



FOSTER'S®

THE MARKET

Australians have celebrated and commiserated over a beer since the early days of the colony 200 years ago, when beer drinking was encouraged by officials as a less potent alternative to rum.

Australia's reputation as a big-drinking country is however, ill founded: Australians are in fact moderate consumers and the nation's beer consumption per head falls well behind many European nations.

Today, the full strength beer market, which includes Foster's, accounts for around 74% of total national beer sales. Mid-strength beers follow at around 14% and light beers account for 12% of sales.

ACHIEVEMENTS

Foster's Lager is Australia's most famous beer. It is the beer that changed Australia's drinking habits more than a century ago and set the standards of style and quality which Australians today have come to expect. Virtually all Australia's popular beers have been modelled on the lager style initiated by Foster's - even those which today are labelled bitter, pilsner or draught.

More than that, Foster's is a national icon. Its crisp, clean flavour has carried its reputation around the world so that today the Foster's logo has become a symbol of Australia as well known as the kangaroo and koala.

Foster's is now brewed in seven countries outside Australia - Germany, Spain, Canada, China, Sweden, Ireland and the UK, where it is now the second best selling beer. In every location, Foster's is brewed to exacting standards that ensure the consistency of its distinctive flavour. It is sold in more than 120 countries and in 1996, sales of Foster's worldwide totalled almost 700 million litres.

It is not just the flavour of Foster's which has taken it around the world. Astute marketing has positioned the brand as the essence of Australia, a beer which is a natural partner for spectator sports and leisure activities. This theme is reflected in the brand's association with premier international sporting events, including the Foster's Melbourne Cup, Grand Prix motor racing, Rugby World Cup Sevens and global telecasts of Australian Rules football.

Foster's international reputation has also been built on a succession of humorous and distinctively Australian television commercials featuring comic talents such as Paul Hogan and Roy and HG. These more recent campaigns have built on a



tradition of humour inadvertently established by the expatriate Aussie comic strip hero, Bazza McKenzie, whose thirst for Foster's was a feature of both his magazine and film adventures. The image created for Foster's, backed up by the quality of the beer and attention to the detail of efficient worldwide

distribution, has given 'Australia's Famous Beer' a global popularity and sales performance that no other Australian beer has been able to match.

HISTORY

Until the late 1880s, beers brewed in Australia had been largely of the English ale style - sweet, dark,

heavy and warm. They were inappropriate in Australia's hot, thirsty climate and few would last more than a week before deteriorating.

This situation changed in 1888 when two brothers from New York, WM and RR Foster, established the Foster Brewing Company in the Melbourne suburb of Collingwood. Together with a brewing expert and refrigeration engineer, the brothers brewed Foster's, a European style, bottom fermented lager which was light in colour and served chilled - ideally suited to Australia's weather conditions. Publicans were even supplied with a free supply of ice on a daily basis to keep the beer cool.

The Foster brothers' brewery was considered a marvel of its day. The Australian Brewers' Journal of the time talked of the "60 horsepower engine of the very latest design" that was used to power icemaking machinery and brewing appliances. It marvelled at the six miles of refrigerated piping in the brewery and the fact that the beer could be stored in this chilled condition for up to 60 days.

The new beer taste quickly gained immense popularity and in 1888 Foster's was judged first in competition against some of the world's greatest beers at the Centennial Exhibition in Melbourne. In fact, Foster's was so good that there is a recorded case of some licensees relabelling it and passing it off as imported German lager to extract double the price.

The 1890s crash brought economic recession. To help cut costs and overcome the tough economic conditions, the Foster Brewing Company amalgamated in 1907 with six other breweries to form Carlton and United Breweries (CUB).

Today, CUB is the founding member among the divisions that make up Foster's Brewing Group, one of the world's largest brewers, named after the beer that became an Australian icon.

Foster's first step towards international fortune was taken in 1901 when a shipment was sent to South Africa and another to Samoa. By the mid 1970s, Foster's was available in 40 countries, including the UK, Barbados, Hong Kong - even the Antarctic.

Demand in Britain was such that in 1981 a distribution deal was struck with UK brewers Watney, Mann & Truman, enabling Foster's to be sold on tap in the UK. Canned Foster's brewed under licence in the UK was launched three years later. By this time Americans were also acquiring a taste for it and the shipment of a million cans of Foster's to the US was the largest consignment of foreign beer ever to enter the port of New York.

In 1994 Foster's continued its winning streak by coming first in the Brewing Industry International Awards, beating beers from all around the world.

Today, consumers across the globe enjoy Foster's and its tradition of world-beating quality and class. The brand has enjoyed international growth of more than 40% since 1993. British drinkers alone consume one million pints a day, while the brand continues to grow strongly in





Europe and the US. Foster's is also a key player in Asian markets, growing by 14% in 1996, and the beer is brewed in southern China for what will soon be the world's largest beer market. Foster's is undoubtedly one of the fastest growing beer brands in the world today.

THE PRODUCT

Foster's is 4.9% alc/vol and brewed from Pride of Ringwood hops, a strain of hops developed by CUB in 1958. Foster's is available on tap, in 750mL bottles and 375mL bottles and cans and has a distinctive rich deep blue and gold livery.

At all overseas brewing locations, from Spain to China, the quality of Foster's is characterised by precise and exacting brewing specifications and fermentation methods. Analysis and tasting at all brewing locations also plays a great role in assuring the quality of 'Australia's Famous Beer'.

