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**Budweiser Brewing Company APAC Limited**

**百威亞太控股有限公司**

*(A company incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1876)**

**UNAUDITED RESULTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

The board of directors (the “**Board**”) of Budweiser Brewing Company APAC Limited (“**Budweiser APAC**” or the “**Company**”, together with its subsidiaries, the “**Group**”) announces the unaudited results of the Group for the nine months ended 30 September 2019 as attached to this announcement.

The Board wishes to remind shareholders and investors that the unaudited results for the nine months ended 30 September 2019 have been prepared based on the Group’s internal records and management accounts and have not been reviewed or audited by independent auditors.

**Shareholders and potential investors are advised not to place undue reliance on the unaudited results and to exercise caution in dealing in the securities of the Company.**

By Order of the Board  
**Budweiser Brewing Company APAC Limited**  
**Renrong Wang**  
*Executive Director and Joint Company Secretary*

Hong Kong, 25 October 2019

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Jan Craps and Mr. Renrong Wang as Executive Directors, Mr. Carlos Brito as Chair and Non-executive Director, Mr. Felipe Dutra as Non-executive Director, and Mr. Martin Cubbon, Ms. Mun Tak Marjorie Yang and Ms. Katherine King-suen Tsang as Independent Non-executive Directors.*



## Budweiser APAC Reports Nine Months 2019 Results

### HIGHLIGHTS YEAR TO DATE <sup>1</sup>

- Revenue grew by 3.1% and revenue per hectoliter (hl) by 5.7% in 9M19, driven by continued success of our premiumization strategy. We estimate that in China, Budweiser is the #1 Premium brand and Corona is the #1 Super Premium brand by volume
- Normalized EBITDA grew by 13.9% with margin expansion by 329 bps to 34.6% in 9M19. This was driven by the strong growth of 20.3% in APAC West in 9M19, partially offset by a challenging 3Q19 in APAC East
- Our Super Premium portfolio continued to perform very well with strong double-digit volume growth
- Our Premium portfolio led by Budweiser grew volume by low single digits in 9M19, despite softness in 3Q19 in the nightlife channel in China, where Budweiser has a leading position
- We partnered with the United Nations Institute for Training and Research (UNITAR) and local authorities, including the China Alcoholic Drinks Association, Ministry of Public Security and Shanghai Traffic Police Bureau, to promote responsible drinking across Asia Pacific

### KEY FIGURES YEAR TO DATE <sup>1</sup>

- **Revenue:** Revenue grew by 3.1% in 9M19 with revenue per hl growth of 5.7%, primarily driven by ongoing premiumization across markets and supported by revenue management initiatives
- **Volume:** Total volumes decreased 2.5% in 9M19, mainly due to a challenging industry and competitive environment in South Korea as well as softness in 3Q19 in the nightlife channel in China, where Budweiser has a leading position
- **Cost of Sales (CoS):** CoS was nearly flat in 9M19 and increased by 2.7% on a per hl basis, primarily driven by inflation mostly offset by ongoing cost efficiencies
- **Normalized EBITDA<sup>2</sup>:** Normalized EBITDA grew by 13.9% in 9M19 and normalized EBITDA margin expanded by 329 bps to 34.6%, as a result of brand mix from premiumization and ongoing cost discipline
- **Profit:** Normalized profit attributable to equity holders of Budweiser APAC increased from 912 million USD in 9M18 to 957 million USD in 9M19
- **Earnings per share (EPS)<sup>3</sup>:** Normalized EPS was 7.23 cents USD in 9M19, supported by normalized EBITDA growth partially offset by negative translational currency impact

<sup>1</sup> Financial information in this press release is unaudited. Unless otherwise stated, the growth rates presented in this document are based on organic growth figures and refer to 3Q19 and 9M19 versus the same period of last year. Please refer to the end of this press release for important notes and disclaimers.

<sup>2</sup> Please refer to the "Reconciliation between profit attributable to equity holders and normalized EBITDA" section of this press release for further information.

<sup>3</sup> EPS calculation uses the total number of shares issued after the over-allotment option in connection with our global offering was exercised in full on 3 October 2019: 13,243,397,000 shares. Please refer to our announcement dated 3 October 2019 for further information.



