Y 2021 Earnings Call

Company Participants

- Jean Jereissati Neto, Chief Executive Officer
- Lucas Lira, Chief Financial-Investor Relations and Shared Services Officer

Other Participants

- Alan Alanis
- Gustavo Troyano
- Henrique Brustolin
- Isabella Simonato
- Lucas Ferreira
- Marcella Recchia
- Robert Ottenstein
- Sergio Matsumoto

Presentation

Operator

Good morning, and thank you for waiting. We would like to welcome everyone to Ambev's Fourth Quarter 2021 Results Conference Call. Today with us, we have Mr.Jean Jereissati, CEO for Ambev; and Mr.Lucas Lira, CFO and Investor Relations Officer.

As a reminder, a slide presentation is available for downloading on our website, ri.ambev.com.br; as well as through the webcast link of this call. We would like to inform you that this event is being recorded and all participants will be in a listen-only mode during the company's presentation. After Ambev's remarks are completed, there will be a question-and-answer session. At that time further instructions will be given. (Operator Instructions)

Before proceeding, let me mention that forward-looking statements are being made under the safe harbor of the Securities Litigation Reform Act of 1996. Forward-looking statements are based on the beliefs and assumptions of Ambev's management and then information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Ambev and could cause results to differ materially from those expressed in such forward-looking statements.

I would also like to remind everyone that, as usual, the percentage changes that we will be discussing during today's call are both organic and normalized in nature; and unless otherwise stated, percentage changes refer to comparison with fourth quarter results.

Normalized figures refers to performance measures before exceptional items which are either income or expenses that do not occur regularly as part of Ambev's normal activities. As normalized figures are non-GAAP measures, the company discloses the consolidated profits, EPS, EBIT and EBITDA on a fully reported basis in the earnings release.

Now I will turn the conference over to Mr.Jean Jereissati, CEO for Ambev. Mr.Jereissati, you may begin your conference.

Jean Jereissati Neto {BIO 20161989 <GO>}

Good morning, good afternoon, everyone. Thanks for joining our Q4 and full-year 2021 earnings call. 2021 is now history, but it definitely left its mark. We had an all-time high engagement of our team, which once again rose to the occasion and remain steadfast in transforming this company to a new chapter. We kept a very high reputation as we continue to focus on having a positive impact in society and growing together with our ecosystem.

We have reached our record topline performance with yearly volumes at a whole new level, 180 million hectoliters that's 15 million hectoliters of new volume on top of 2020, and pretty much all the industry growth in the period. Our normalized EBITDA went back to double-digit growth and above pre-pandemic levels, despite unprecedented cost headwinds. And we had free cash flow growing ahead of normalized EBITDA, improving our ROIC while investing heavily in the future. I want to deeply thank my entire team for this amazing year.

Now let's talk about Q4. Our main objectives in the quarter were to consolidate our new volume levels. And here, we grew volumes in the quarter, improving our rolling 12 months performance and to position ourselves to start 2022 structurally better than we begun 2021. We accelerated our net revenue per hectoliter growth, reaching 15.2%, which leave us in a good place to start the year.

Breaking it down by region. In Brazil Beer, our volumes in the quarter declined 3%, amid a high single-digit industry decline according to our estimates. Therefore, we sustained market share gains, and we led in 2021, both volume share and value share growth. In fact, this was the second year in a row in which we outperformed a growing industry, adding 4.5 million hectoliters in 2020 and 6 million hectoliters in 2021.

In the quarter, net revenue per hectoliter grew 9%, and we expect to improve this performance in 2022. In Brazil NAB, volumes grew by almost 2%, and net revenue per hectoliter grew nearly 12%, thanks to better packaging and premium mix. We estimate we gained market share in the quarter, benefiting from a better visibility and improved distribution with BEES, closing the year with all-time high buyers in history.

Our international operations continued to rebound consistently. Latin America South was our major growth engine with volumes growing almost 9% and net revenue per hectoliter about 31%. We had a solid performance in Central America in the Caribbean. Volumes grew by 2.5% and net revenue per hectoliter grew by 16%, thanks to our premium and core plus brands that are gaining mixed weight.

Canada, we grew approximately 4% in both volumes and net revenue per hectoliter, an easy comp given Q4 2020, combined with market share gains, led by Corona and Michelob Ultra. On top of that, we are structurally better positioned to start 2022.

Our portfolio is stronger and healthier. For example, in Brazil, Brahma Duplo Malte and Brahma were first and second in brand equity improvement among all brands in the market. And we are starting this year with 1.6 million more consumers that states that love one of our brands.

Also, I would like to highlight the performance of Corona, that is the leading premium brand in Central America and the Caribbean, in Canada, in Chile, in Argentina and grew 44% in volumes in Brazil. Innovation is working. We tested more than 65 new products throughout the year, including beer and non-beer products. There is an avenue of growth in health and wellness with Stella Gluten Free and Michelob Ultra.

