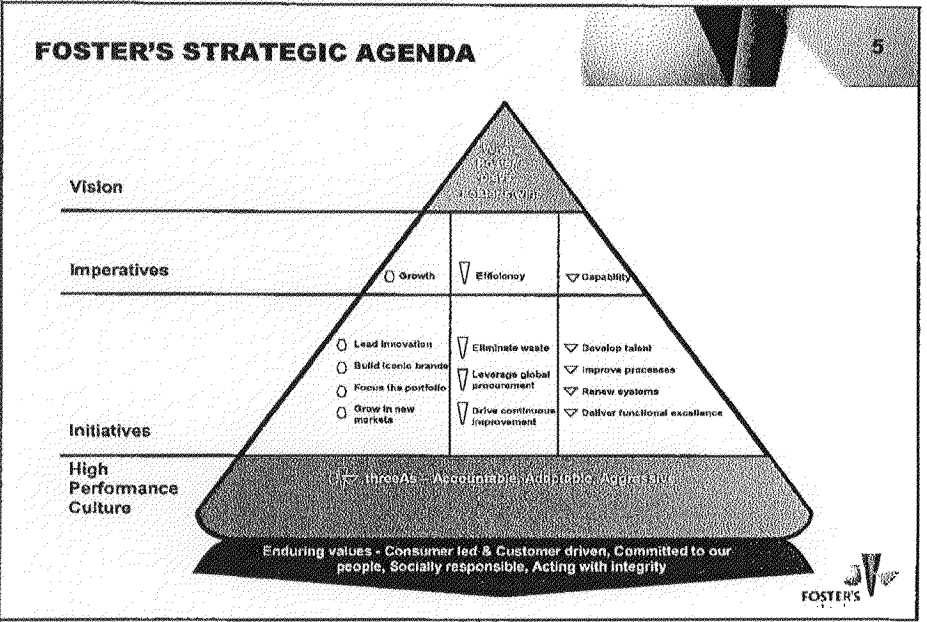
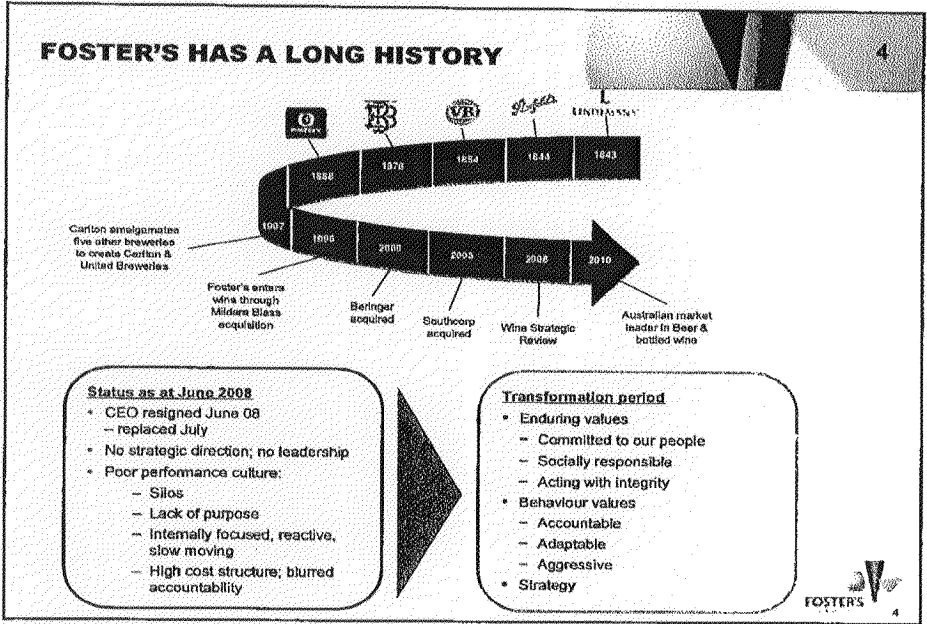
Actual future events may vary from these forecasts and you are cautioned not to place undue reliance on any forward looking statement.

2



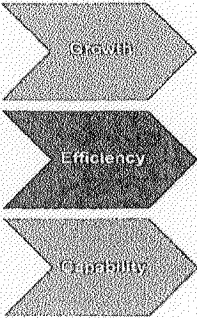

**Ian Johnston**  
Chief Executive Officer






**TRANSFORMATION OVERVIEW** 6

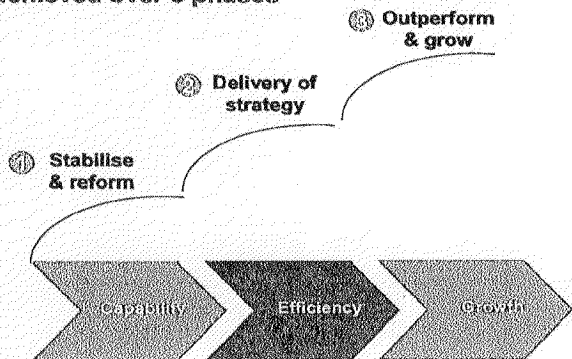
**Aims of the Transformation Agenda...**


Transformation agenda	Key aims
	 <ul style="list-style-type: none"> <li><b>Transform organisation operationally</b> <ul style="list-style-type: none"> <li>▪ Integrate demand and supply functions</li> <li>▪ Strategic planning a business responsibility</li> <li>▪ Execution focus at point of operation</li> <li>▪ Improve capabilities – beginning with Leadership</li> </ul> </li> <li><b>Transform organisation culturally</b> <ul style="list-style-type: none"> <li>▪ Improve the way we do things around here – simplify</li> <li>▪ Efficiency focus</li> <li>▪ Integrated communication within group</li> </ul> </li> <li><b>Transform personnel management</b> <ul style="list-style-type: none"> <li>▪ Proper succession planning</li> <li>▪ Recognise apprehension in some quarters</li> </ul> </li> </ul>



**TRANSFORMATION OVERVIEW** 7

**... to be achieved over 3 phases**



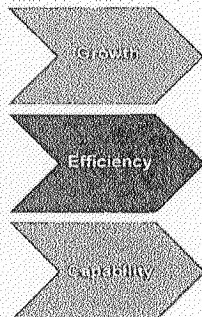


## TRANSFORMATION OVERVIEW

8

### Progress to date

#### Transformation agenda



#### Achievements

- New business structures in Australia
- Integrated supply and demand businesses
- New business heads recruited – CUB, Wine Americas, Wine ANZ
- Right sizing wine asset base
- Simplified operation – decreased headcount, 500 roles (\$100m target)
- Continuous Improvement program in all sites
- New RTM in Nordics, Eastern Canada, US
- Relocated Asia, to Asia
- IT rebuild – enabler for further process improvement

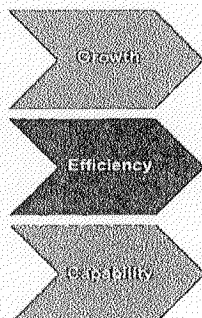


## TRANSFORMATION PROGRESS

9

### Significant progress has been made on the cultural transformation

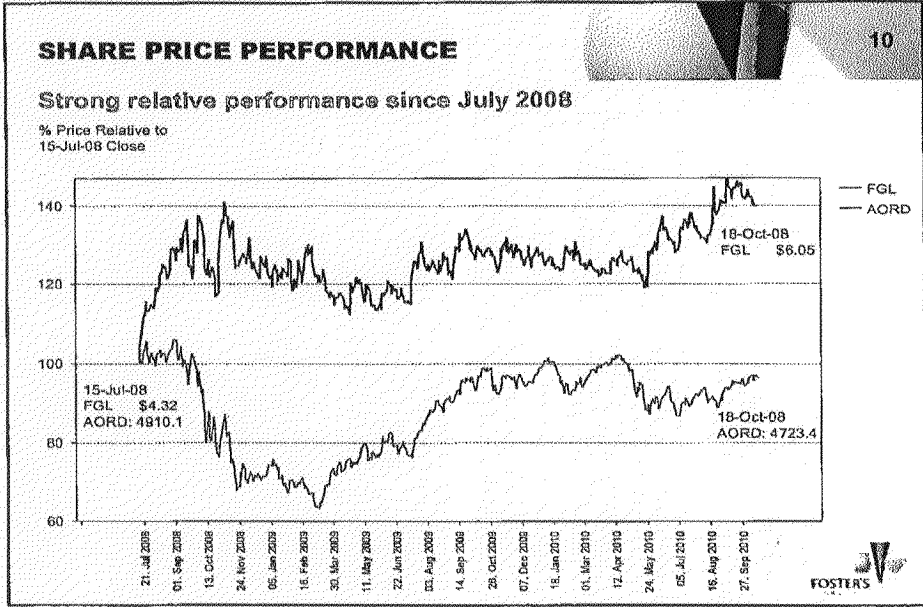
#### Transformation agenda



#### Cultural transformation

- In September 2008, 5 of the Top 7 descriptors were negative
- In September 2009, just 2 of the Top 7 descriptors were negative
- Improvement in areas of focus
  - Direction
  - Leadership
  - Coordination
- Established a Leadership Profile
- Developed functional career ladders for succession and development





- ### SUMMARY – FOSTER'S GROUP
- ① An Australian icon company
  - ② Rich with assets
  - ③ Fascinating history has got in the way
  - ④ Transformation mostly complete
  - ⑤ Culture change accelerating – with new leaders and pure play ethos
-

### PURPOSE OF THE NEXT 2 DAYS

12

#### Start of the day Wine Estates

- Key business attributes
- Outline the performance improvements and initiatives that are underway



#### Status of CUB

- Address some misconceptions:
  - "Declining share"; but...
  - "Cost disadvantage"; but...
  - "Under-delivering on customer service; issues of multi beverage"; but...
  - "Profitable & cash generative"; yes



### OVERVIEW OF THE NEXT 2 DAYS

13

#### Today

- Focus on CUB
  - John Pollaers and the CUB leadership team
- Dinner tonight commencing at 6:30pm
  - Pairing of our wine and beer, guided by some of our leading experts

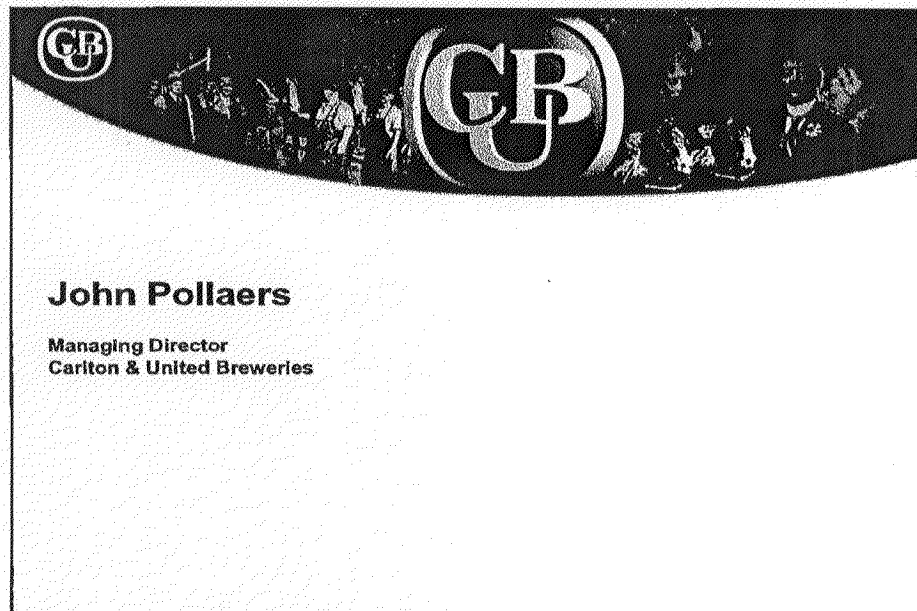
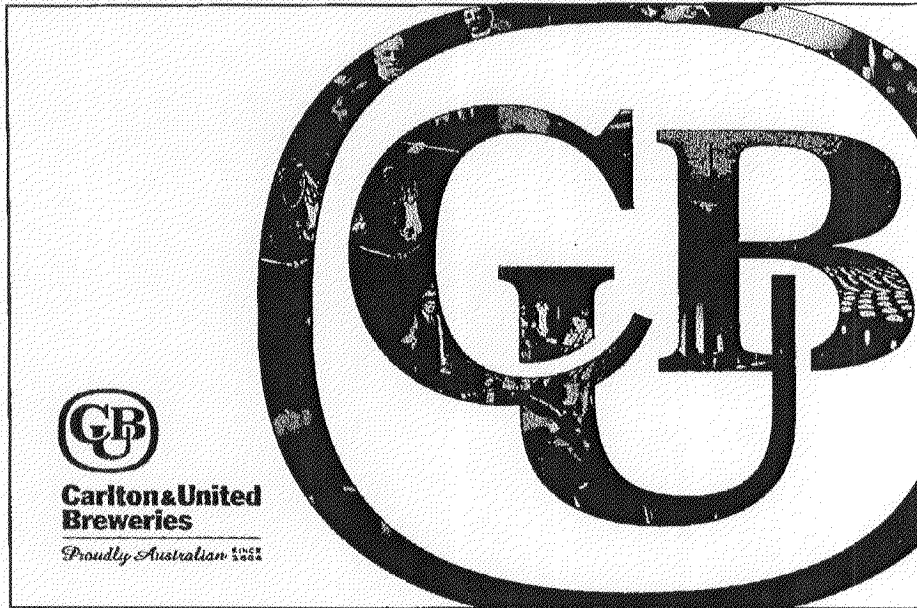



#### Tomorrow







- Focus on Treasury Wine Estates
  - Stephen Brauer and team
  - Peter Jackson
  - Anthony Davis
  - David Dearie and team