Figure 1. Consolidated performance (million USD)

	9M18	9M19	Organic growth <sup>4</sup>
Total volumes (thousand hls)	79 776	77 754	-2.5%
Revenue	5 423	5 344	3.1%
Gross profit	2 858	2 894	5.7%
Gross margin	52.7%	54.2%	133 bps
Normalized EBITDA	1 697	1 851	13.9%
Normalized EBITDA margin	31.3%	34.6%	329 bps
Normalized EBIT	1 186	1 355	19.1%
Normalized EBIT margin	21.9%	25.4%	340 bps
Profit attributable to equity holders of Budweiser APAC	899	853	
Earnings per share (cent USD) after exercise of over-allotment option <sup>5</sup>	6.79	6.44	
Normalized profit attributable to equity holders of Budweiser APAC	912	957	
Earnings per share (cent USD)	6.90	6.55	
Normalized earnings per share (cent USD) not taking into account the exercise of over-allotment option	7.00	7.35	
Normalized earnings per share (cent USD) after exercise of over-allotment option <sup>5</sup>	6.89	7.23	

## MANAGEMENT COMMENTS

On 30 September 2019, Budweiser Brewing Company APAC Limited (Budweiser APAC) was listed on the Hong Kong Stock Exchange with the stock code 1876, the year in which Budweiser was first brewed. It is the largest initial public offering (IPO) in Asia and second largest IPO globally to date in 2019. On 3 October 2019, the over-allotment option in connection with our global offering was exercised in full.

We are the most profitable brewer across Asia Pacific, with significant growth potential and opportunities for further margin expansion. We employ the category expansion framework and market maturity model across our footprint to develop differentiated portfolios and strategies to meet the diverse needs of our consumers. These strategic frameworks enable us to share best practices across our markets to amplify successes throughout our business.

We see our High End Company (HEC) model as a key tool to maintaining our leading position in the Premium and Super Premium segments. We created the HEC by building a specialized sales organization and specific routes to market for the Premium and Super Premium brands such as Budweiser, Stella Artois, Corona, Goose Island, Hoegaarden and Blue Girl<sup>6</sup>. We developed the HEC in China initially and have since replicated its success across our main markets.

In the first nine months of 2019 (9M19), our revenue grew by 3.1% and revenue per hl grew by 5.7%. Volume declines of 2.5% in 9M19 were primarily driven by South Korea and China, partially offset by strong volume growth in India and South East Asia. Our normalized EBITDA grew by 13.9% and normalized EBITDA margin expanded by 329 bps to 34.6%.

<sup>4</sup> Unless otherwise stated, the growth rates presented in this document are based on organic growth figures and refer to 3Q19 and 9M19 versus the same period of last year. Please refer to the end of this press release for important notes.

<sup>5</sup> EPS calculation uses the total number of shares issued after the over-allotment option in connection with our global offering was exercised in full on 3 October 2019: 13,243,397,000 shares. Please refer to our announcement dated 3 October 2019 for further information.

<sup>6</sup> On 30 May 2019, we completed the acquisition of 65% of the registered capital of Jebesen Beverage (China) Company Limited, which is principally engaged in the manufacturing, distribution, sale and commercialization of Blue Girl and other brands of beer and other malt-based beverages in Mainland China. For the purpose of this press release, Blue Girl financials are not part of the organic growth calculations.



The growth in our top-line and normalized EBITDA was driven by the strong performance in our APAC West region<sup>7</sup>. In spite of volume declines, which were mainly due to softness in the China nightlife channel in the three months ended 30 September 2019 (3Q19), revenue and normalized EBITDA in APAC West showed strong growth as a result of the ongoing premiumization and trade-up trend.

Our APAC East region<sup>8</sup> experienced a very difficult quarter in 3Q19, which also impacted our 9M19 results. In South Korea, a challenging industry and competitive environment led to declines in volume, revenue and normalized EBITDA. We estimated that our volume declines both in 9M19 and 3Q19 were predominantly driven by the overall industry decline. Moreover, our price increase in April 2019 resulted in a significant price gap with one of our main competitors and has put our brands at a competitive disadvantage.