Our core plus segment already represents 10% of our Brazil volumes. After the successful launch of Brahma Duplo Malte, Spaten has had a very good traction in Brazil. This segment represents an enormous opportunity in all countries, with Andes Origen leading in Argentina, Cusquena doing very well in Chile and Skol surprising us in Paraguay.

We are going beyond beer. Beyond beer is already an important profitable growth driver in more mature markets like Canada, where we have the Mike's in neutral franchises leading the way. And in 2021 to be ahead of the curve in our other markets, we strength our beyond beer capabilities.

We created a new business unit to bring focus and consistencies to our strategy towards exciting new alcoholic beverages categories such as ready-to-drink, canned cocktails and seltzers. In Brazil, we have the BEES franchise broadening its portfolio, and we will continue to expand Mike's after a successful pilot in 2021.

DTC initiatives have steps changed. This is especially true for Ze Delivery in Brazil, not only in terms of geographic reach, but also scale and assortment. In 2021, Ze reached 300 cities, delivered 61 million orders. And we begin 2022 with 4 million monthly active users.

And BEES is revolutionizing how we connect with clients in Dominican Republic and in Brazil, where more than 85% of our customers are already ordering online and of which more than 80% make majority of their purchases through the BEES app. Also, our offering of non-Ambev products on the platform reached a 1.4 billion annualized GMV in 2021 in total Ambev, and this is just the beginning.

In 2021, we kicked off the expansion of BEES Software-as-a-Service capability with the agreement with BRF in Brazil, and we are speeding up this implementation in Argentina, Paraguay and Panama. At this time of the year, last year, everyone was worried about the impacts from the pandemic, the reduction in government stimulus, the cost pressures given FX devaluation and commodity increases.

After 12 months, the results were: our volumes were up 9%, net revenues up 24% and EBITDA growing 11%. We believe we adapted quickly in 2021, and we invested ahead to continue to lead in 2022. A lot has changed in the past year.

In 2022, we will remain alert, attentive and not let down our guard because COVID is still among us, we are going to see a lot of industry volatility, given consumer inflation, pressuring disposable income on the one side, but we are going to also see World Cup [ph] during the summer on the other side, cost pressures given unprecedented commodity inflation.

In Brazil Beer, cash COGS per hectoliter is expected to increase between 16% and 19%. And despite all that, we would deliver consolidated organic EBITDA growth in 2022, ahead of our 2021 performance with Brazil back to growth. We are structurally better prepared. We have a plan, and our team is already working on it.

To finish, I would like once again to thank all of our people for the great 2021 and for this amazing transformation journey we have been going through. Thank you all. See you in May. And now is over to you, Lucas.

Lucas Lira {BIO 21526003 <GO>}

Thank you, Jean, and hello, everyone. Let's start with the numbers. Net revenue grew 16% in Q4 and nearly 24% for the full-year. EBITDA declined about 2% in the quarter, but grew almost 11% in 2021, which is well above 2019 levels, even if you exclude the impact of one-off tax credits in Brazil. Normalized profit declined about 45% in Q4 due to tax credits one-offs in Brazil, but increased over 11% in the full-year. And operational cash flow increased over 40% in the quarter, finishing the year more than 21% above 2020.

What's more, our consistent improvement on the operational side also translated into better performance when it comes to our value-creation agenda, with return on invested capital, economic profit and free cash flow all back to growth, and all this while, first, continuing to invest behind our business transformation and future growth, with CapEx for the year totaling BRL7.7 billion, which is nearly 64% above 2020 levels, and sales and marketing growing 15% to support our portfolio strategy and innovation pipeline. And second, returning excess cash to shareholders with a total payout of BRL9.5 billion in the form of dividends and IOC in the year, which was about 23% above 2020.

And in terms of sustainability, 2021 was another year of consistent and continuous improvement, and we remain on track to deliver our goals by 2025. For instance, we announced the first carbon-neutral large brewery and malt plant in Brazil, and we also reached 100% renewable energy for our breweries in Panama, the Dominican Republic and Guatemala. We advanced several initiatives to decarbonize our value chain operations related to Scope 3, and we continued to dream big. We announced our ambition to achieve net zero for operations by 2030 and for our value chain by 2040.

All-in-all, we delivered the consistent improvement in performance we have been so vocal about since 2020. And now that we are pretty much back to pre-pandemic levels on the bottom line, and with 2021 behind us, we must look ahead.

So let's focus on 2022. First, what doesn't change? One, topline growth will remain a key priority and a key performance driver. Two, input cost pressure, unfortunately, remains a headwind; and three, our focus on value-creation drivers such as return on invested capital, economic profit and free cash flow generation remain.