**Carlton & United Breweries team** 

	<p><b>Managing Director</b> <b>John Pollaers</b></p> <ul style="list-style-type: none"> <li>• Joined CUB April 2010</li> <li>• John has had a distinguished career in the international drinks sector including senior executive roles at Diageo</li> </ul>		<p><b>Marketing Director</b> <b>Peter Sinclair</b></p> <ul style="list-style-type: none"> <li>• Joined in 1999, appointed Marketing Director in 2008</li> <li>• Has 17 years of brand experience in Australia and internationally having previously worked at Proctor &amp; Gamble and Campbell's Soup</li> </ul>
	<p><b>Finance Director</b> <b>Stephen Matthews</b></p> <ul style="list-style-type: none"> <li>• Joined in 2005</li> <li>• More than a decade of experience in the international drinks industry including with Diageo and Guinness</li> </ul>		<p><b>Sales Director</b> <b>Peter Cantwell</b></p> <ul style="list-style-type: none"> <li>• Joined in 2009</li> <li>• Previously worked for Independent Distillers and spent 15 years with Cadbury Schweppes in Australia and overseas</li> </ul>
	<p><b>Supply Director</b> <b>Grant Peck</b></p> <ul style="list-style-type: none"> <li>• Joined Foster's in 2004 initially as Finance Director with Berlinger Blass</li> <li>• Previously worked with McCormick Foods in CFO and MD roles</li> </ul>		<p><b>Human Resources Director</b> <b>Katea Downie</b></p> <ul style="list-style-type: none"> <li>• Joined Foster's in 2008</li> <li>• With an HR career spanning 20 years, has previously held a number of senior HR roles with Colonial First State, Gardel Retail Management, L'Oréal and Country Road</li> </ul>


16

**Key Messages** 

- We believe in the future of the beer category in Australia
- We have a great business, but with challenges to be addressed
- Our Urgent Agenda focuses on stabilising and building momentum:
  - positioning our portfolio for growth
  - improving execution
  - raising the capability of our people and our organisation
- We have a plan, and we are building the team to deliver
- There are early signs of progress

17



**We believe in the future of the beer market in Australia**




- Stable Volume Growth**
  - Stable volume growth over a sustained period of time driven by population growth
- Value Growth**
  - Value growth driven by continued innovation and consumer premiumisation driving positive mix and price realisation
- Margin Strength**
  - Margin strength further supported by improvements in efficiency

13


**We have the leading Australian beer portfolio**

- #1 Beer
- #1 Fastest Growing
- #1 'Low Carb'
- #1 International
- #1 Domestic Premium



- New 'Style' #1 Flavoured
- International



- Craft #1 Fastest Growing Craft Brand
- Cider #1 Cider

Source: AC Nielsen

19



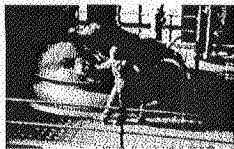
### We have strong strategic assets

**Sales**

**Distribution**

**Production**

- Scale presence across all channels in every major market
- Largest alcohol supplier to every major retailer
- Deeper and more frequent coverage of the market, with 250k sales calls annually
- Unique 'franchise' model network
- Geographic and channel coverage servicing over 17k customers with 800k deliveries per year
- Australia's two largest breweries
- Leading water efficient brewery in Australia

20

### CUB is a strong financial performer, however, it has experienced long-term share loss

#### CUB Financials

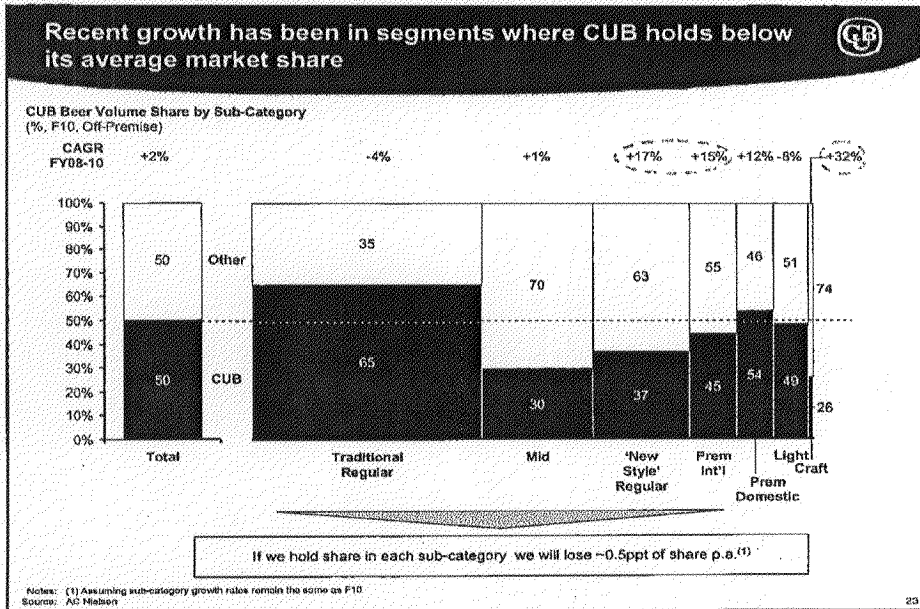
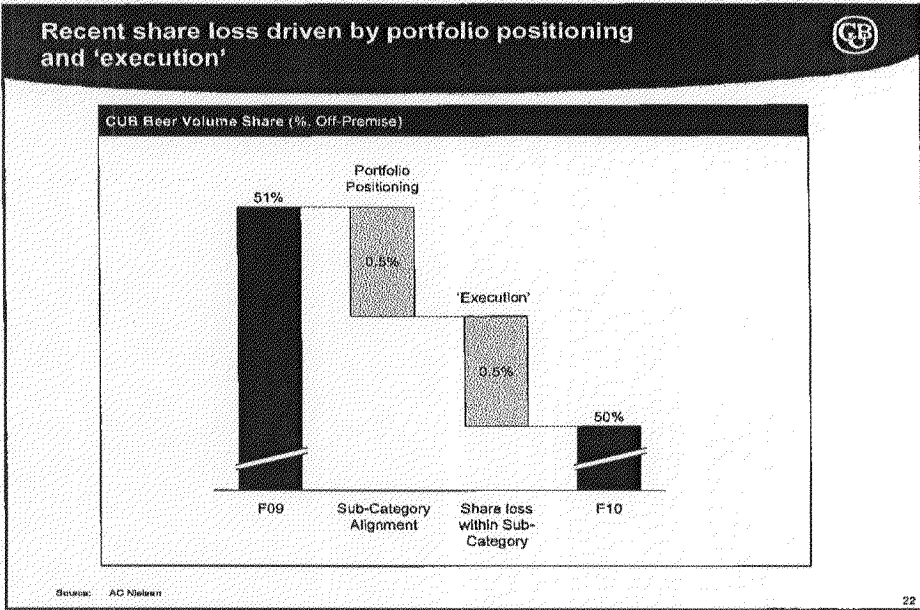
	F06	F07	F08	F09	F10	CAGR 06-10
Net Sales Revenue (\$m)	2,045	2,148	2,220	2,279	2,337	3%
EBIT (\$m)	692	720	779	861	904	7%
EBIT Margin	34%	34%	35%	38%	39%	
Cash Conversion	98%	101%	99%	98%	101%	

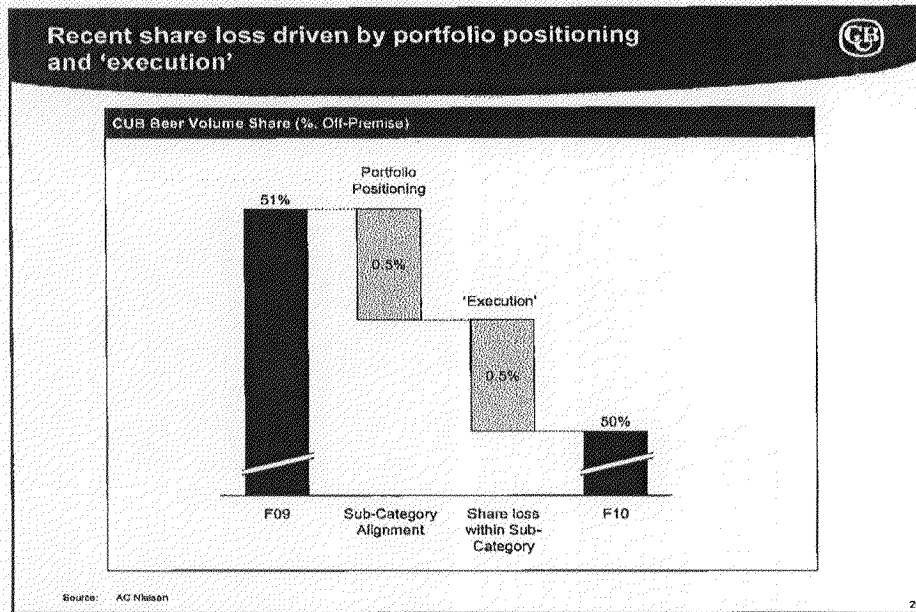
Source: CUB, AG Nielsen

#### CUB Beer Share (% Off-Premise)

Year	Share (%)
F06	54%
F07	53%
F08	51%
F09	50%
F10	51%

21

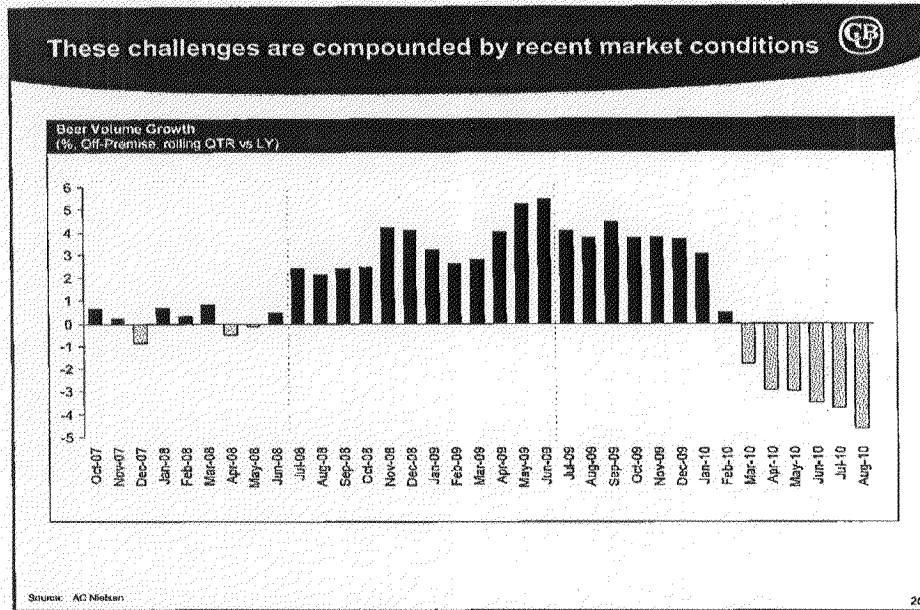





### We are focusing on improving our execution

#### Elements of Effective Execution

<b>Integrated business and activity plan</b>	x	<b>'A-grade' capability at the frontline</b>	x	<b>Performance resolve</b>
<ul style="list-style-type: none"> <li>• Strategic priorities</li> <li>• Prioritisation and sequencing</li> <li>• Ownership and accountability</li> <li>• Target setting</li> </ul>		<ul style="list-style-type: none"> <li>• Skill and ability</li> <li>• Capacity</li> <li>• Tools and support</li> </ul>		<ul style="list-style-type: none"> <li>• Incentives and consequences</li> <li>• Transparency</li> <li>• Culture</li> <li>• Leadership</li> </ul>



**A new vision, founded on CUB's proud heritage** 

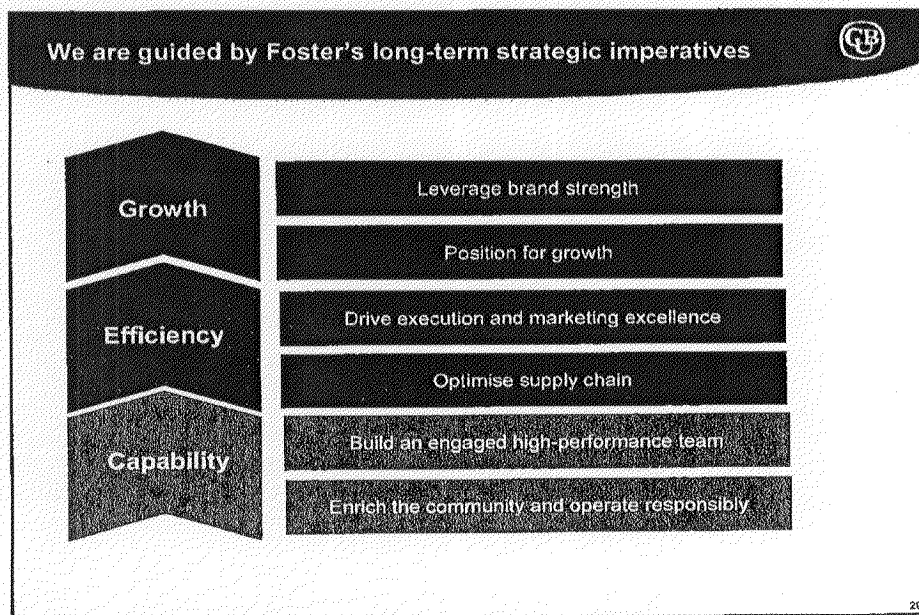
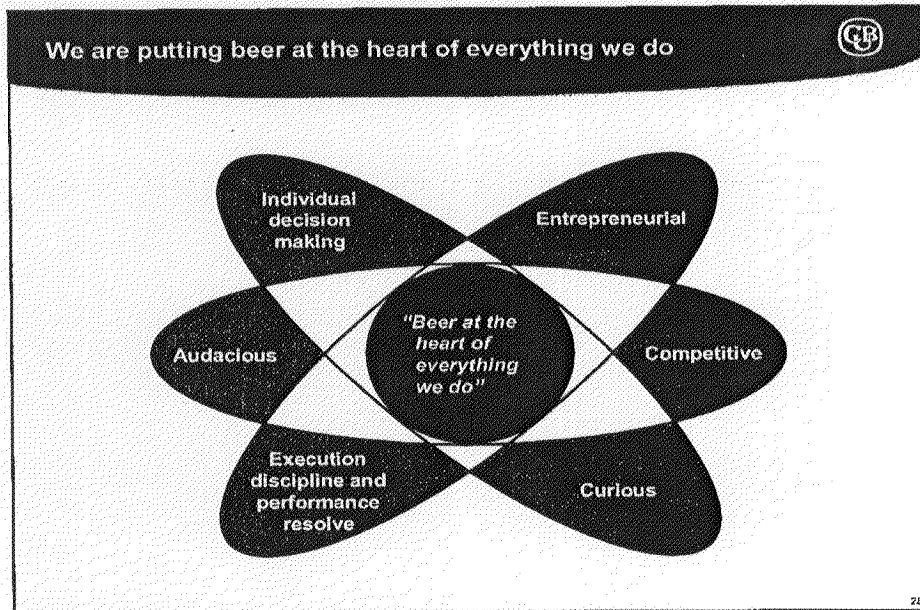
**Aspiration:** The beer company loved by Australians