We have been taking commercial actions to address these challenges. As of October 2019, we have decided to roll back the price increase implemented in April 2019 to revitalize the domestic beer industry during the economic downturn which has recently intensified. In addition, we are accelerating our support for our brands. With our leading position, brand strength and talented team, we believe that we have effective tools and strategies to return to growth.

With our diverse Premium and Super Premium portfolio and strong route to market capabilities, we are very well-positioned to continue driving premiumization across markets in Asia Pacific. We estimate that in China, Budweiser is the #1 Premium brand and Corona is the #1 Super Premium brand by volume.

Our Premium portfolio led by Budweiser grew by low single digits in volume in 9M19, despite softness in the China nightlife channel in 3Q19, a channel in which Budweiser has a leading position. In 3Q19, across our main markets, we kicked off our Budweiser football campaign leveraging Budweiser's global sponsorships of the English Premier League (EPL) and Spanish La Liga, to address this key consumer passion point.

Our Super Premium portfolio continued to perform very well with strong double-digit volume growth in 9M19. In 3Q19, we activated various summer campaigns leveraging the diversity of our Super Premium brands, such as the Corona Sunset Pool Party, Blue Girl Summer Music Lab and Franziskaner Authentic Oktoberfest Experience.

We continue to invest in our brands through effective and data-driven sales and marketing initiatives. As previously disclosed<sup>9</sup>, our sales and marketing expenses in 2018 were heavily concentrated in the first half of the year to support our global sponsorship of the 2018 FIFA World Cup Russia™. In 2019, our sales and marketing investments are more balanced throughout the year, resulting in a more difficult comparison in the second half of 2019.

As a consumer-focused, insights-driven company, we continually strive to understand today's and tomorrow's consumer values, lifestyles and preferences. We continue to focus on innovative products and services tailored to address evolving consumer preferences. For example, we developed different variants of the Harbin brand (e.g., Harbin Crystal) in the Core+ segment to connect with young, legal drinking age consumers in China. We leveraged best practices from South Korea and successfully launched Hoegaarden Rosée in China catering also to female consumers. We have recently launched a non-alcohol beer, Budweiser 0.0, in India, which has been very well received by consumers. We have opened a Boxing Cat (Xintiandi) brewpub in Shanghai and a Goose Island brewpub in Putian to broaden our offering to consumers seeking differentiated products and experiences.

We partnered with the United Nations Institute for Training and Research (UNITAR), international organizations and local authorities to promote responsible drinking across Asia Pacific. During 3Q19, we hosted large scale events and social media campaigns to raise awareness on this topic. For example, in China, we partnered with the Ministry of Public Security, Shanghai Traffic Police Bureau,

<sup>7</sup> Comprising China, India, Vietnam and exports elsewhere in APAC

<sup>8</sup> Comprising primarily South Korea, Japan and New Zealand

<sup>9</sup> Disclosed in our prospectus dated 18 September 2019



and China Alcoholic Drinks Association to celebrate the 12<sup>th</sup> year of the “Smart Drinking” campaign by staging an awareness gala in Shanghai.

We are committed to further growing our business as a regional champion and creating lasting value for our business partners and stakeholders, by brewing some of the world’s most loved beers, building iconic brands and creating meaningful experiences for our consumers and communities. We believe we have the right people, portfolio and strategy in place to deliver long-term, sustainable growth and expand the beer category in the Asia Pacific region.

### **APAC WEST**

Our revenue in the APAC West region grew by 5.1% driven by revenue per hl growth of 7.0% with volume declines of 1.8% in 9M19. In 3Q19, revenue grew by 1.0%, as revenue per hl growth of 6.2% was offset by a volume decline of 4.8%. Revenue per hl growth was primarily driven by ongoing premiumization and supported by revenue management initiatives in these markets, despite volume declines resulting primarily from shipment phasing in the three months ended 30 June 2019 (2Q19) ahead of summer activations and softness in the China nightlife channel in 3Q19, where our portfolio has a leading position.