Now what should be different in 2022? One, our net revenue performance should be more driven by net revenue per hectoliter than volumes as we adapt to a higher inflationary environment; two, cost headwinds will come mostly from commodity inflation rather than FX, but at a lower growth rate than in 2021; three, SG&A growth should improve, which was heavily impacted by variable compensation accruals; and four, the tax credit one-offs in Brazil that positively impacted our EBITDA, financial results and effective tax rate over the last two years should no longer impact our performance in a material way.

Let me give a bit more color on our COGS outlook in Brazil Beer, which we are giving specific guidance. We expect Brazil Beer cash COGS per hectoliter to grow between 16% to 19% for the full-year. This number assumes commodity prices remain at their current levels and does not include the per hectoliter impact on the sale of non-Ambev products on our BEES marketplace, such as milk, vegetable oil, rice, condensed milk and chewing gum.

Given BEES marketplace growth trend in 2021 and our plan going forward in countries like Brazil and the Dominican Republic, starting in Q1 2022 earnings results, we will report our net revenue per hectoliter, our COGS per hectoliter and our cash COGS per hectoliter performance, excluding the impact of these non-Ambev products sold under BEES marketplace. This is intended to provide more transparency to the market on this important growth driver as well avoid distorting the performance of the underlying beer results.

When we bring it all together, what this means is that we will work to deliver better EBITDA growth in 2022 than the 11% growth we delivered in 2021, despite a tougher Q1, despite volatility by quarter and despite the cost headwinds I mentioned.

Turning to our financial priorities. We will focus on optimizing our business through three things. First, improving our financial discipline with a focus on liquidity as well as our typical cost and expense management initiatives, while reinvesting for growth organically and non-organically; second, further our value creation agenda with a focus on improving our return on invested capital, economic profit growth and free cash flow growth; and third, return excess cash to shareholders over time.

Regarding value creation, we will continue to look beyond margin ratios and also focus on return ratios. Margins remain extremely important, but when it comes to creating value in a sustainable way in the long-term, asset turnover is another important lever, and we see room for improvement here. As for instance, our tech platforms continue to expand. And yes, 2021 was still a tough year on the margin side. But on the return side, we managed to break the downward cycle we were on for a while. In 2022, the challenge is to build momentum on top of what we accomplished last year.

So to wrap up, following good recovery last year, 2022 brings well-known challenges, but also several opportunities we've been investing behind since 2020. We believe we are better prepared, and we will have to deliver once again the continuous and consistent improvement as we transform this company.

Thank you, and now let's move to Q&A.

Questions And Answers

Operator

(Question And Answer)

Thank you. (Operator Instructions) Our first question comes from Marcella Recchia, Credit Suisse.

Q - Marcella Recchia {BIO 21226398 <GO>}

Hi, Jean. Hi, Lucas. Thank you for taking my question. I have two questions here. First one is, if you could give us a little bit more of color on the main components behind the guidance for the EBITDA growth acceleration for both around 11% level seen in 2021. And the second question is, if you have any assessment of elasticity impact on price increase on volumes so far and going forward, right. We have seen that the industry is highly focused on pricing to manage cost headwinds. And I think that is also the case for you guys. So, how you are seeing that impact in terms of elasticity? Thank you very much.

A - Jean Jereissati Neto {BIO 20161989 <GO>}

Hi, Marcella. Thank you very much for the question. Let me get the EBITDA drivers grow first. Overall, talking about -- first about net revenue per hectoliter. I think most of the price is already done. So, we enter in 2022 with a good carryover and we are very confident on improving mix during the year, because I think there's some training in the premium is really working. So at that part, we are confident. We mention that our -- in Brazil, our cash COGS would be in between 16 and 18. That is better than the last year that it was in the low trainees, and sales and marketing should be below inflation with administrative really going NOG. Okay. So, I think there is so -- with this balance, we believe that we can accelerate EBITDA, of course, the volumes in the industry are, I think the most tricky part. We are starting with a very good market share in key countries. So, this helps on one hand. We had Omicron impact in January. But somehow, on the other hand, looks like we're going to have carnivals; one now, one in April. We're going to have a World Cup (Technical Difficulty) a little bit more of the doubts. But we are very confident that we are with better portfolios virtually better, brand equity going up and great innovation working in the market. So, this is the first one.

The second about elasticity. So, what we are seeing is really that when we think about segments that the value segment has the one that suffered the most. Okay. What we saw during the last year, it was -- so our core plus, it's something that is a structural change that helped and brings new news, new recipes for consumer. So, this is -- so it's an important piece of the market that is going beyond any historical of elasticity. Premium is solid and our core that with the returnability is strategy, rebounded to growth. So, it's really being resilient. So, I think talking about segments, what's really been more impacted overall is the value segment and that brings, and that does not have equity. So from our side, we have momentum on mainstream, on workflows [ph] in high end. So, we are excited about our portfolio in general.

Q - Marcella Recchia {BIO 21226398 <GO>}

Perfect. Thank you very much.