**The 'Stand':**


Consumers	Trade	People	Community	Reputation
<i>"Brands of choice at the heart of great times &amp; great experiences"</i>	<i>"Relationships that bring out the best"</i>	<i>"Proud, passionate and an unambiguous employer of choice"</i>	<i>"Enriching and responsible in the community which we live"</i>	<i>"Celebrated in Australia and on the world stage"</i>

**Foundation:** *"Standing on the shoulders of giants"*

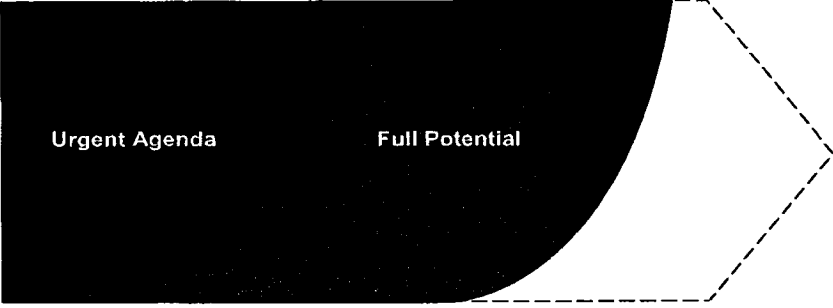
Proud heritage	Great brands	Australian owned
----------------	--------------	------------------






**Our first year priority is to stabilise and build momentum** 

<b>Stabilise &amp; build momentum</b> <i>(12 months)</i>	<b>Look to the future</b> <i>(12-24+ months)</i>
---	---



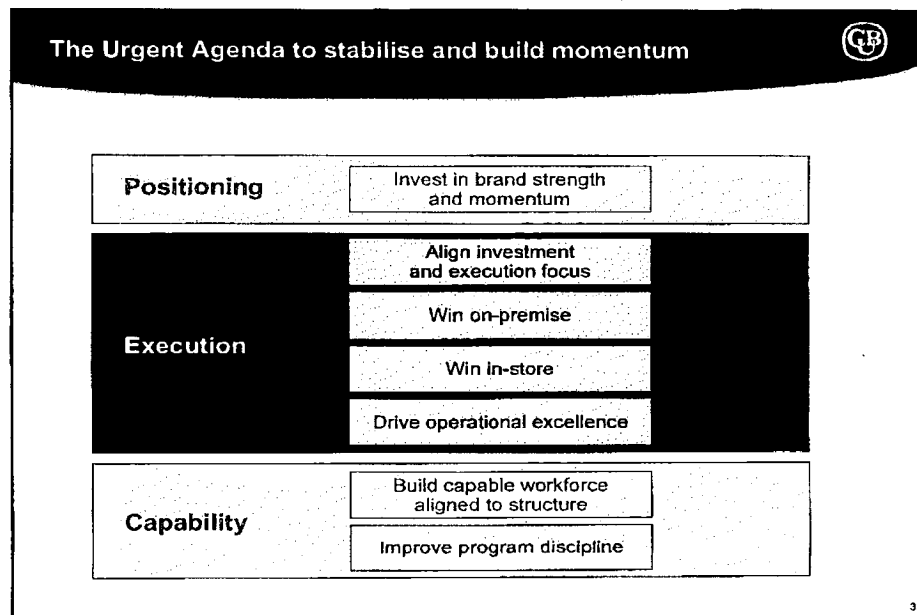
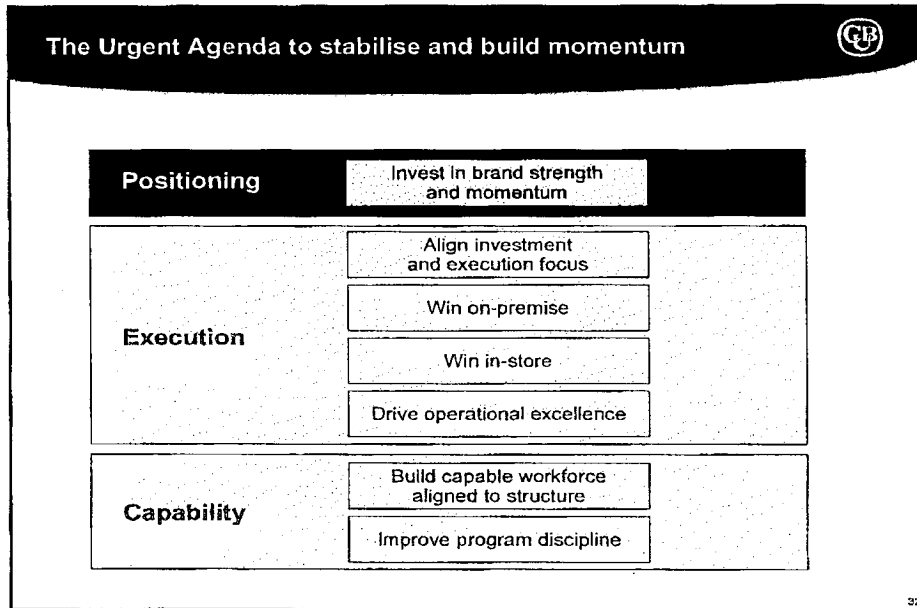
**Urgent Agenda**      **Full Potential**

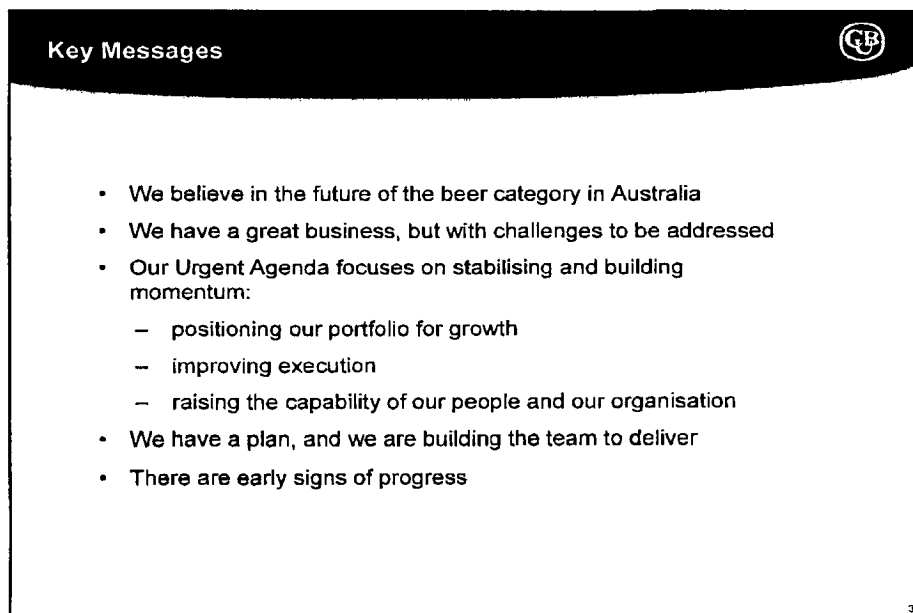
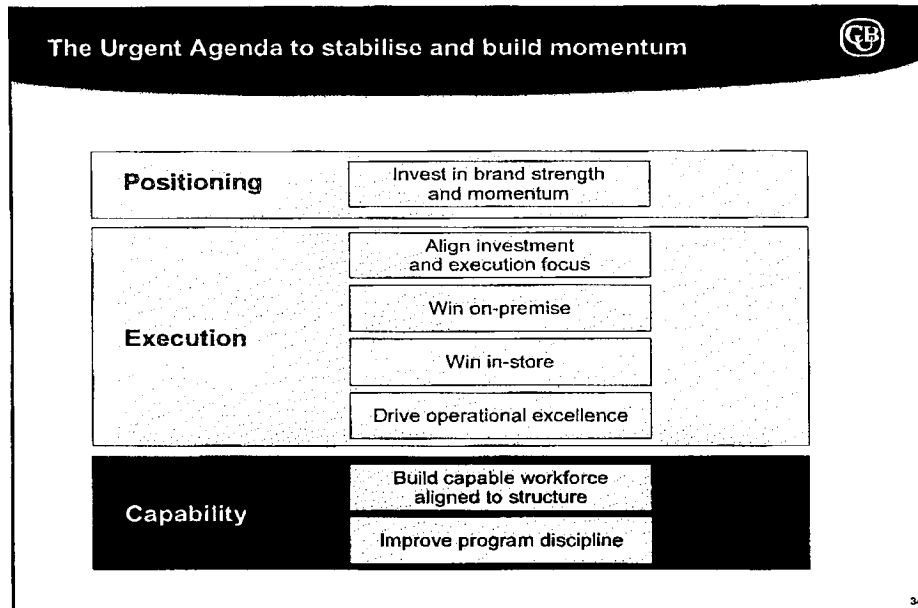
30

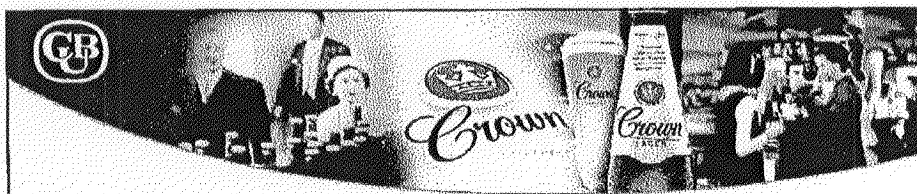
**The Urgent Agenda to stabilise and build momentum** 

<b>Positioning</b>	Invest in brand strength and momentum
	Align investment and execution focus
<b>Execution</b>	Win on-premise
	Win in-store
	Drive operational excellence
<b>Capability</b>	Build capable workforce aligned to structure
	Improve program discipline


31





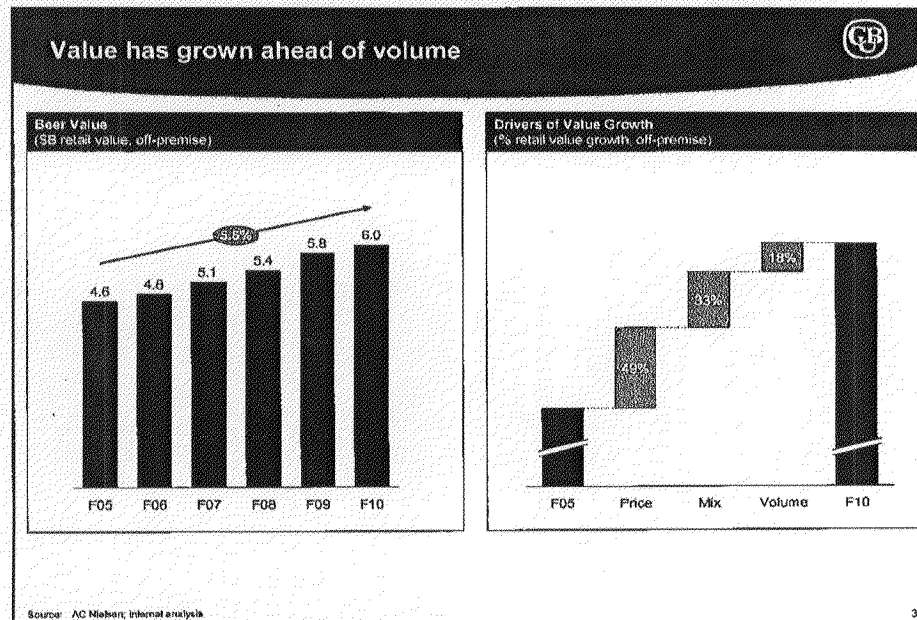
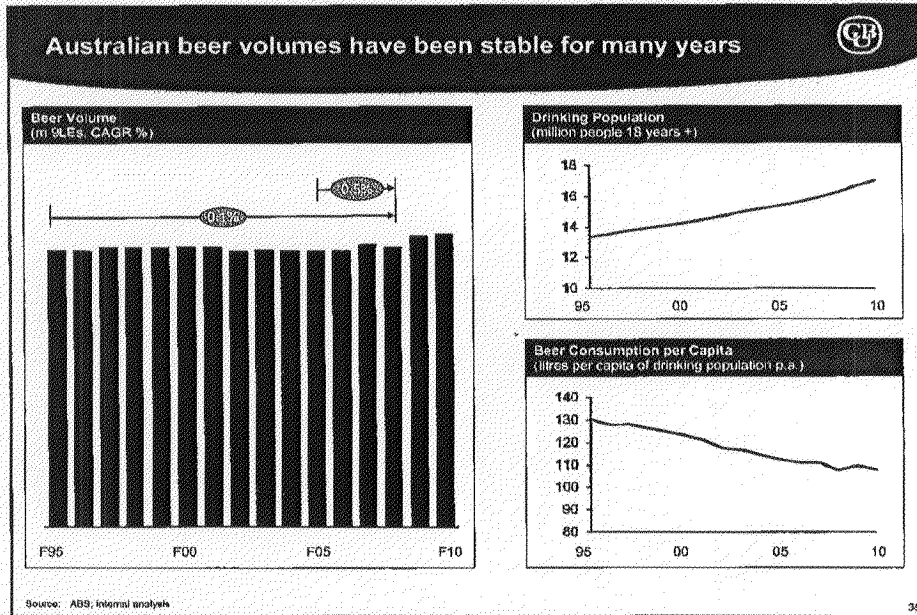