Normalized EBITDA grew by 20.3% in 9M19 and 17.1% in 3Q19, driven by brand mix from premiumization and ongoing cost discipline. In the quarter, we faced a difficult comparison as our sales and marketing expenses last year were heavily concentrated in the first half of 2018 to support our global sponsorship of the 2018 FIFA World Cup Russia™.

### ***China***

Our revenue in China grew by 4.7% driven by revenue per hl growth of 7.2% and volume declines of 2.3% in 9M19. In 3Q19, revenue declined slightly as revenue per hl growth of 5.9% was offset by a volume decline of 5.9%. Revenue per hl in China continues to grow as a result of ongoing premiumization. The decline in volumes in 3Q19 was a result of shipment phasing in 2Q19 ahead of summer activations and softness in the nightlife channel, where our portfolio has a leading position. While we have observed continued softness in this channel, we do not believe this is a structural change for the medium or long term.

In the Premium segment, Budweiser was under pressure in 3Q19 with volumes down due to softness in the nightlife channel, as Budweiser is well-established as the leading brand in the nightlife occasion. While we continue to invest in this space, we have also allocated resources to other occasions (e.g., meals, in-home) and consumer passion points (e.g., music, sports) to balance our performance across channels. In 3Q19, our Budweiser campaigns with the EPL and La Liga energized our consumers’ passion for football. We also continue to build the Budweiser brand with a series of activations through international electronic music festivals in China.

Our Super Premium portfolio continued to perform very well with strong double-digit volume growth, led by Corona and Hoegaarden. After exceeding one million hl in 2018, Corona continued its strong double-digit growth in 2019 through innovative marketing and trade programs to further enrich consumer experiences through online and offline platforms (e.g., Corona Sunset Pool Party, Corona Lifestyle e-store).

We were pleased to welcome the Blue Girl brand into our Super Premium portfolio in May 2019. Blue Girl is one of the fastest growing Super Premium brands in China with an already meaningful volume base. It complements our existing classic lager portfolio in the Super Premium segment. With our established route to market for our Super Premium portfolio and dedicated sales and marketing resources through the HEC, we are very excited about the further growth potential of the Blue Girl brand in China.

In our Core+ portfolio, our recent innovation Harbin Crystal continued to deliver very strong growth as consumers continue to trade up from the Core and Value segments. Through innovative packaging and



marketing, the Harbin brand family connects very well with young, legal drinking age adults through their passion for sports, fashion and street culture.

We continue to lead in e-commerce with strong double-digit volume growth. In addition to launching innovative products on e-commerce platforms, we have leveraged consumer insights to develop tailored marketing content on social media to drive reach and conversion. We have also partnered with additional e-commerce platforms (e.g., Eleme, Meituan) to expand our reach to different consumers and occasions.

Normalized EBITDA grew by 20.1% with margin expansion of 473 bps in 9M19 driven by brand mix from premiumization and ongoing cost discipline. In 3Q19, normalized EBITDA grew by 18.0% with margin expansion of 575 bps.

### **India**

We continue to lead in the Premium and above segments led by Budweiser's strong double-digit volume growth. We are also focused on actively driving growth through category expansion, with initiatives such as Beck's Ice in Core+ and Budweiser 0.0 in non-alcohol drinks, both of which have shown significant volume growth and are margin accretive. On 4 October 2019, we entered into an agreement with the Indian Hotels Company Limited (IHCL), South Asia's largest hospitality company, to launch a premium chain of microbreweries within Taj's marquee hotels across key locations in India.

### **APAC EAST**

Our revenue in the APAC East region declined by 3.9%, as a volume decline of 7.0% was partially offset by revenue per hl growth of 3.3% in 9M19. In 3Q19, revenue declined by 18.1%, driven by a volume decline of 17.4% and a revenue per hl decline of 0.8%. We experienced a very difficult quarter in South Korea due to a challenging industry and competitive environment.

Normalized EBITDA declined by 4.6% in 9M19 and 27.4% in 3Q19, driven by increased pressure on our top-line performance, coupled with a difficult comparison as sales and marketing expenses were heavily concentrated in the first half of last year to support our global sponsorship of the 2018 FIFA World Cup Russia™.