Operator

Our next question comes from Sergio Matsumoto, Citigroup.

Q - Sergio Matsumoto {BIO 17673079 <GO>}

Hi. Good morning, Jean and Lucas. Thank you for taking my question. I want to ask about the revolution in logistics to urban distribution centers. You commented on this in the last couple of quarters. And we understand that you're building it out in Sao Paulo and other parts of Brazil, and also transitioning clients into BEES for the ordering and 85% already there. So, two questions on this. So first is Jean, what do you think you are in this whole process, because its revolution is a big word. And I'm sure it's a long-involved process. So, what do you think or do you think you just started, or do you think about halfway through or like if you can give us some color there?

And the second is if you could frame the benefit in terms of top-line growth benefit and any cost savings that you might expect by transitioning to this new process. And if that -- if those cost savings if any -- if we're going to see them or would you be investing them in -- back into the market. Thanks.

A - Jean Jereissati Neto {BIO 20161989 <GO>}

Okay. Thank you for the question, Sergio. Yes. So, let's call, we talked a lot about. It is important piece of our transformation journey, just for you to have in mind. So, what we are talking that, the major piece it is that ambidextrous warehouses that they work for direct-to-consumer initiatives, and they work for each of the initiatives together. Okay, I think this is something that there is a gamechanger in terms of getting this right in really being deficient. So, we have the urban centers and around we have already something around 40 new urban warehouses that can manage consumer and customer in the same platform. What is great about it is that our DTC initiatives you have 80% of the volumes that goes, that comes -- the orders comes on Friday night, Saturdays and Sundays. And the B2B is something that is more planned in this more weekday.

So, it's highly complementary the initiative. That will help us a lot to build this capability, to reach consumers and build this capability to aggregate much more products that we have today, that goes beyond our portfolio, that helps our innovation, but really accommodate some partnership that we are doing with other industries. Okay. So, this is really about capabilities at this moment. So, even if it is something that we are just starting. So, the parts of the question, where we are is just the beginning. And for now, so the DTC is really getting more positive. So, everybody comments and asks about the DTC last mile and this is really a piece that will make the last mile of DTC, accretive to us at some point in time. For now, we are really ramping up and we are just starting.

Q - Sergio Matsumoto {BIO 17673079 <GO>}

And for the benefits, Jean.

A - Jean Jereissati Neto {BIO 20161989 <GO>}

So, the face that we are today is really about expansion. Okay. So, this is really to get the DTC more efficient. So, we know that the delivery is not in the same level of margins that we have in the company. So, it's like to mitigate this growth into get the DTC at some point in time with the same margins that we have in the company. So, it mitigates the growth of DTC for now. It gets DTC accretive at some point in time.

Q - Sergio Matsumoto {BIO 17673079 <GO>}

Yes, I guess. What I meant to ask you is on the B2B part, there is the change in the way, the customer's orders and there's probably our sales uplift and some sort of cost savings, perhaps sphere our sales, people needed less frequency in the visiting the clients. If you can frame those, that'll be great.

A - Jean Jereissati Neto {BIO 20161989 <GO>}

Okay. So, it's a little bit disconnected. So, delivery and order taking, okay. So that's why I'm talking pretty much about the warehouses and the supply chain. Talking about in a broader perspective, so what we are seeing is that client clients, customers can be much more organized with BEES, they can elect, they can plan themselves, where to receive. So, they are paying additional money to have more days in terms of frequency. We are much more efficient on discount optimization and management, because of our data.

So, this piece is really. This is really accretive on this discount management in organizing the logistics and it will be at -- its marginal to really with all this platform to really have the partners in the same truck that we are delivering BEE okay. So somehow, it's very good for the base business. The base businesses get sufficient. But then when we aggregate the other products, when we aggregate the marketplace products, it's really something that we are talking more about growth of this piece of the equation that we are there. So, we mentioned that assortment that is unknown on that in these rigid $1.4 billion in GMV, okay. So, this is already -- is below the average EBITDA margin of the company has grown. And in this case, it's yet profitable -- it's getting profitable with this logistic approach.

Q - Sergio Matsumoto {BIO 17673079 <GO>}

Thank you so much.

A - Jean Jereissati Neto {BIO 20161989 <GO>}

This business is really getting more effective with all these comments.

Q - Sergio Matsumoto {BIO 17673079 <GO>}

Thank you.

Operator

Our next question comes from Alan Alanis, Santander.

Q - Alan Alanis {BIO 15998010 <GO>}

Thank you And congratulations for the results. Hi, Lucas. Hi, Jean. I have a couple of questions. One around the balance sheet and you're sitting on $3 billion of net cash. What's your -- what's the outlook in terms of dividend payout and potential, share buybacks. That will be the first question.