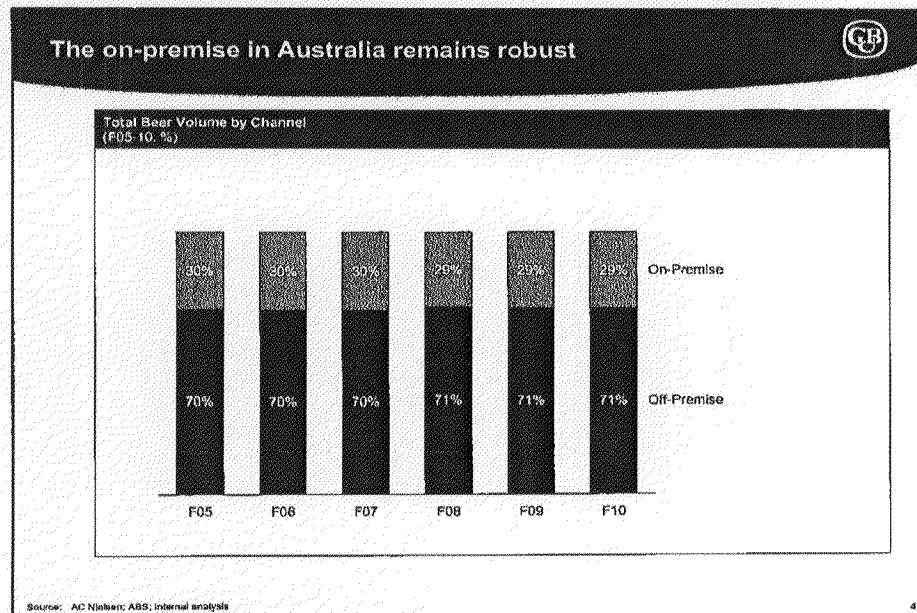
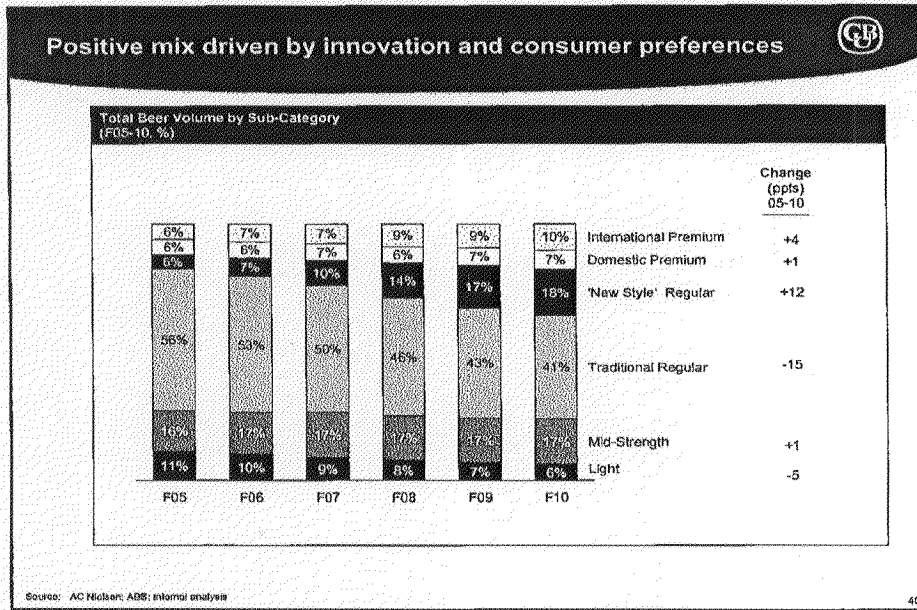
**Stephen Matthews**  
Finance Director  
Carlton & United Breweries

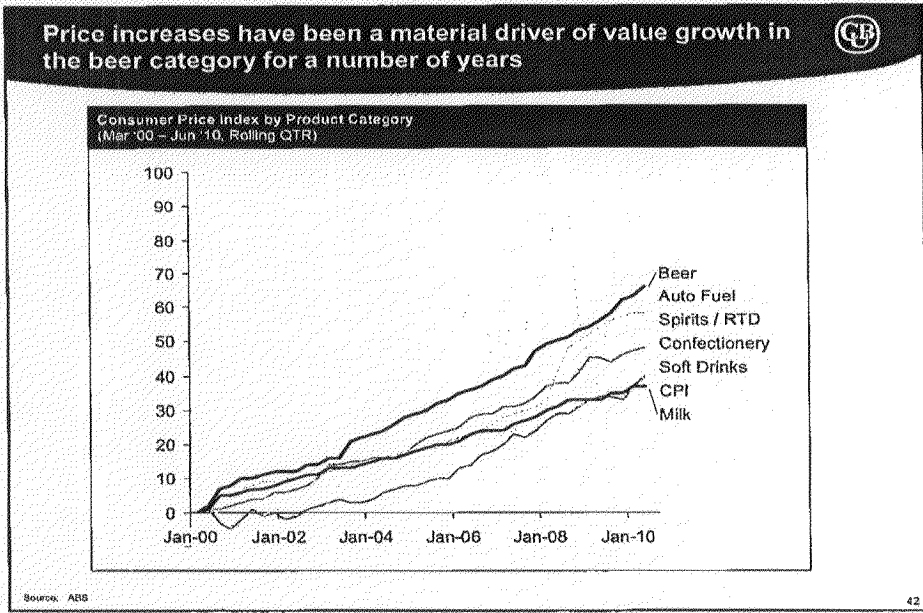
Market Overview 


- **Long-term Beer Market**
  - Stable long-term volume growth
  - Positive mix and price trends
- **Recent Category Performance**
  - Increased volatility due to one-off factors
  - Subdued short-term outlook

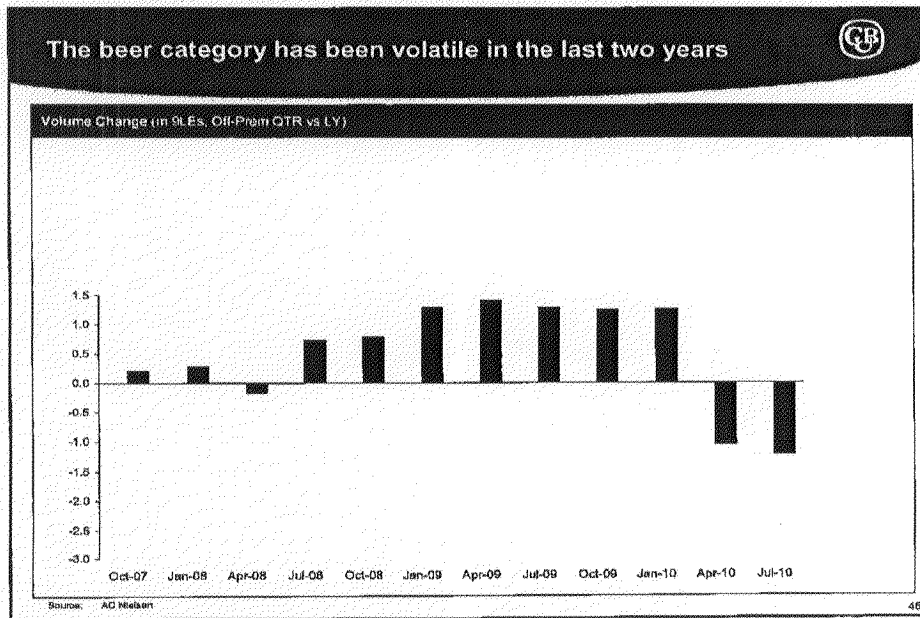
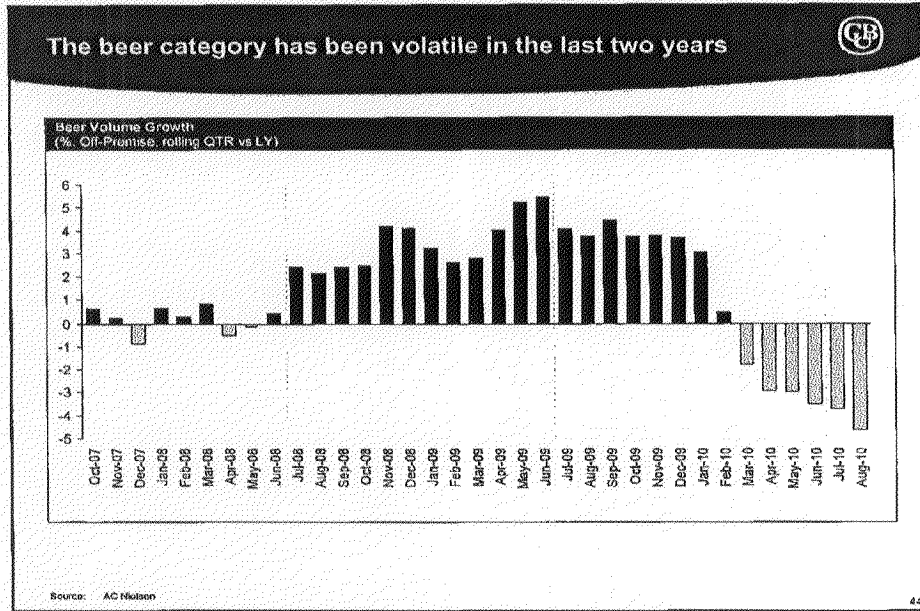
37



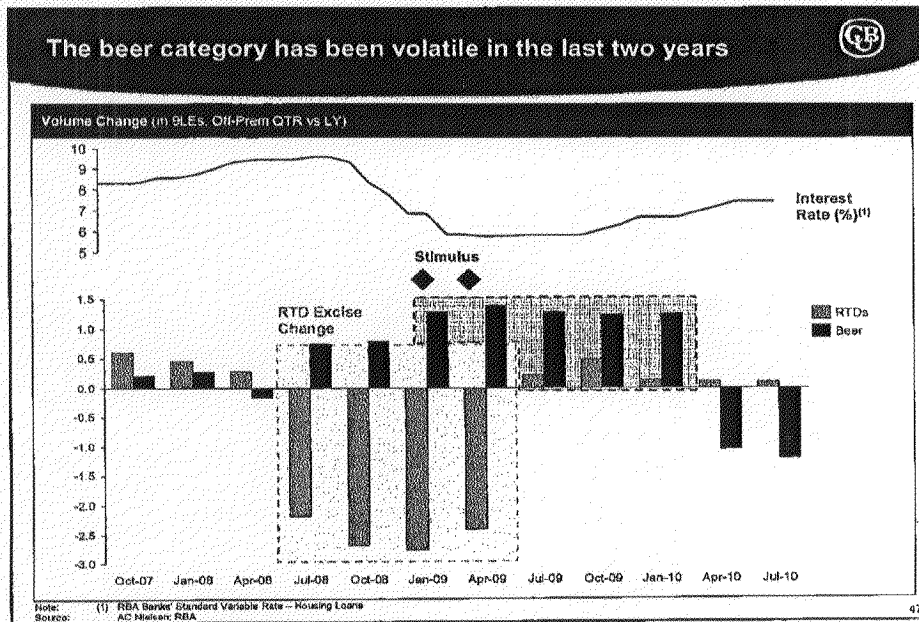
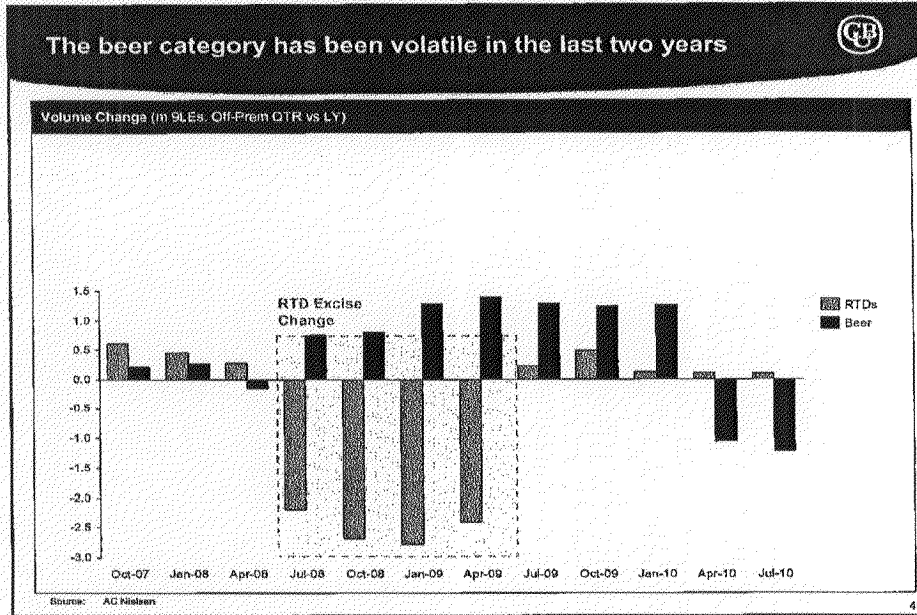