### **South Korea**

In 9M19, we have observed an overall industry decline primarily driven by weaker consumer sentiment, which has worsened since April 2019. We estimated that our lower volumes in 9M19 and 3Q19 were predominantly driven by the overall industry decline. In addition, our price increase in April 2019 resulted in a significant price gap with one of our main competitors and has put our brands at a competitive disadvantage. As a result, we had a very difficult 3Q19 in terms of volume, revenue and normalized EBITDA.

As the leading brand in the domestic Core segment, Cass volume has been negatively impacted. We actively took revenue management actions to reduce the impact of the price gap and balance our top-line results between volume and revenue per hl. As of October 2019, we have decided to roll back the price increase implemented in April 2019 to revitalize the domestic beer industry during the economic downturn which has recently intensified. The brand equity of Cass remains strong and we are accelerating our support for the brand.

We continue to see success in our Premium and Super Premium portfolio through the HEC, growing our share in the Premium and above segments, led by Budweiser, Stella Artois and Hoegaarden. With impactful campaigns, such as Budweiser's "Be the King" and Stella Artois' "Become an Icon", our Premium and Super Premium portfolio has grown in volumes despite the challenging industry environment.



**Budweiser APAC Consolidated Financial Information**

**Figure 2. Budweiser APAC consolidated income statement (million USD)**

	9M18	9M19	Organic growth
<b>Total volumes (thousand hls)</b>	<b>79 776</b>	<b>77 754</b>	<b>-2.5%</b>
<b>Revenue</b>	<b>5 423</b>	<b>5 344</b>	<b>3.1%</b>
Cost of sales	-2 565	-2 450	-0.2%
<b>Gross profit</b>	<b>2 858</b>	<b>2 894</b>	<b>5.7%</b>
SG&A	-1 794	-1 708	0.3%
Other operating income/(expenses)	122	169	46.7%
<b>Normalized profit from operations (normalized EBIT)</b>	<b>1 186</b>	<b>1 355</b>	<b>19.1%</b>
Non-recurring items above EBIT	-17	-92	
Net finance income/(cost)	-9	3	
Non-recurring net finance cost	-18	-13	
Share of results of associates	14	17	
Income tax expense	-256	-409	
<b>Profit</b>	<b>900</b>	<b>861</b>	
Profit attributable to non-controlling interest	1	8	
Profit attributable to equity holders of Budweiser APAC	899	853	
<b>Normalized EBITDA</b>	<b>1 697</b>	<b>1 851</b>	<b>13.9%</b>
<b>Normalized profit attributable to equity holders of Budweiser APAC</b>	<b>912</b>	<b>957</b>	
	<b>3Q18</b>	<b>3Q19</b>	<b>Organic growth</b>
<b>Total volumes (thousand hls)</b>	<b>29 463</b>	<b>27 525</b>	<b>-6.5%</b>
<b>Revenue</b>	<b>1 912</b>	<b>1 822</b>	<b>-3.5%</b>
Cost of sales	-875	-817	4.7%
<b>Gross profit</b>	<b>1 037</b>	<b>1 005</b>	<b>-2.4%</b>
SG&A	-639	-602	4.2%
Other operating income/(expenses)	42	77	92.9%
<b>Normalized profit from operations (normalized EBIT)</b>	<b>440</b>	<b>480</b>	<b>9.5%</b>
Non-recurring items above EBIT	-6	-53	
Net finance income/(cost)	-2	-9	
Non-recurring net finance cost	-5	-6	
Share of results of associates	7	9	
Income tax expense	-105	-164	
<b>Profit</b>	<b>329</b>	<b>257</b>	
Profit attributable to non-controlling interest	1	6	
Profit attributable to equity holders of Budweiser APAC	328	251	
<b>Normalized EBITDA</b>	<b>613</b>	<b>633</b>	<b>4.0%</b>
<b>Normalized profit attributable to equity holders of Budweiser APAC</b>	<b>317</b>	<b>310</b>	



**Volumes**

Volumes declined by 2.5% in 9M19 and 6.5% in 3Q19, primarily driven by a challenging industry and competitive environment in South Korea as well as volume phasing summer activations and softness of the nightlife channel in China. We have taken actions to balance our performance across channels and return to growth.