The second question is more around the market in the super-premium category. You mentioned corona, moving up 44% very, very strong. Congratulations for that. Heineken mentioned that they were reporting 10% increase in volumes. Could you explain a bit what's going on regarding the super-premium category, why is it so strong again, in Brazil, and for the same talking, why or what the contribution in terms of margin expansion or margin contraction of the super-premium category in Brazil, please. Thank you.

A - Jean Jereissati Neto {BIO 20161989 <GO>}

I'll get the first one and then the second. I'll get the second one -- I'll get the second one first and then I get to Lucas. Okay.

Q - Alan Alanis {BIO 15998010 <GO>}

Okay. Thank you, Jean.

A - Jean Jereissati Neto {BIO 20161989 <GO>}

Yes. So, we mentioned at some point in time, that our long-term view for the high-end portfolio that we had in Brazil, it was really to have brand equity a route ahead of lines. Okay. So, ahead of market share beauty, brands built the desire, connect with consumers and we have been doing this for a while and it was a very successful strategy that we have best year, somehow for major brands of our high-end portfolio, really got power brand equity up, okay. So, Corona is doing very well, Stella is doing very well. But on the brand equity side is doing well and we are beginning to see (inaudible) to those brands. So, we are seeing Corona, it was a 44% up. We see Beck's with 59% up to. Stella is doing okay. Original domestic brand was 35% up. And this is a major piece of our strategy to improve markets moving forward. This product, they are 150 on average of -- average price of the market in they are accretive in terms of margins. But our main strategy is to see to have brand equity ahead of market share, for example Corona has three times the brain power that it has in terms of market share. So, there is a lot of spaces you that -- and consumer pull on. That is the important piece of our equation. We add to that the innovation, the corpus that is another part that you bring their creativeness for us in our portfolio.

A - Lucas Lira {BIO 21526003 <GO>}

Okay. Hi Alan, thank you for the question. A few points here, in terms of use of cash, the framework, the mindset continues to be the same as the one we've had over the years. Meaning number one, we want to reinvest in growth opportunities. And over the last few years, I think we've found very attractive organic growth opportunities, either in our base business or in these new business ventures, that we've been investing behind leveraging technology.

So, a plenty of opportunity to reinvest the strong cash flow generation to generate more growth, number one. Number two on non-organic growth opportunities, we're always looking at interesting opportunities again, in the base business in markets, where there's still white spaces or in these new business models, new ventures, opportunities to enhance our capabilities to drive the expansion of these ventures going forward. Okay. So that's priority number one, we invest in the future growth.

And then we will continue to return excess cash to shareholders over time as we have been over the course of the last few years, right. Just to give a bit more color on this. If you take 2019, 2020 and 2021, right. What we ended up doing was we had if you look at the fiscal year rights total payout. We had roughly 7.7 billion of payout between dividends and IOC, in 2019 and 2020, right, reminding that 2020 right, there was a very tough year. But we managed to keep the payout at the same level. And as the business performance and the financial performance bounce back in 2021, we managed to increase the payout and we ended up making the largest payout if I believe since 2016.

It was the third largest total payout in history growing 23% versus 2019 while profit grew roughly 8%. So, the way we continue to think about this is as the business improves. And after we've reinvested for growth, we will continue to look to return excess cash to shareholders and improve the payout overtime. The way to return excess cash to shareholders will remain very much focused around maximizing the IOC as we have in the past, supplemented by dividends and from time to time, we will look at buyback programs. But that's a discussion that we have with the Board from time to time. For now, the decision remains to prioritize IOC and dividends, and this is a conversation more towards the end of the year for us.

Q - Sergio Matsumoto {BIO 17673079 <GO>}

Thank you so much, Lucas. That's very useful. Thank you, Jean. Congratulation, again.

A - Lucas Lira {BIO 21526003 <GO>}

Thank you.

Operator

Our next question comes from Lucas Ferreira, JPMorgan.

Q - Lucas Ferreira {BIO 16552031 <GO>}

Hi, guys. Thanks for taking my question. So, additional clarification is that when the guidance if possible. Just wanted to understand how much you think you could well perform market so far this year. So in other words, how much you see the Brazilian beer market growing in 2022? And I just have to have a view about this growth. You should think it's going to be a bit more back loaded into the year, since I have one decline in the first quarter, if you can give us a sense of how the years starting. So, how should we think about reconciling the beginning of the year with your full-year guidance?

And the second question around the same thing here. If you can give us a sense of how relevant both BEES and rather (inaudible). So, you guys do believe with these results in '22? So, it's not mistaken like -- the big marketplace is already growing like probably 40% from the last Monday, that gave us in the third quarter. So, just wondering, if you can explain to world a little bit how these and that really contributes to this outperformance between 2022. Thank you.

A - Jean Jereissati Neto {BIO 20161989 <GO>}

Okay. Let me get this one. Lucas, thank you for the question. So thinking about, I think that we've talked about the lines. I think that the trickiest one is really, really dividing, right. So that we mention. We are confident, because we are starting in with a good carryover and that (inaudible) and we're starting with a good, very good position in terms of market share, a solid with returnable performance really going up.

