

Many governments also impose restrictions on beer advertisement, which may affect, among other issues, (1) the media channels used, (2) the contents of advertising campaigns, and (3) the time and places where beer can be advertised.

Marketing

Our marketing initiatives are concentrated in off-trade and on-trade initiatives. Off-trade initiatives comprise mass media vehicles, such as television, radio, magazines and internet websites. On-trade initiatives include banners, and all types of enhancements to the point of sale, such as branded coolers and decorated furniture.

Licenses

Pepsi

We have had a long-term agreement with PepsiCo whereby we have been granted the exclusive right to bottle, sell and distribute certain brands of PepsiCo's portfolio of CSDs in Brazil, including *Pepsi-Cola*, *Gatorade*, *H2OH!*, and *Lipton Ice Tea*. We are also, through our subsidiaries, PepsiCo's bottler for Argentina, Uruguay, Bolivia and Dominican Republic. In 2017, sales volumes of PepsiCo products represented approximately 32% of our total NAB sales volumes in Brazil, nearly 62% of our total NAB sales volumes in the Dominican Republic and all of our NAB sales volumes in Argentina, Bolivia and Uruguay.

Licensing Agreements with ABI

Effective January 1998, Labatt entered into long-term licensing agreements with ABI whereby Labatt was granted the exclusive right and license to manufacture, bottle, sell, distribute and market some of ABI's brands, including the *Budweiser* and *Bud Light* brands, in Canada, including the right to use ABI's trademarks for those purposes. The agreements expire in January 2008 and are renewable by either party for a second term of 100 years. In 2017, the ABI brands sold by Labatt represented approximately 57% of Labatt's total sales volumes. According to our estimates, the *Budweiser* brand is currently the largest selling brand, while *Bud Light* is the third largest selling brand, in Canada in terms of volume.

We also have a licensing agreement with ABI which allows us to exclusively produce, distribute and market *Budweiser* in Brazil. We also have certain arrangements to sell and distribute *Budweiser* products in Paraguay, Guatemala, Dominican Republic, El Salvador, Nicaragua, Uruguay and Chile.

We also have a cross-licensing agreement with ABI through which we are allowed to produce, bottle, sell and distribute beer under the *Stella Artois* brand in Latin America and Canada on an exclusive basis, and ABI is allowed to produce, bottle, sell and distribute beer under the brand *Brahma* in Europe, Asia, Africa and the United States on an exclusive basis. Ambev has agreed not to directly or indirectly produce, bottle, distribute, sell or resell (or have an interest in any of these), any other European premium branded beer in Latin America, and ABI has agreed to be bound by the same restrictions relating to any other Latin American premium branded beer in Europe, Asia, Africa and the United States. As a result, in June 2005 we launched *Stella Artois* in Brazil and, since March 2005, ABI has been distributing *Brahma* beer in the United States and several countries such as the United Kingdom, Spain, Sweden, Finland and Greece.

We also have ABI's subsidiary, Metal Container Corporation, as one of our can suppliers.

We have also a licensing agreement with Grupo Modelo, S. de R.L. de C.V. (formerly Grupo Modelo, S.A.B. de C.V.), a subsidiary of ABI, to import, promote and resell Corona products (*Corona Extra*, *Corona Light*, *Coronita*, *Pacifico* and *Negra Modelo*) in Latin America countries, including Brazil, as well as in Canada.

Taxation

Beer

Taxation on beer in the countries where we operate is comprised of different taxes specific to each jurisdiction, such as an excise tax and a value-added tax. The amount of sales tax charged on our beer products in 2017, represented as a percentage of gross sales, was: 44.9% in Brazil; 21.5% in Canada; 18% in Central America; 41% in the Dominican Republic; 2% in Cuba; 10% in Barbados; 25.6% in Argentina; 31.5% in Bolivia; 31.5% in Chile; 16.0% in Paraguay; and 31.4% in Uruguay.