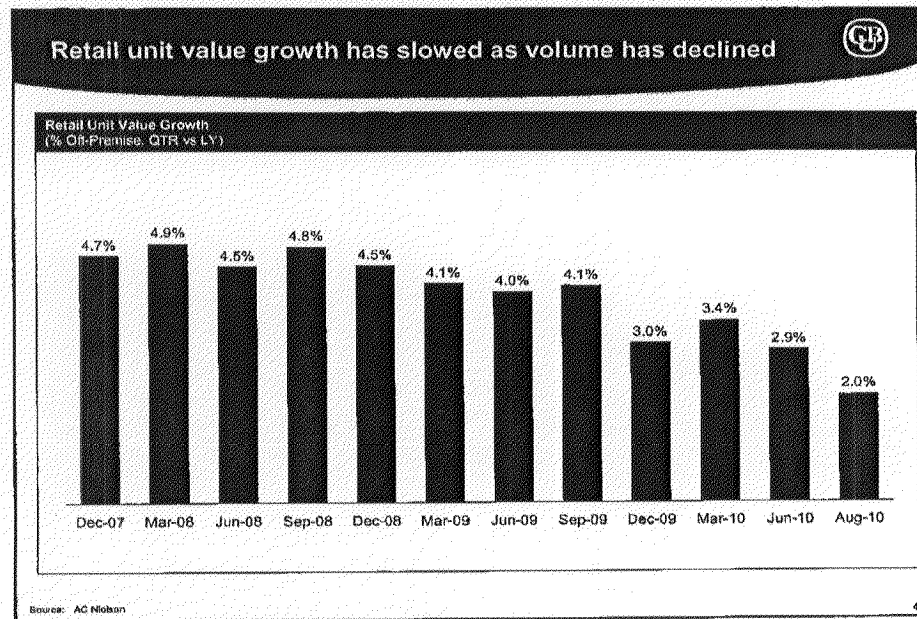
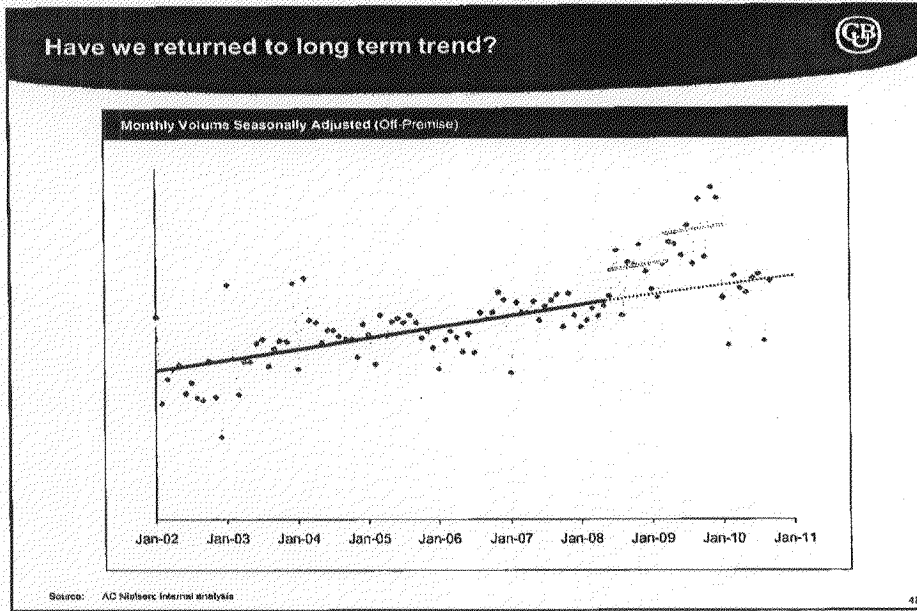


- Market Overview** 
- **Long-term Beer Market**
    - Stable long-term volume growth
    - Positive mix and price trends
  - **Recent Category Performance**
    - Increased volatility due to one-off factors
    - Subdued short-term outlook
- 43









## Key Messages

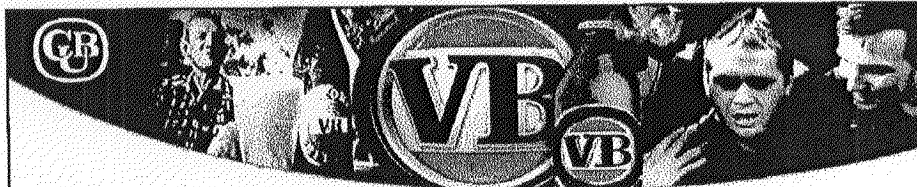


- Beer category fundamentals are strong
- Sustained moderate long-term volume growth
- Value growth ahead of volume due to pricing and mix
- Recent volatility largely driven by RTD excise change and economic stimulus, with decline as we cycle these impacts
- Pricing and mix will remain more subdued during this period of volume decline
- In F11 we expect the category decline in H1 of 4% to 5%, with some improvement in H2

50



## Questions



**Grant Peck**  
 Supply Director  
 Carlton & United Breweries

**The Urgent Agenda to stabilise and build momentum**

<b>Positioning</b>	Invest in brand strength and momentum
<b>Execution</b>	Align investment and execution focus
	Win on-premise
	Win in-store
<b>Capability</b>	Drive operational excellence
	Build capable workforce aligned to structure
	Improve program discipline

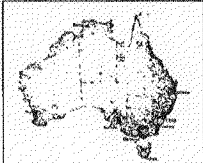
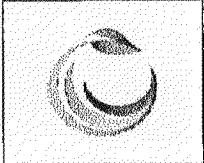

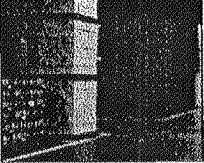
53

### CUB Supply Chain – Key Messages

- CUB's supply chain is an important strategic asset:
  - Favourable manufacturing footprint
  - Production facilities of scale with a track record of conversion cost improvement
  - Logistics infrastructure and reach
  - Leader in sustainability
- We face ongoing cost challenges driven by shifts in the production mix and the breadth and diversity of CUB's portfolio
- Our Urgent Agenda plan includes ongoing lean manufacturing and Continuous Improvement programs and targeted investments to reduce unit cost
- We have validated our performance with the market and are challenging ourselves to extract full value from the supply chain


54

### We are starting from a position of strength

Effective Manufacturing Footprint	Leaders in Sustainability	Strong Brewing and Packaging Innovation Capability	Unique logistics Infrastructure
			

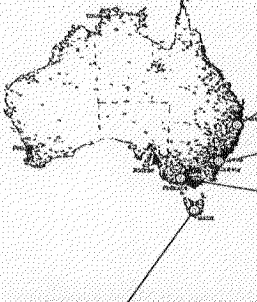
55

### Our manufacturing footprint includes the two largest breweries in Australia



ESG = 2000 PLUS  
© CUB brewery


**Production locations and population density**



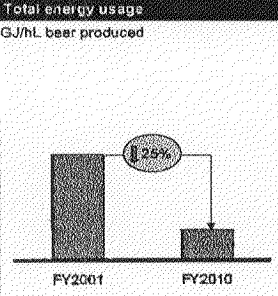
Location	Key Features	Production Capacity
<b>Yatala (Brisbane)</b>	<ul style="list-style-type: none"> <li>World leader in water usage</li> <li>Services eastern seaboard</li> </ul>	<ul style="list-style-type: none"> <li>3 bottle lines</li> <li>1 can line</li> <li>1 keg/racking</li> </ul>
<b>Campbelltown (Sydney)</b>	<ul style="list-style-type: none"> <li>Main cider production plant</li> <li>Home of Strongbow</li> <li>Key eastern seaboard location</li> </ul>	<ul style="list-style-type: none"> <li>1 bottle line</li> </ul>
<b>Abbotsford (Melbourne)</b>	<ul style="list-style-type: none"> <li>Major site – 25% of Australian beer production</li> <li>Home of VB and Carlton Draught</li> </ul>	<ul style="list-style-type: none"> <li>4 bottle lines</li> <li>1 can line</li> <li>1 keg/racking</li> </ul>
<b>Cascade (Hobart)</b>	<ul style="list-style-type: none"> <li>Historic site</li> <li>Home of Cascade</li> <li>Specialist small run facility</li> </ul>	<ul style="list-style-type: none"> <li>1 bottle line</li> <li>1 can line</li> <li>1 keg/racking</li> </ul>

Sources: CUB data; Supply Fitness Review

### We are strong performers from a sustainability perspective

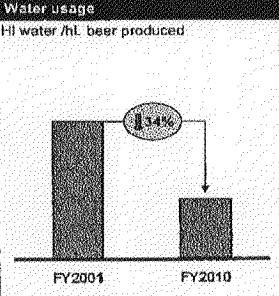


**Total energy usage**  
GJ/hL beer produced



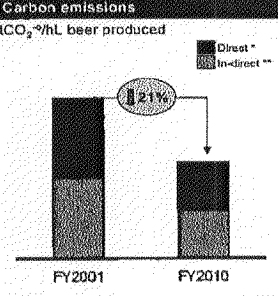
FY2001      FY2010

**Water usage**  
Hl water /hL beer produced



FY2001      FY2010

**Carbon emissions**  
tCO<sub>2</sub>-e/hL beer produced



FY2001      FY2010

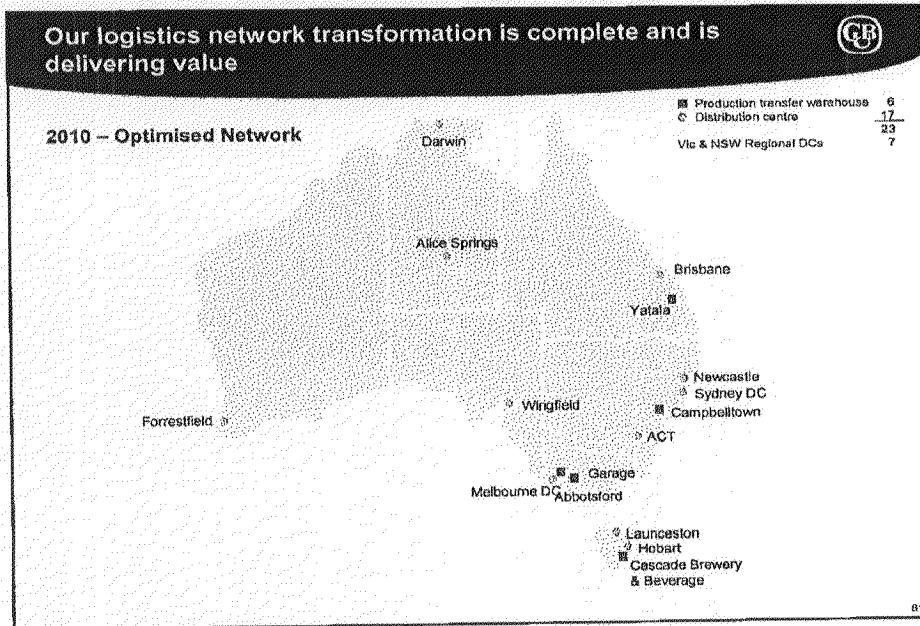
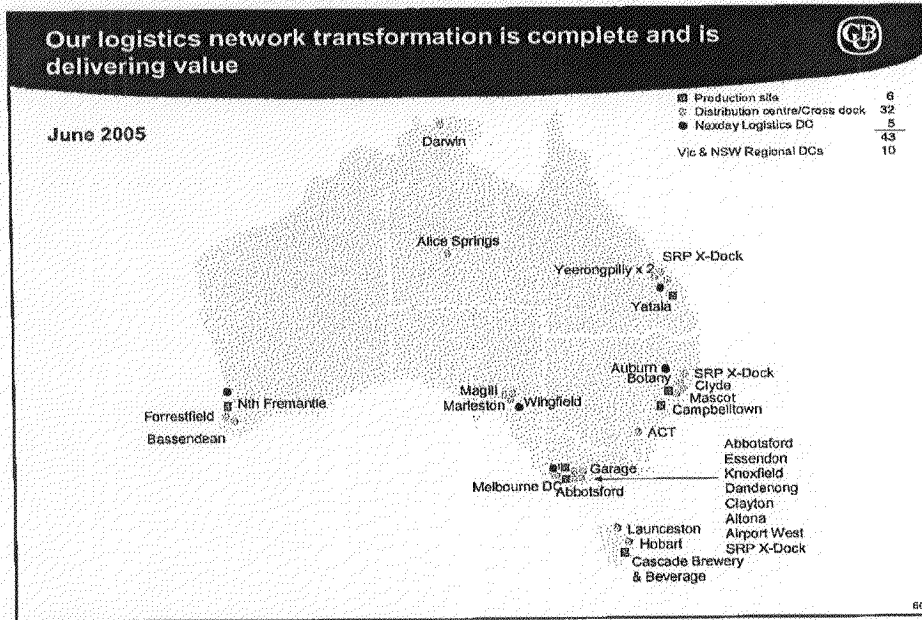
- Yatala best-in-class in energy and water
- Logistics efficiencies driving carbon optimisation
- Capital replacement playing a key role
- **Energy efficiency is good business not just "feel good"**

\* Direct greenhouse gas emissions from production facilities  
 \*\* Indirect greenhouse gas emissions from the generation of purchased electricity for production facilities  
 Source: Foster's Global Environmental Performance Metrics Database



### Increased flexibility in operations and brewing capability allows CUB to better meet customer and consumer needs

Customer / Consumer insight	Supply Solutions
<ul style="list-style-type: none"> <li>Shopper marketing revealed consumers frequently buy 3 single long-neck bottles at a time</li> </ul>	Pack of 3 long-necks
<ul style="list-style-type: none"> <li>Segmenting customer offerings to provide differentiation between channels</li> </ul>	15-pack for independent off-premise customers
<ul style="list-style-type: none"> <li>Low carbohydrate beers have traction with consumers, but choice is limited</li> </ul>	New low carb offerings
<ul style="list-style-type: none"> <li>Growth in flavoured beers</li> </ul>	Leading in flavoured beers
<ul style="list-style-type: none"> <li>Growth in craft beer</li> </ul>	Continuing to innovate craft

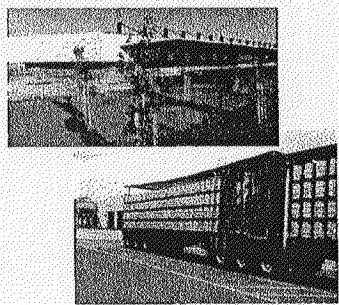




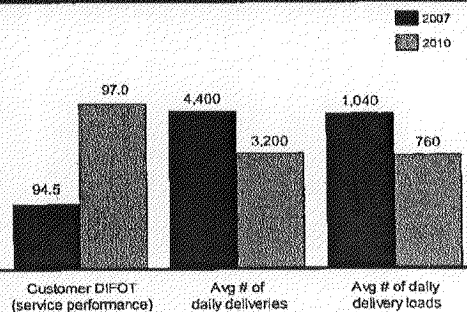
## Our unique logistics model and capability has reduced cost and improved customer service