So, we are confident that we are structurally better to address the year in starting the year with a market share much above that, we started the previous year. Okay. So that's how we think that we are structurally better in starting the year. So having said that, we had the Omicron impact after the -- in the beginning of the year. Last year, the carnival was already some week in what we're seeing -- so, we have seen a recovery in February. But somehow, looks like we're going to have like half carnival, it's just a holiday and then we're going to have another one in April, because Rio de Janeiro in Sao Paulo already mentioned that they will have some activities on. And then we have all the reopening and then we have elections and World Cup. So somehow, I think that's the most tricky part. So, there is really something that we have to be attentive, disciplined, agile and flexible to address the industry overall. I think that's the most I can mention to you with -- let's see no crystal ball on that. There's plus and minus that we have to address. We are starting with good position.

Having said that, this is really above growth. So, this really helps the base business overall. Okay. So -- but when we talk about the other assortment, it's really about growth. So, we are building growth that delivery we are more sizable already now and we begin to see efficiencies coming as we get the last mile, more efficient overall. So, we are more and more doing two deliveries in the same motorcycle. So, we are more and more getting deficient on revenue management on the that BEES services that more sizable in really getting more efficient in business, really the other BEES is really above growth. Okay. So, I think that's the most I can mention. That's pretty much. Yes.

Q - Lucas Ferreira {BIO 16552031 <GO>}

Thank you, Jean.

Operator

Our next question comes from Henrique Brustolin, BTG.

Q - Henrique Brustolin {BIO 20879960 <GO>}

Hello, Jean. Hello, Lucas. My question is on the cost outlook for 2022. The cost per hectoliter in Brazil, should grow the 16% to 19%, you mentioned in Brazil Beer. And that is now mostly come from commodity prices rather than the FX as it was in the best. So, if you could just provide some additional color on how that could also apply to your other business units? And also, how the outlook for revenues growing by higher -- revenue per hectoliter, rather than volumes may relate to that in terms of potential price hikes that you see during the year? Thank you.

A - Jean Jereissati Neto {BIO 20161989 <GO>}

Yes. Thank you for the question, Henrique. Our outlook for cash COGS per hectoliter, right is in terms of the guidance, is really focused on Brazil Beer. We're not providing any guidance with respect to the other business units. However, when we look at the commodity inflation, right. No business unit of ours is immune to it. Okay. And as we have the hedging policy in place, right. Rolling 12 months forward, you can get a sense of the impact that commodity inflation price can have across our other business units. Okay. But just given the importance of the Brazil Beer business to the overall performance of the company. We wanted to provide this additional level of detail. So, the market can have a better sense of what to expect in the year. Okay. And could you repeat the second part of your question, on the net revenue per hectoliter, please?

Q - Henrique Brustolin {BIO 20879960 <GO>}

Yes, sure. It was -- the goal of our -- or at least the outlook of growing revenues, mainly by higher realized prices, that implies that you see in the end of better environment for price best rules. And now, mainly overseas, you mentioned before that the sum of the price hikes should come from their mix and you have already a positive carryover. But just thinking, if you would also expect higher price hikes, then if you see a positive environment for that overseas.

A - Lucas Lira {BIO 21526003 <GO>}

Okay. So, outside Brazil, I think one of the key drivers of our net revenue per hectoliter performance has been premiumization. Okay, number one. So -- and that and that is true. Not only for core plus volumes in markets like Argentina, in markets like -- many markets in the Caribbean, the Dominican Republic, Panama, and also Canada. Okay. And this is also true for our premium brands across these markets.

So I think, both in 2020 and 2021, we really saw this momentum building around above core or plus and premium volumes increasing the mix and that has helped us on the net revenue per hectoliter performance side. I think that's one of the major contributors over and above the core pricing and as Jean mentioned earlier today on the call, right, we've pretty much started the year, where we wanted to be in terms of pricing. And so we count on this carryover to give us also a good tailwind going into 2022.

Q - Henrique Brustolin {BIO 20879960 <GO>}

That's very clear, Lucas. Thanks very much.

A - Lucas Lira {BIO 21526003 <GO>}

Thank you for the question.

Operator

Our next question comes from Isabella Simonato, Bank of America.

Q - Isabella Simonato {BIO 16693071 <GO>}

Thank you. Good afternoon, Jean and Lucas. Thank you for the call. My first question is on the volume performance, one more from our channel prospective, right. Both in Q4 and how you're seeing the beginning of the year? If you could give us a little bit more color on the performance between the on-premise and off-premise in Brazil? The weakness that we saw in the industry, where was that more concentrated and how using the pace right of the on-trade recovery throughout the next couple of quarters. That would be my first question.