NAB

Taxation on NAB in the countries where we operate is comprised of taxes specific to each jurisdiction, such as an excise tax and a value-added tax. The amount of taxes charged on our NAB products in 2017, represented as a percentage of gross sales, was: 38.5% in Brazil; 12% in the Dominican Republic; 23.6% in Argentina; 22.7% in Bolivia; and 30.0% in Uruguay.

Changes to Brazilian Taxes on Beverages

In November 2008, the Brazilian Congress approved changes (effective as of January 1, 2009) to the taxable amount and tax rates for (1) the IPI Excise Tax, (2) the PIS Contribution and (3) the COFINS. Under the previous system, these taxes were paid as a fixed rate per hectoliter by all taxpayers. Under the system approved in 2008, higher priced brands pay higher taxes per hectoliter than lower priced brands based on a consumer price reference table. The taxable amount is calculated through the application of a rate to the consumer price established in the respective consumer price reference table. In recent years, taxes on the beverage industry were increased at the Brazilian federal and state levels. In April 2013, an aggregate increase of 2% was approved with respect to the rates of the IPI Excise Tax, the PIS Contribution and the COFINS on beer sales. In addition, in 2014 the IPI Excise Tax, the PIS Contribution and the COFINS were subject to another aggregate increase of 4% in April and 2% in October with respect to beer sales. Moreover, in January 2015 the Brazilian federal government enacted Law No. 13,097, which introduced a new federal taxation model for beer and soft drinks. The law is a result of the combined efforts of the Brazilian federal government and beverage companies with a view to creating a less complex and more predictable tax system for the industry. The new tax model came into force on May 1, 2015. Among other changes, the new set of rules establishes that the IPI Excise Tax, the PIS Contribution and the COFINS are due by manufacturers and wholesalers, and shall be calculated based on the respective sales price (*ad valorem*). Under the previous legislation, the referred taxes were due exclusively by the manufacturer at fixed amounts per liter of beer or soft drink produced (*ad rem*). The new taxation model introduced by Law No. 13,097, Decree No. 8,442/2015 brought temporary reductions on the tax rates applicable to beers and soft drinks. As of January 2018, such temporary reductions are no longer in force. Without such reduction, PIS Contribution and COFINS rates have increased between 5% and 12% over the previously reduced rates for breweries - except for special beers which have 75% or more of barley malt by weight on the original extract as a source of sugar.

In 2012, the following six Brazilian states increased their rates for ICMS Value-Added Tax applicable to beer: Minas Gerais, Sergipe, Amazonas, Mato Grosso, Bahia and the Federal District. In addition, in 2015 the States of São Paulo, Rio de Janeiro, Minas Gerais, Distrito Federal, Rio Grande do Sul, Ceará, Amapá, Rondonia, Amazonas, Tocantins, Piauí, Maranhão, Rio Grande do Norte, Bahia, Pernambuco, Paraíba, Alagoas, Sergipe and Mato Grosso do Sul increased their ICMS Value-Added Tax rate applicable to beer and soft drinks. In 2017, two Brazilian states, Rio de Janeiro and Acre, increased their respective ICMS Value-Added Tax rates applicable to beer. In 2018, the States of Goiás and Amazonas increased their respectively soft drinks and beer ICMS rates.

C. Organizational Structure

Our two direct controlling shareholders, IIBV and AmBrew, both of which are subsidiaries of ABI, together with FAHZ, held in aggregate 72.1% of our total and voting capital stock (excluding treasury shares) as of December 31, 2017.

ABI indirectly holds shares in us representing 61.9% of our total and voting capital stock (excluding treasury shares) as of December 31, 2017. ABI thus has control over us, even though (1) ABI remains subject to the Ambev Shareholders' Agreement and (2) ABI is controlled by Stichting that represents an important part of interests of BRC and the Interbrew Founding Families. For further information on these matters see "Item 4. Information on the Company—A. History and Development of the Company—The InBev-Ambev Transactions" and "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders—Ambev's Major Shareholders—Ambev Shareholders' Agreement."