### Compelling franchise model

- Franchise Model
- CUB systems and dashboard
- Council of Third Party Logistics Providers
- Over 17,000 Customers Serviced
- Average of 3,200 Customers Serviced Daily
- Over 800,000 Deliveries per year



### Optimisation resulted in 3.7% cost per case reduction in F10



- In addition, carbon emissions have reduced by ~9% through logistics initiatives
- And we have externally validated our service performance with the customer base – 8 of 10 customers see FGL's logistics service "as good or better than our nearest competitors"


62

## Effectively supporting mix premiumisation is a continuing challenge

### Challenges

- Complexity and the evolving mix reality – a challenge for all supply chains
- Premiumisation has, and will continue to, challenge the cost per case
  - Local production vs imported products
  - Draught vs packaged products
  - Cans vs bottles and premium bottle format
- Energy and utilities inflation will continue to be a factor

63


**Our Urgent Agenda is addressing these challenges and will allow us to capture further upside opportunity** 

**Actions taken to mitigate the challenge**

- Network optimisation
  - Closure of North Fremantle, Kent, Botany and Airport West production facilities
  - Fitness Review most recently
- Operational excellence program
- Energy efficiency improvements
- Logistics transformation

- Our Urgent Agenda priorities are to optimise within the current footprint
  - ① Lean manufacturing
  - ② Performance improvements in conversion to capture unmet potential


64

**Our Lean manufacturing capability agenda is a key factor driving performance improvement** 

**Line Efficiency Pilot Performance**

Line Efficiency – Test Line

Commencement of program in F08



Period	Line Efficiency
F05	High
F06	High
F07	High
F08	Low
F09	Medium
F10	High (+14% increase)
F11 (YTD)	High

- Clear, aligned structure
- Continuous Improvement (CI) Maturity Index improvements targets are imbedded in all Supply KPOs
- Performance improvement is real
  - Efficiencies are up 14% from F07 lows
- Plant Efficiencies in F11 demonstrate we are on the right track
  - Q1 Overtime vs PY – a 37% improvement
  - Un-planned downtime reductions
  - Quantum leap in site presentation

65

## Our Fitness Review - implementing our urgent agenda initiatives will move us closer to world class performance in conversion

### Brewing



- Our current brewing process performance has cost opportunity versus world's best practice
- Focus on brewing processing, better usage of key ingredients and maximising quality

### Packaging



- Packaging performance is making incremental improvements through Lean, but step change opportunity exists through capital investment
- Focus on efficiency levels, shift patterns, wastage and flexibility
- Continue to drive our Lean program

### Utilities



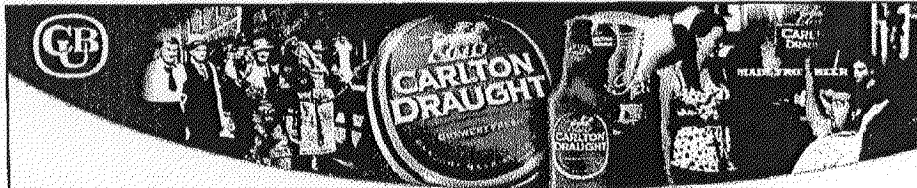
- Whilst we externally validate Yatala is best in class – upside exists
- Focus on energy consumption, delivery and usage, CO<sub>2</sub> quality and recovery systems and class-leading water systems

68


## CUB Supply Chain – Key Messages

- CUB's supply chain is an important strategic asset:
  - Favourable manufacturing footprint
  - Production facilities of scale with a track record of conversion cost improvement
  - Logistics infrastructure and reach
  - Leader in sustainability
- We face ongoing cost challenges driven by shifts in the production mix and the breadth and diversity of CUB's portfolio
- Our Urgent Agenda plan includes ongoing lean manufacturing and Continuous Improvement programs and targeted investments to reduce unit cost
- We have validated our performance with the market and are challenging ourselves to extract full value from the supply chain

67



**Peter Sinclair**  
Marketing Director  
Carlton & United Breweries

The Urgent Agenda to stabilise and build momentum 

<b>Positioning</b>	Invest in brand strength and momentum
	Align investment and execution focus
<b>Execution</b>	Win on-premise
	Win in-store
	Drive operational excellence
<b>Capability</b>	Build capable workforce aligned to structure
	Improve program discipline

69

### CUB Marketing - Key Messages



- With the largest, best known and most loved alcoholic beverage portfolio in the country, we are starting from a position of strength
- We are clear on the challenges we face
- The Urgent Agenda will enable us to:
  - implement new processes
  - invest in brand strength
  - position our portfolio for growth
  - invest in innovation
- We are making progress along these dimensions

### Our portfolio comprises some of Australia's best known and loved brands...



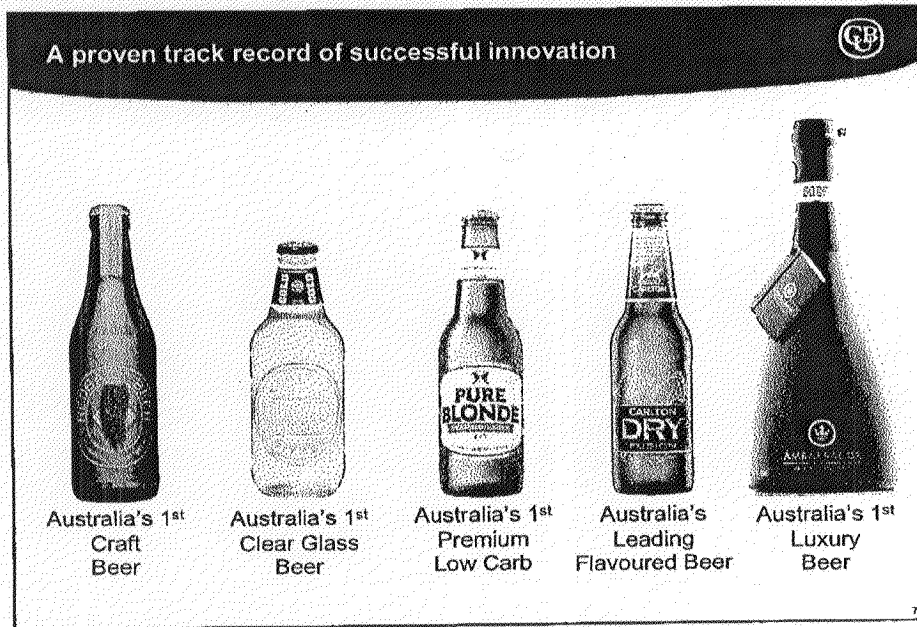
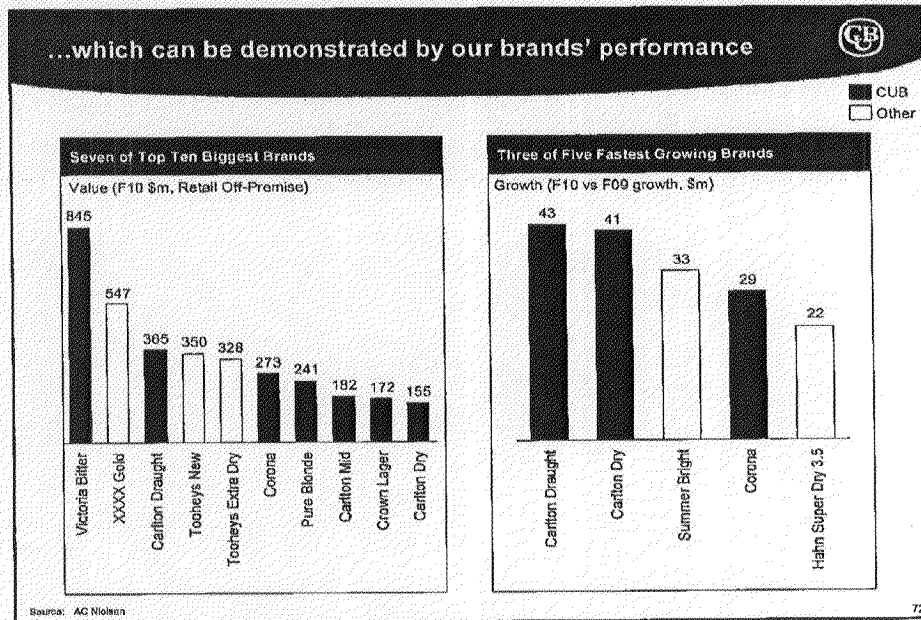
#1 Beer  
 #1 Fastest Growing  
 #1 'Low Carb' International  
 #1 International  
 #1 Domestic Premium




New 'Style' #1 Flavoured  
 International



Craft #1 Fastest Growing Craft Brand  
 Cider #1 Cider




**Implementing the Urgent Agenda initiatives will enable us to strengthen our brands and align investment** 


Implement new processes

**FACT FAME**


Invest in brand strength




Fix our portfolio position



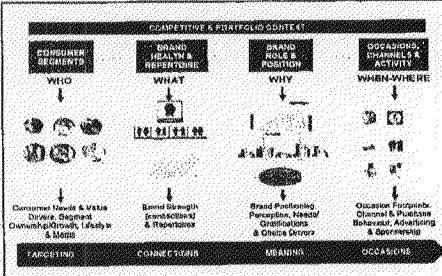
Innovate for growth



74

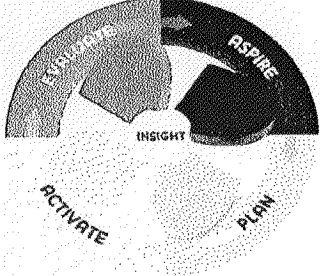
**Implemented new processes** 

**FACT**




**Foster's Australia Consumer Tracker**




**FAME**



**Foster's Achieving Marketing Excellence**

75

Implementing the Urgent Agenda initiatives will enable us to strengthen our brands and align investment 

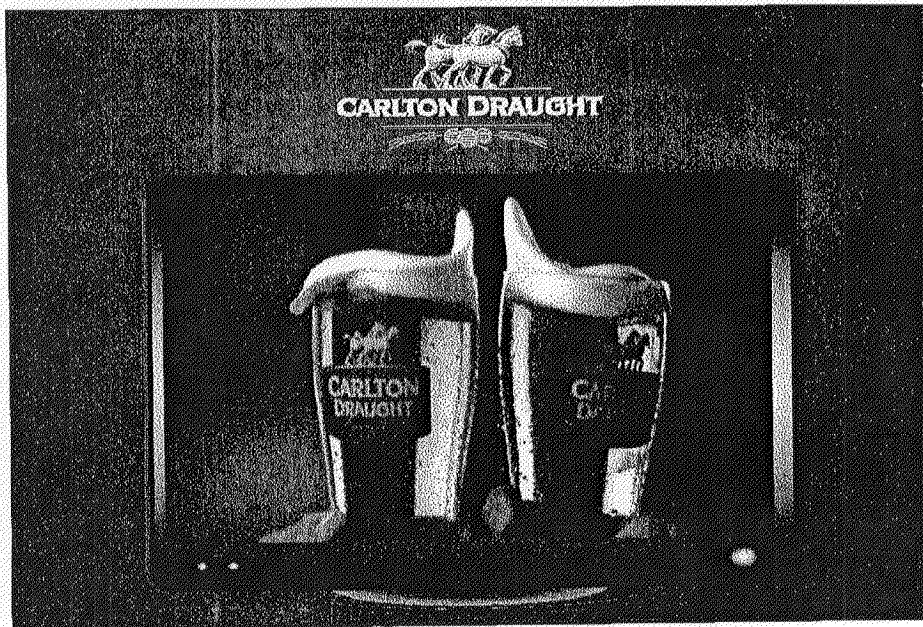
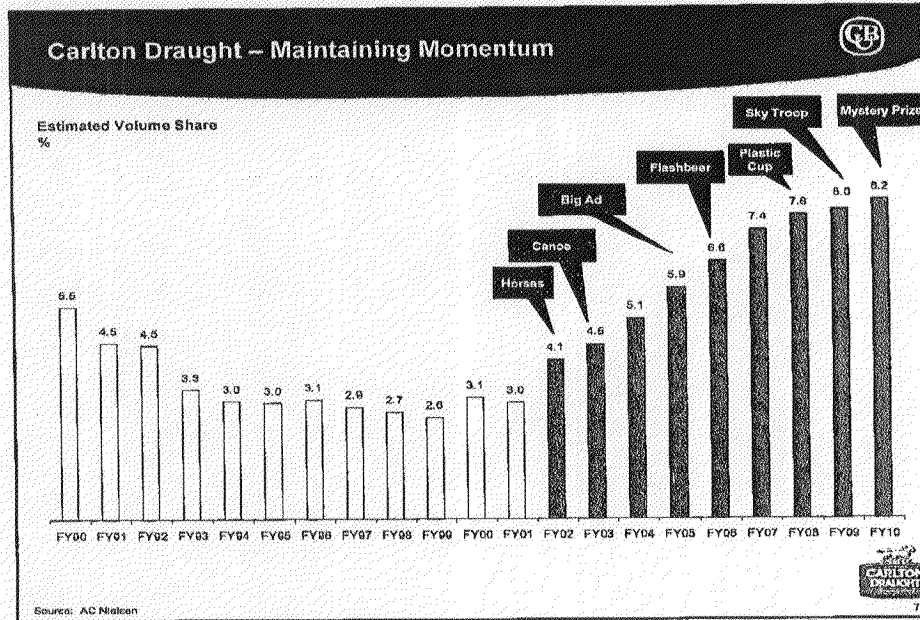
<p>Implement new processes</p> <p><b>FACT FAME</b></p>	<p>Invest in brand strength</p> 
<p>Fix our portfolio position</p> 	<p>Innovate for growth</p> 

78

**SINCE 1864**  
**CARLTON DRAUGHT**  
*Brewery Fresh*

Maintaining Momentum





'Slo Mo' performs very strongly: extremely engaging, communicating on strategy with a strong brand impact