And the second question is, it's interesting you guys mentioned that the SG&A relief -- right for 2022. Any sense of magnitude or how should we think that versus inflation for the year? I think that could be helpful. Thank you.

A - Jean Jereissati Neto {BIO 20161989 <GO>}

You can go for -- you can take the first one.

A - Lucas Lira {BIO 21526003 <GO>}

I will take the first one on volumes and then I'll answer the SG&A one --

Q - Isabella Simonato {BIO 16693071 <GO>}

Okay.

A - Jean Jereissati Neto {BIO 20161989 <GO>}

So, what we saw in Q4, it was a lot related with weather that it was a very bad weather overall. So, we saw this industry deceleration on that part. So, impacting all the channels equally. And then we had Omicron that impacted more of the on-trade again. So, we have been seen structurally better comeback of the on-trade, but they're Omicron, I stopped that, and then we saw the impact on the on-trade again. But Q4, it was mainly pretty much about the weather overall. We believe that this own on-trade coming back is more structural when Omicron goes that's really -- it's really getting better. We've seen the on-trade overall, reorganizing, transforming itself to deliver is to do takeaways. Of course, the occasion of gathering outside of home with friends, it is volatile. So, it was getting better, it stopped -- I think it will get back again. So, I think, throughout the year, this should be a positive as we've seen all over the previous year overall. Okay. So, in terms of channel, we believe that the on-trade in traditional trend will continue to rebound during the year and that was pretty much it.

A - Lucas Lira {BIO 21526003 <GO>}

And with respect to your question on SG&A, Isabella, few things here that I think are worth highlighting. I think number one. 2021 was a year, where SG&A growth was heavily impacted by admin expenses going up. And within admin expenses, there were a few dynamics that we highlighted during our Q3 call. Number one, if you think of the growth of overhead, excluding our investments behind technology right, the overhead growth was actually much milder and below inflation, okay. But since 2020, we've taken the deliberate decision to write over invest in technology to build the future, okay. And that had an impact on top of the variable comp.

And as it relates to variable comp, I think it's fair to say that the variable comp accruals in 2021. We're on the higher end of historical accruals, given that the rebound in performance was much stronger than we expected, right going into the year in 2021. So, when we look at 2022, I think the good way to think about SG&A is less growth on the SG&A side coming from admin, because of lower variable comp accruals, right versus the level at which we accrued in 2021. We will continue to stay very, very disciplined around overhead growth, right as we have historically been and -- but we won't be shy about continuing to invest behind technology, okay. But all in all, a much better level of growth on the admin side as opposed to 2021, okay.

Then, when you go to sales and marketing. Sales and marketing in 2021 was heavily impacted by the comparable base, because in 2020 sales and marketing was at a much lower level as we adapted to COVID and right we tightened the belt. So, there was a tough base of comparison and that to a great extent, explains kind of the year-over-year growth albeit below net revenue per -- net revenue growth, okay, for the full year.

So, sales and marketing I think perhaps the best way to -- just to have a references is to look at historical sales and marketing performance and use that as a reference though we're not giving any specific guidance on sales and marketing for 2022. So, I would look at historic levels, okay, as a reference.

And then on the logistics side, I think, the one of the main impacts was the increase in initiatives like need to see, right. As Jean mentioned that they bring the last mile distribution cost. We will still invest behind that expansion. So, there's still some increase on the distribution cost side. But nothing to flag here out of the kind of ordinary expansion of the business. Okay. So all in all, SG&A growing less than it grew in 2021, given these different levers that I mentioned.

Q - Isabella Simonato {BIO 16693071 <GO>}

That's very clear. Thank you.

Operator

Our next question comes from Robert Ottenstein, Evercore.

Q - Robert Ottenstein {BIO 1498660 <GO>}

Great. Thank you very much. First is a short detail question, any update in terms of state or national taxes that impact beer in Brazil? And then my main question really is on, how you're addressing total beverage alcohol opportunities in your key markets? And particularly spirits. How beer is doing versus spirits plans that you have to perhaps get into spirits or address spirit occasions with more -- ready-to-drink products. You've done some of that in the past, but like to get an update on where those initiatives are? Thank you.

A - Jean Jereissati Neto {BIO 20161989 <GO>}

Okay. I can take the first question on taxes. And then Jean can answer the second one on total beverage alcohol. On the tax front, Robert. There's no real update. I think just taking a step back, our view is that given how hard, right, COVID hits our markets. We think that everybody needs to support recovery. And so in our view, the way forward, right, is to invest behind recovery of the on-trade for instance. And so to the extent, there's further taxation, right, that's going to increase the burden, right, on the industry, increase the burden on the trade. We think that's not going to be reconstructive for the recovery of the industry as a whole, okay. But there's no real update since Q4 on the tax front.