Recent additions to the Foster's range are Foster's Lightice and Foster's Extra. Foster's Lightice (2.7% alc/vol), developed through CUB's innovative processes of ultra high gravity brewing and chill filtering, quickly claimed the Number One position in the low alcohol beer market within months of its debut in 1995. Foster's Extra was introduced to the NSW market in 1996. At 5.5% alc/vol, it is quickly establishing itself as one of Australia's more robust and flavoursome beers.

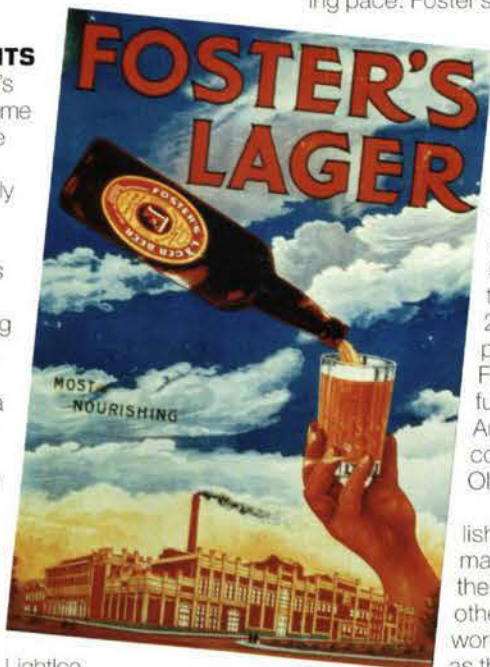
Other enduring extensions of the range, Foster's Light (2.5% alc/vol) and Foster's Special Bitter (2.8% alc/vol), contain less alcohol than their famous parent. Both these products, and Foster's Lightice, are available in 750mL bottles and 375 mL bottles and cans.

RECENT DEVELOPMENTS

Creative advertising for Foster's Lightice - reinforcing the 'extreme refreshment' positioning of the product - has made a huge impact on national sales, firmly entrenching it as Australia's favourite low alcohol beer. In winter 1995, the product was supported by an interactive television commercial featuring Australian comics Russell Gilbert and Glenn Robbins, enabling consumers to cast a vote on how they wanted the advertisement to end. This was followed by the launch in late 1996 of a campaign featuring two men in kayaks fighting their way through wild rapids to enjoy the ultimate reward - Foster's Lightice. Innovative new packaging was also introduced in 1996. Lightice

cartons were redesigned to feature the Lightice bottle, wedged in a snow capped mountain, creating a strong, appealing visual effect.

Since its NSW launch in 1996, Foster's Extra has been introduced to Victorian beer drinkers with the support of a major television, print and cinema advertising campaign. A 60-second television commercial features a mystical pub in the outback crowded with Australian beer drinkers through the ages and the Foster brothers behind the bar. Foster's Extra quickly established itself in the sub-premium beer market in NSW and is expected to



continue to make a name for itself in Victoria, the home of the Foster's Brewing Group.

PROMOTION

Successful and innovative marketing has been instrumental in the building of the Foster's family of brands in Australia.

In 1890 the Foster Brewing Company purchased 360 cases of safety matches with 'Drink Foster's Lager' on the label and installed beer engines in numerous Melbourne hotels where the lager was first served.

More than 100 years later innovative advertising and promotion have maintained the marketing pace. Foster's lends its name to events

that bring all Australians to their feet, including the Melbourne Cup, and has a strong visual presence at the Australian Grand Prix.

It has been associated with a succession of Australian Olympic teams since 1956, and will be there again at Sydney 2000. Already the company has established the Foster's Foundation to raise funds for up-and-coming Australian athletes hoping to compete in the 2000 Olympics.

Foster's has also established a strong presence at major sporting events across the globe. In Hong Kong and other rugby capitals of the world, Foster's is well known as the sponsor of the international World Cup Rugby Sevens. In New Zealand, Foster's is the name behind the Wellington Cup and the New Zealand Polo Open, and in the Middle East the brand sponsors the Arabian Pan Gulf Rugby tournament. One of London's most famous cricket grounds now flourishes as the Foster's Oval.

In 1997 the brand became an Official Sponsor of the Grand Prix worldwide, backing up its signage with pouring rights, advertising and hospitality in more than ten countries. Foster's also sponsors a television program of Australian



Rules football highlights, which is viewed by up to 300 million people in 130 countries on satellite and cable television networks.

The brand itself remains an indelible presence on the skylines of the world - from the giant neon signs over London's Piccadilly Circus and Hong Kong's spectacular harbour to the Foster's taps that grace bars from Denmark to Chile.

BRAND VALUES

Foster's is primarily targeted at 18- to 34-year-old beer drinkers. Its quality and flavour are associated with good times and the best qualities in beer. Foster's is a national icon, reflecting Australians' carefree, 'no worries' attitude to life, their quirky sense of humour and above all, their enjoyment of a great beer.

Things you didn't know about Fosters

- The Foster brothers' given names are William Manning and Ralph Rose.
- Foster's is available in more than 120 countries worldwide, including Andorra, Iceland, Kazakhstan and the Seychelles.
- Almost 700 million litres of Foster's was sold worldwide in 1996.
- In 1984 the Mayor of Los Angeles declared 27 July, the eve of the Olympic Games, Foster's Lager Day in the City of Los Angeles.