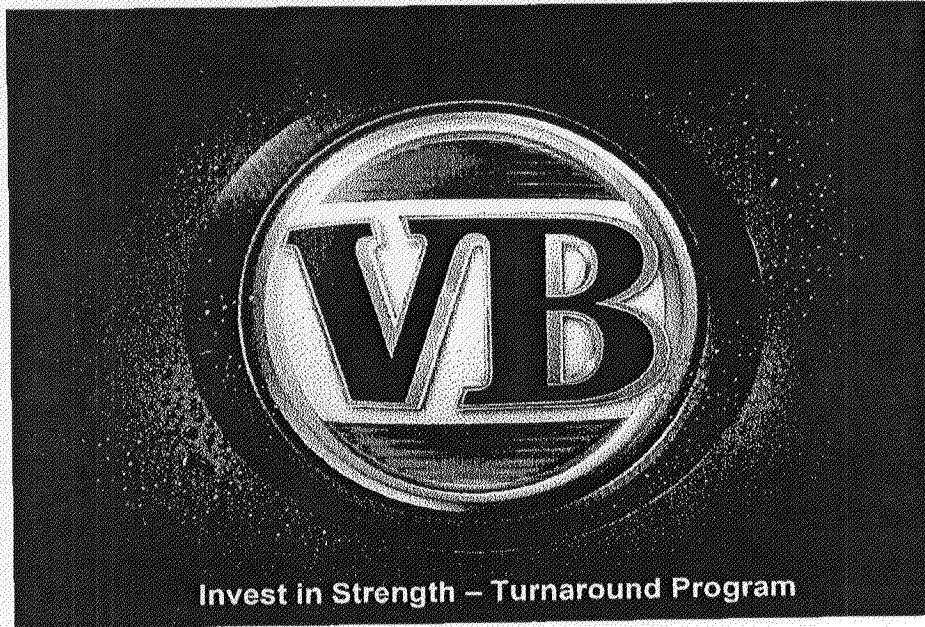
**Consumer Feedback from 'Slo Mo' TVC**  
(% of consumers)

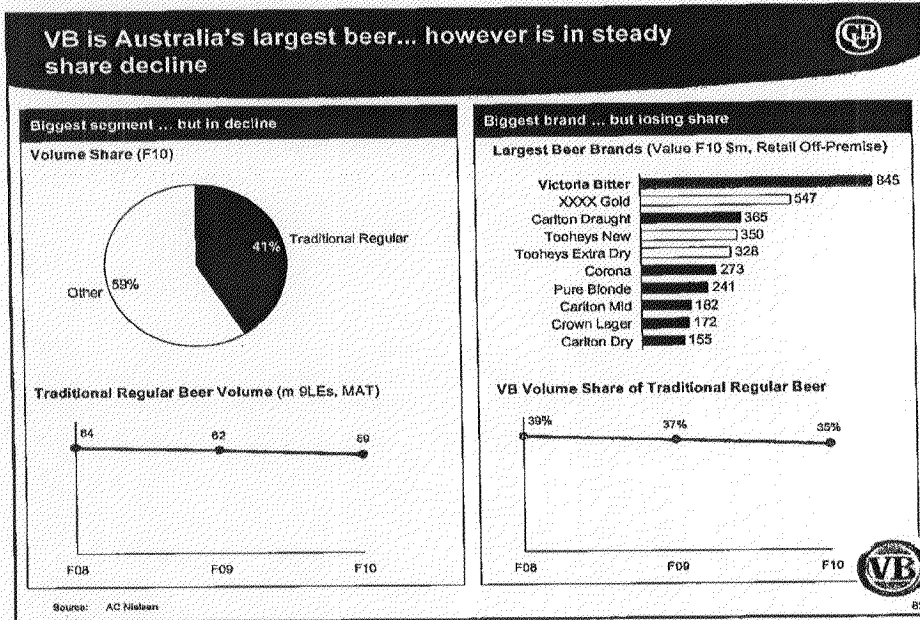
	Actual	Milward Brown Norm
Likeability	71%	29%
Attention Grabbing	67%	35%
Positive brand effect	61%	47%
Main message: Doesn't take itself too seriously	90%	50%

Source: Milward Brown



80





### We are 18 months into 5 year plan to evolve perceptions of VB

**F10**

Celebrate that VB is for more than just old-school masculinity

**F11**

What VB stands for in a modern world

**F12 - F14**

The definitive, positive expression of what VB represents

**The Brand**

**The Brew**

**FREE LIMITED EDITION VB HEMTAGE TEE**

Every batch of VB is taste limited 6 times by a CUB brewer. Another reason VB is The Best Cold Beer.

Stoutlight changes beer, which is why our ironic brown glass stubby is essential to VB's local brew. Another reason VB is The Best Cold Beer.




**VB campaign has high likeability, is attention grabbing, and is on message**



**Consumer Feedback from VB Campaign**  
(% of consumers)

	<b>Actual</b>	<b>Milward Brown Norm</b>
<b>Likeability</b>	<b>46%</b>	29%
<b>Attention Grabbing</b>	<b>65%</b>	35%
<b>Positive brand effect</b>	<b>57%</b>	47%
<b>Main message: Real beer for real men</b>	<b>72%</b>	50%





**Implementing the Urgent Agenda initiatives will enable us to strengthen our brands and align investment** 




Implement new processes

FACT FAME




Invest in brand strength

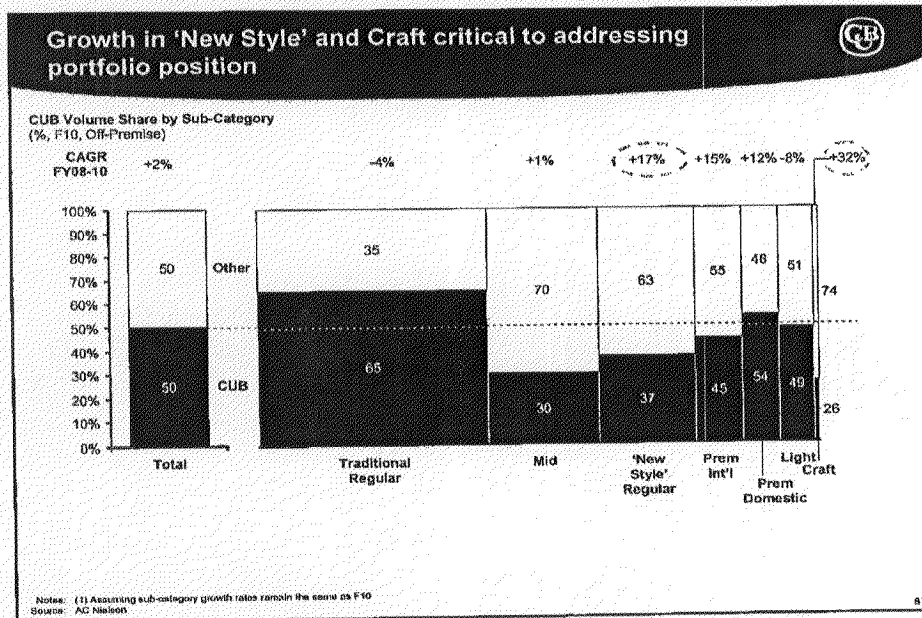
Fix our portfolio position


Innovate for growth





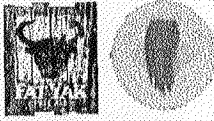








86

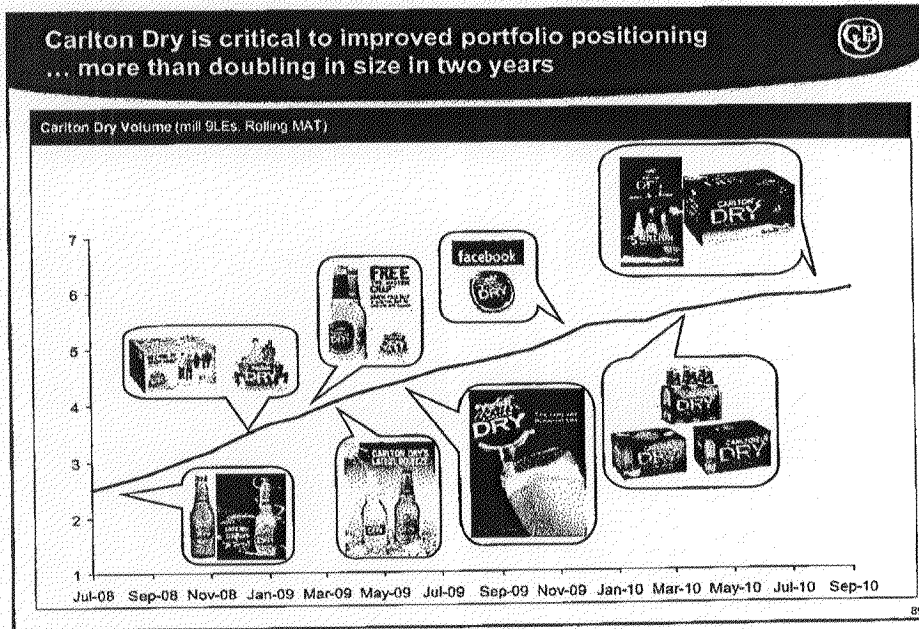



**We are improving portfolio positioning through marketing investment and innovation**






Cider	Craft	'New Style'
  	  	  


88






**Implementing the Urgent Agenda initiatives will enable us to strengthen our brands and align investment** 

<p>Implement new processes</p> <p><b>FACT FAME</b></p>	<p>Invest in brand strength</p> 
<p>Fix our portfolio position</p> 	<p>Innovate for growth</p> 

90

**Innovating for growth** 

 <p>FUSION BLACK</p> <p>CARLTON DRY</p> <p>BITTER SWEET</p>	<p>NEW</p> <p>PURE BLONDE</p> <p>THE NEW TASTE IN LAGER</p> 	 <p>GREAT NORTHERN BREWING CO.</p> <p>PURE CRISP LAGER</p>
--	---	---

91

## CUB Marketing - Key Messages



- With the largest, best known and most loved alcoholic beverage portfolio in the country, we are starting from a position of strength
- We are clear on the challenges we face
- The Urgent Agenda will enable us to:
  - implement new processes
  - invest in brand strength
  - position our portfolio for growth
  - invest in innovation
- We are making progress along these dimensions

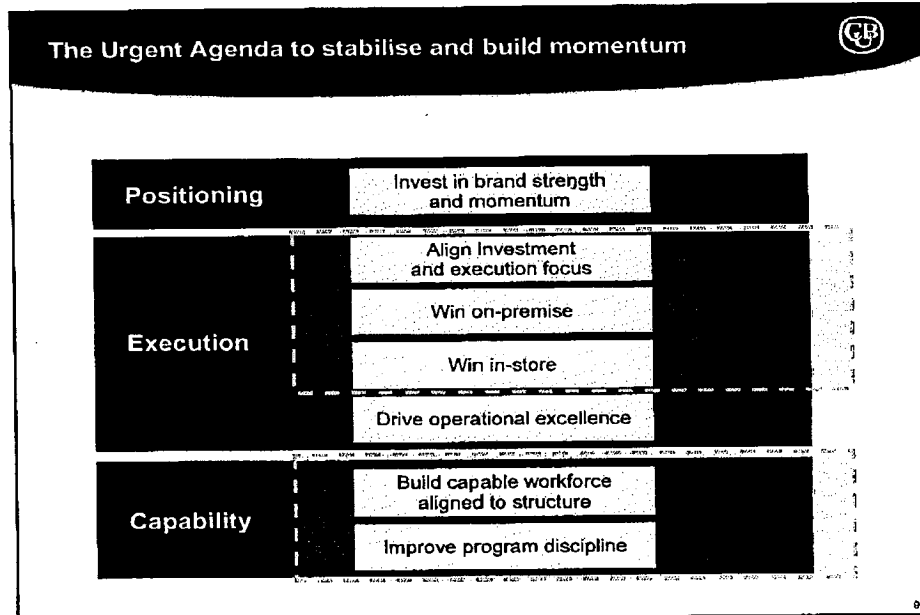
92




**Peter Cantwell**

Sales Director  
Carlton & United Breweries









**CUB Sales - Key Messages** 


- With the largest alcoholic beverages sales force in the country and unparalleled customer access, we are starting from a position of strength
- However, we still have the opportunity to further improve within planning, execution and capability
- Our Urgent Agenda plan addresses immediate commercial opportunities and sets the foundation for our sales vision

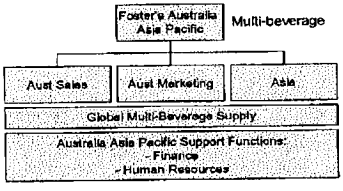
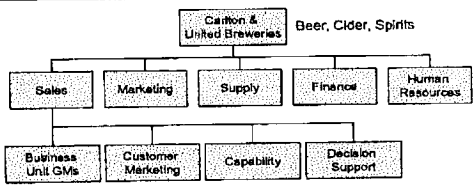
05

**We are starting from a position of strength** 

<p>Scale presence across all channels in every major market</p>	<p>Deeper and more frequent coverage of the market, with more than 250,000 sales calls annually</p>	<p>Largest alcohol supplier to every major retailer</p>
		


98

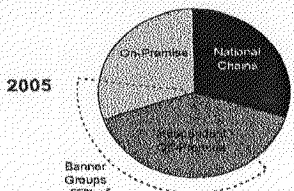
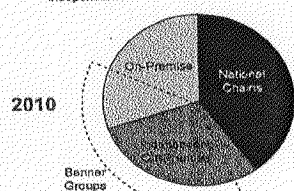
**Dismantling the multi-beverage model has provided focus and opportunities to further strengthen the sales team** 