A - Lucas Lira {BIO 21526003 <GO>}

Robert, let me get the second one. So, thanks for the question of total beverage. Let me start with something that we don't talk that much. We have been building NABs across the board in Brazil, Argentina, Uruguay and we are really excited about what we -- the foundations that we built this year. So, we have resilience on that side. We are gaining market share. Pepsi Black is really something that we are very excited about the taste is really something that consumers are cheering with us. What an -- actually is doing very well.

And BEES is really helping for us to give more space for NABs. So, this is the first thing. I think, it will be a strong year for NAB across the board in our company. Because we built -- that was a year -- 2021 was a year that we built a lot of things to help NABs. Having said that, so we step it change the share of throat of beer in the previous in 2020, 2021, it was a step change. You've seen my volumes. Somehow, we get it, right, the innovation strategy and affordability strategy on the mainstream on the core. So we step it change share of throw. So, our category is very resilient in Brazil, in Argentina, in Chile, in our major footprint, beer is really as a category really doing well. We are taking the lead on innovating on deciding the relative price on the basket. So, we are very excited with that.

Having said that, we just put in place a business unit to go to think about beyond beer, that is thinking about all the options that we have. So, RTG is really something that we are starting. So, with BEEs (inaudible) is very well, it's really something that we believe that we have traction in our major market. And then -- and this pretty much, the spirits occasion and then we are studying everything and open on the -- all the alcoholic beverage. But it's easy to say how we're going to move. So, we put in place the capability to be higher ahead. We are studying deeply, RTG we move first and we are studying the rest.

Q - Robert Ottenstein {BIO 1498660 <GO>}

Thank you.

Operator

Our last question comes from Gustavo Troyano, Itau BBA.

Q - Gustavo Troyano {BIO 20089359 <GO>}

Hi, Jean and Lucas. Hi, everyone. I was wondering if you could give us a little bit more of the EBITDA guidance for 2022, especially trying to analyzing magnitude of the forecasted growth were being different geographies. So, it would be there -- have to be -- if you could help to navigate to EBITDA maybe, that we consolidated that growth across in that business units. So, which we just could increase EBITDA ahead of the consolidated growth, which once could act as headwinds for the consolidated growth through each year EBITDA guidance. So, when (inaudible) maybe, we could give us today, mainly focusing on your international operations and how to compare these Brazil Beer EBITDA outlook for 2022 would be very helpful. Thanks.

A - Jean Jereissati Neto {BIO 20161989 <GO>}

Okay. Thank you for the question, Gustavo. We're not going into that level of detail. But let me try to give you a good way to think about it and one of the reasons why -- when we project 2022 based on our plan, kind of what are the reasons to believe, right that we're going to work towards delivering more than the 10.9% organic EBITDA growth for Ambev, right at the consolidated level. I think a good way to think about it is in 2021, right, we delivered the 10.29% organic growth year-over-year with EBITDA decline, not only in Brazil Beer and EBITDA decline in Brazil NAB, whereas our international operations in last CAC in Canada, really made a difference in terms of allowing us to deliver this organic EBITDA growth, despite all the effects and commodity headwinds that we faced across markets. We still managed to deliver good recovery and double-digit EBITDA growth.

So, when we look at 2022, we see given the momentum and given that we're starting the year better prepared, right. We see 2022 with Brazil bouncing back in terms of the EBITDA growth. So, just by having Brazil, bouncing back in growing EBITDA after three years of decline, right. And given the size and importance of Brazil, not only beer, but also NAB, to the overall company. That gives us confidence that we can deliver this improved performance and growth level for 2022. I think that's the main difference, it's Brazil bouncing back and growing EBITDA in organic terms.

A - Lucas Lira {BIO 21526003 <GO>}

To add on that, Gustavo, Central America and The Caribbean has been a clock, right, has been some steady Canada too. It is being easy to predict like we are doing very well. So, the core plus strategy is really working. Chile is really something that we are accelerating. Paraguay is doing very well, Argentina too. So in the end, NABs is what I mentioned somehow we don't talk that much. But I think it will have a strong year. And then we have Brazil turn here.

Q - Gustavo Troyano {BIO 20089359 <GO>}

Best year. Thank you.

Operator

Thank you. The Q&A session is now closed. Now, I would like to turn the floor back to Mr.Jean Jereissati for final remarks.

A - Jean Jereissati Neto {BIO 20161989 <GO>}

So, thank you very much, thank all the analysts, everyone, who joined the call for your time and attention. 2021 was a great year in our journey. We are transforming our business, the milestones that we accomplished, it was something that we are very proud of. Q4, we consolidated a whole new level of volumes, we are structurally better prepared to 2022, we know that 2022 will have its challenges. But we are confident on delivering consolidated organic EBITDA growth in 2022 ahead of our 2021 performance. So, thank you very much for everybody for the call. I see you in May and have a great day.

Operator

Ambev says thanks everyone for participating in today's event. The conference call is concluded. Have a nice day.