Latin America North

Plant	Type of Plant
Brazil	
Agudos, São Paulo	Beer
Equatorial, Maranhão	Beer
Jacareí, São Paulo	Beer
Lages, Santa Catarina	Beer
Natal, Rio Grande do Norte	Beer
Guarulhos, São Paulo	Beer
Sete Lagoas, Minas Gerais	Mixed
Uberlândia, Minas Gerais	Beer
Petrópolis, Rio de Janeiro	Beer
Ponta Grossa, Paraná	Beer
Wals/Belo Horizonte, Minas Gerais	Beer
Colorado/Ribeirão Preto, São Paulo	Beer
João Pessoa, Paraíba	Beer
Águas Claras, Sergipe	Mixed
Aquiraz, Ceará	Mixed
Camaçari, Bahia	Mixed
Cebrasa, Goiás	Mixed
Cuiabá, Mato Grosso	Mixed
Jaguariúna, São Paulo	Mixed
Cachoeiras de Macacu, Rio de Janeiro	Soft drinks
Itapissuma, Pernambuco	Mixed
Nova Rio, Rio de Janeiro	Mixed
Manaus, Amazonas	Mixed
Minas, Minas Gerais	Mixed
Teresina, Piauí	Mixed
Águas Claras do Sul, Rio Grande do Sul	Mixed
Pirai, Rio de Janeiro	Mixed
Curitiba, Paraná	Soft drinks
Contagem, Minas Gerais	Soft drinks
Jundiaí, São Paulo	Soft drinks
Sapucaia, Rio Grande do Sul	Soft drinks
São Paulo, São Paulo	Labels
Manaus, Amazonas	Crown Cap
Campo Grande, Rio de Janeiro	Glass Bottle
Manaus, Amazonas	Concentrate
Maltaria Navegantes, Rio Grande do Sul	Malt
Maltaria Passo Fundo, Rio Grande do Sul	Malt
CAC	
Ambev Centroamerica, Guatemala	Beer
Santo Domingo, Dominican Republic	Mixed
Hato Nuevo, Dominican Republic	Mixed

Latin America North

Plant	Type of Plant
Saint Vincent	Mixed
Dominica	Mixed
Cuba	Mixed
Barbados	Mixed
Panama	Mixed

Latin America South

Plant	Type of Plant
Cympay, Uruguay	Malt
Musa, Uruguay	Malt
Malteria Pampa, Argentina	Malt
Quilmes, Argentina	Beer
Corrientes, Argentina	Mixed
La Paz, Bolivia	Beer
Santa Cruz, Bolivia	Beer
Cochabamba, Bolivia	Beer
Huari, Bolivia	Beer
Tarija, Bolivia	Beer
Santiago, Chile	Beer
Minas, Uruguay	Beer
Ypane, Paraguay	Beer
Zarate, Argentina	Beer
Mendoza, Argentina	Mixed
Montevideo, Uruguay	Mixed
Cordoba, Argentina	Soft Drinks
Trelew, Argentina	Soft Drinks
Buenos Aires South, Argentina	Soft Drinks and Juices
Tucuman, Argentina	Soft Drinks
Tres Arroyos, Argentina	Malt
Llavallol, Argentina	Malt
Acherai, Argentina	Beer
Coroplas, Argentina	Crown Cap
FPV, Paraguay	Bottles
Sacaba, Bolivia	Soft Drinks
El Alto, Bolivia	Soft Drinks
Enalbo, Bolivia	Cans

Canada

Plant	Type of Plant
St. John's	Beer
Halifax	Beer
Montreal	Beer
London	Beer
Edmonton	Beer
Creston	Beer
Mill Street	Beer
Turning Point	Beer
Archibald	Beer
Alexander Keith	Beer