<p>The multi-beverage structure was introduced in April 2006 ...</p>  <p> <ul style="list-style-type: none"> <li>• Broad portfolio</li> <li>• Business complexity</li> <li>• Poor sales and marketing alignment</li> <li>• Poor customer satisfaction</li> <li>• Low employee engagement – preference to sell one category</li> <li>• Non-dedicated support functions</li> <li>• Not effective in driving sales outcomes</li> </ul> </p>	<p>... and dismantled in June 2009</p>  <p> <ul style="list-style-type: none"> <li>• Clear focus on the category</li> <li>• Greater employee engagement and knowledge</li> <li>• Improved customer service</li> <li>• Increased cross-functional alignment</li> </ul> <p>However, opportunities to improve:</p> <ul style="list-style-type: none"> <li>- Planning</li> <li>- Execution</li> <li>- Capability</li> </ul> </p>
---	--

97


**Addressing these challenges will be essential as the retail market becomes more consolidated**

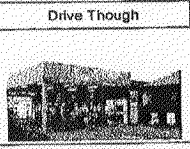
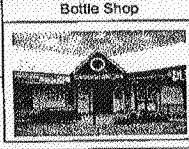

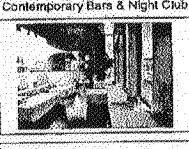
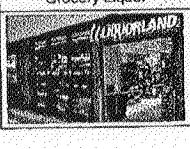







Channel size and growth	Key trends
<div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; align-items: center; margin-bottom: 20px;"> <div style="margin-right: 10px;">2005</div>  </div> <div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">2010</div>  </div> </div>	<ul style="list-style-type: none"> <li>• National chain growth continuing</li> <li>• 'Big box' store openings continuing</li> <li>• Diverse independent customer base; new on-premise venue formats emerging</li> <li>• Consolidation and increasing sophistication of large independent banner groups</li> <li>• <i>Points of market tension include:</i> <ul style="list-style-type: none"> <li>- Retailer led price-based competition</li> <li>- Parallel imports</li> </ul> </li> </ul>


98

**Our merchandising standards and promotional activity must recognise the diversity of the retail landscape**



Australian Liquor Market			
Off Premise			On Premise
<div style="border: 1px solid black; padding: 2px;">Drive Thru</div> 	<div style="border: 1px solid black; padding: 2px;">Bottle Shop</div> 	<div style="border: 1px solid black; padding: 2px;">Basic Bar &amp; Night Club</div> 	<div style="border: 1px solid black; padding: 2px;">Contemporary Bars &amp; Night Club</div> 
<div style="border: 1px solid black; padding: 2px;">Grocery Liquor</div> 	<div style="border: 1px solid black; padding: 2px;">Big Box</div> 	<div style="border: 1px solid black; padding: 2px;">Traditional Public Bar</div> 	<div style="border: 1px solid black; padding: 2px;">Smart Suburban Bar</div> 
		<div style="border: 1px solid black; padding: 2px;">Casual Food</div> 	<div style="border: 1px solid black; padding: 2px;">Formal Food</div> 

99


**We are embarking on a major program to improve the effectiveness of the sales function** 





	From	To
<b>Planning</b>	<ul style="list-style-type: none"> <li>Gaps in coordination in internal planning</li> </ul>	<ul style="list-style-type: none"> <li>Integrated strategic, commercial and activity planning process</li> </ul>
<b>Execution</b>	<ul style="list-style-type: none"> <li>Inconsistent execution, at the front-line and by retailers</li> </ul>	<ul style="list-style-type: none"> <li>Consistent excellence in execution, enabled by integrated planning and upgraded capabilities</li> </ul>
<b>Customer Partnerships</b>	<ul style="list-style-type: none"> <li>Transactional, trading relationships with some customers</li> </ul>	<ul style="list-style-type: none"> <li>Strategic partnerships with key accounts</li> </ul>
<b>Customer Solutions</b>	<ul style="list-style-type: none"> <li>Generic merchandising solutions applied across channels and geographies</li> </ul>	<ul style="list-style-type: none"> <li>Geographically targeted portfolio and activity plans</li> <li>Differentiated, insight-based programs that support our customers' objectives</li> </ul>

**CUB Sales Vision**


To be acknowledged by our customers and peers as the leading sales team in Australia

100

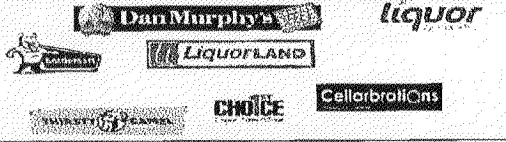
**Our Urgent Agenda plan addresses immediate commercial opportunities and begins to build capability for the future** 

<p><b>Align focus</b></p> 	<ul style="list-style-type: none"> <li>Align investment and resource to targeted channel and portfolio opportunities</li> <li>Execute by channel, store format and customer</li> <li>Drive promotional investment effectiveness and ROI</li> </ul>
<p><b>Win in-store</b></p> 	<ul style="list-style-type: none"> <li>Execute insight based category solutions to drive in-store sales and conversion rates</li> </ul>
<p><b>Win on-premise</b></p> 	<ul style="list-style-type: none"> <li>Targeted plans to strengthen our account base, support differentiation, execute in venue</li> </ul>
<p><b>Build capability</b></p> 	<ul style="list-style-type: none"> <li>Structure, talent, capability building, customer and shopper insights, processes and tools</li> </ul>

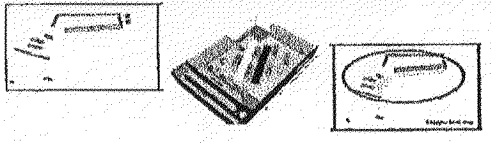
101

**Win in store – using insights to work with our key customers in developing in-store solutions** 

**Strengthening relationships with key customers...**

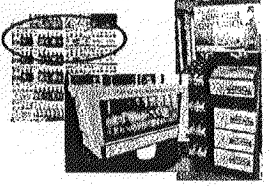


**...through shopper and consumer insight**




**Driving In-store solutions to drive growth**

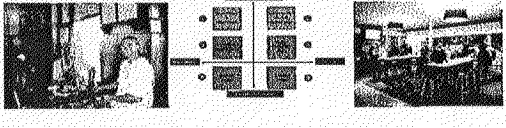
- Disciplined execution of key in-store drivers to drive category and CUB growth
- Aligned investment to execution of category merchandising solutions



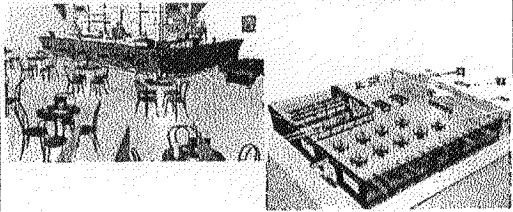
102

**Win on premise - using insights to support venue differentiation and execute targeted growth solutions** 

**Understanding differentiation between venue types...**

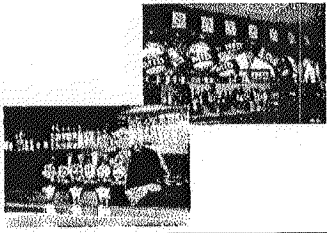


**...through shopper and consumer insight**




**Driving channel and venue specific solutions**


- Improve in-venue standards
- Targeted growth by venue type
- Ongoing commitment to Draught beer quality and presentation



103


**We are investing to upgrade our capabilities** 

- Structure
- Talent
- Capability
- Shopper and Customer Insights
- Processes
- Tools




- Six key business units
- Strengthened Customer Marketing Team
- Aligned decision support and sales analytics
- Dedicated sales capability support

104


**We are investing to upgrade our capabilities** 

- Structure
- Talent
- Capability
- Shopper and Customer Insights
- Processes
- Tools

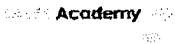


- Talent hires into critical roles
- 40% of senior sales team new into role from internal, external and international appointments
- Programme to support at all levels and accelerate high potential team members

105


**We are investing to upgrade our capabilities** 

- Structure
- Talent
- Capability
- Shopper and Customer Insights
- Processes
- Tools




- Strengthened sales capability team
- Focused 'just-in-time' training to support Urgent Agenda initiatives
- Review process to better understand gaps and develop targeted solutions

106


**We are investing to upgrade our capabilities** 

- Structure
- Talent
- Capability
- Shopper and Customer Insights
- Processes
- Tools




- Dedicated shopper insight capability
- Category, consumer, customer and shopper solutions

107


**We are investing to upgrade our capabilities** 

- Structure
- Talent
- Capability
- Shopper and Customer Insights
- Processes
- Tools




- Integrated business and commercial planning
- Performance management process
- Upgrades to all core sales and customer marketing processes

108

**We are investing to upgrade our capabilities** 

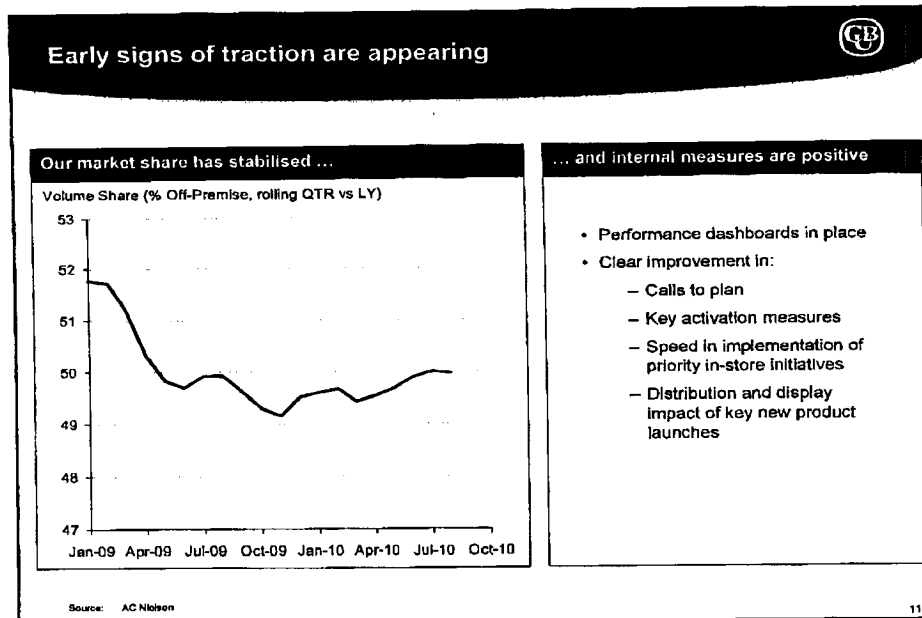
- Structure
- Talent
- Capability
- Shopper and Customer Insights
- Processes
- Tools



- New technology for better front-line planning and execution
- Upgraded sales support tools
- Sales force automation upgrade

109






### CUB Sales - Key Messages CB

- With the largest alcoholic beverages sales force in the country and unparalleled customer access, we are starting from a position of strength
- However, we still have the opportunity to further improve within planning, execution and capability
- Our Urgent Agenda plan addresses immediate commercial opportunities and sets the foundation for our sales vision

111



**John Pollaers**  
Managing Director  
Carlton & United Breweries

We believe in the future of the beer category in Australia 

- **Population growth supports long term beer volume growth**
  - However, short-term trends suggest overall beer market volumes will be down 4-5% in H1 of F11
  - We expect improvement in H2 market trends
- **Pricing and mix will remain the key drivers of future value growth for beer**
  - Despite moderation of market pricing and mix trends recently
  - Aggressive retail pricing and consumers focusing on value formats
- **CUB will benefit from the favourable long-term category characteristics**
  - Recent signs of improved market performance for CUB
  - Current market trends pose challenges for F11 volumes
  - Prior year pricing decisions on the international portfolio will have ongoing impacts in F11

113

**We have a great business, but with some challenges to be addressed**



- **Strong track record of profitable growth has hidden underlying performance challenges**
  - Long term sustainability of performance has been impacted by portfolio positioning, execution and capability
  - Market share loss is an outcome of these factors
- **A new vision founded on CUB's proud heritage**
  - The beer company loved by Australians
  - A strong foundation – 'standing on the shoulder of giants'
  - A culture where beer is at the heart of everything we do
- **The Urgent Agenda is necessary to ensure CUB has strong foundations for future growth**
  - Maintaining our sustainable competitive advantage in our brands, sales, distribution and production
  - Building momentum for profitable growth in the future


114

**The Urgent Agenda to stabilise and build momentum in F11**

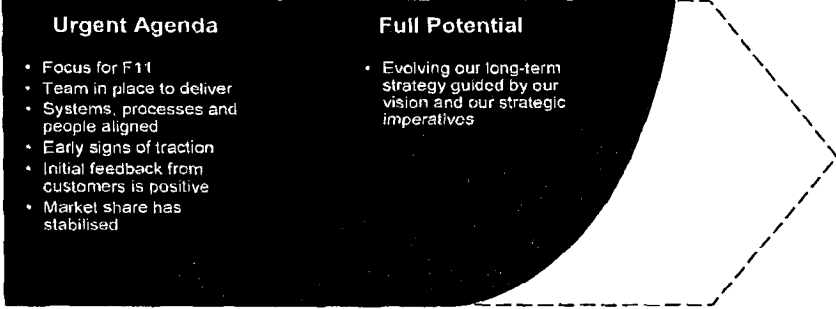


<b>Positioning</b>	Invest in brand strength and momentum
<b>Execution</b>	Align investment and execution focus
	Win on-premise
	Win in-store
<b>Capability</b>	Drive operational excellence
	Build capable workforce aligned to structure
	Improve program discipline


115

**We have a plan, we are building the team to deliver and there are early signs of progress** 

<p><b>Stabilise &amp; build momentum</b> <i>(12 months)</i></p> <p><b>Urgent Agenda</b></p> <ul style="list-style-type: none"><li>• Focus for F11</li><li>• Team in place to deliver</li><li>• Systems, processes and people aligned</li><li>• Early signs of traction</li><li>• Initial feedback from customers is positive</li><li>• Market share has stabilised</li></ul>	<p><b>Look to the future</b> <i>(12-24+ months)</i></p> <p><b>Full Potential</b></p> <ul style="list-style-type: none"><li>• Evolving our long-term strategy guided by our vision and our strategic imperatives</li></ul>
--	---



119



**Questions**