**Revenue**

Revenue grew by 3.1% with revenue per hl growth of 5.7% in 9M19, primarily driven by ongoing premiumization across markets and supported by revenue management initiatives. In 3Q19, revenue decreased by 3.5% whereas revenue per hl grew by 3.3%.

**Cost of Sales (CoS)**

CoS was nearly flat in 9M19 and increased by 2.7% on a per hl basis, primarily driven by inflation mostly offset by ongoing cost efficiencies. In 3Q19, CoS decreased by 4.7% but increased by 2.0% on a per hl basis.

**Selling, General and Administrative Costs (SG&A)**

SG&A decreased by 0.3% in 9M19 and 4.2% in 3Q19 due to efficiencies in distribution and administrative expenses that were partially offset by increases in sales and marketing investments. As previously disclosed<sup>10</sup>, in 2018, the majority of the sales and marketing investments occurred in the first half of the year associated with the 2018 FIFA World Cup Russia™, resulting in a more difficult comparison for the second half of 2019. We continue to invest in our brands through effective and data-driven sales and marketing initiatives.

**Other operating income/(expenses)**

Other operating income increased organically by 46.7% in 9M19 and 92.9% in 3Q19, benefitting from divestments of assets and phasing of various incentives.

**Non-recurring items above EBIT**

**Figure 3. Non-recurring items above EBIT (million USD)**

	<b>3Q18</b>	<b>3Q19</b>	<b>9M18</b>	<b>9M19</b>
Costs associated with initial public offering	0	-50	0	-85
Restructuring	-6	-3	-17	-7
<b>Impact on profit from operations</b>	<b>-6</b>	<b>-53</b>	<b>-17</b>	<b>-92</b>

Budweiser APAC incurred costs associated with the IPO of 85 million USD reported as non-recurring items and costs to be capitalized associated with the IPO of 45 million USD in 9M19 that are reported in equity according to Hong Kong reporting standards. Normalized profit from operations in 9M19 also excludes non-recurring cost of 7 million USD, primarily related to organizational alignments.

<sup>10</sup> Disclosed in our prospectus dated 18 September 2019.





## Income tax expense

**Figure 4. Income tax expense (million USD)**

	<b>3Q18</b>	<b>3Q19</b>	<b>9M18</b>	<b>9M19</b>
Income tax expense	105	164	256	409
Effective tax rate	24.6%	39.8%	22.4%	32.6%
Normalized effective tax rate	29.0%	34.8%	23.6%	30.2%

Our effective tax rate increased to 32.6% in 9M19 from 22.4% in 9M18 and our normalized effective tax rate increased to 30.2% in 9M19 from 23.6% in 9M18. Our 9M19 effective tax rate was negatively impacted by the costs associated with the IPO, which are non-deductible, as well as withholding taxes on dividend payments associated with the group re-organization prior to the IPO and an allowance on deferred tax assets accrued historically. Excluding these one-time items, our effective tax rate would have been 27.8%. The 9M18 effective tax rate was positively impacted by a non-recurring tax refund.

## Normalized Profit and Profit

**Figure 5. Normalized Profit attribution to equity holders of Budweiser APAC (million USD)**

	<b>3Q18</b>	<b>3Q19</b>	<b>9M18</b>	<b>9M19</b>
<b>Profit attributable to equity holders of Budweiser APAC</b>	<b>328</b>	<b>251</b>	<b>899</b>	<b>853</b>
Non-recurring items, before taxes	6	53	17	92
Non-recurring finance cost, before taxes	5	6	18	13
Non-recurring taxes	-22	0	-22	-1
<b>Normalized profit attributable to equity holders of Budweiser APAC</b>	<b>317</b>	<b>310</b>	<b>912</b>	<b>957</b>

## Normalized and Basic EPS

**Figure 6. Earnings per share (cent USD)**

	<b>3Q18</b>	<b>3Q19</b>	<b>9M18</b>	<b>9M19</b>
<b>Basic earnings per share</b>	<b>2.52</b>	<b>1.92</b>	<b>6.90</b>	<b>6.55</b>
Non-recurring items, before tax	0.04	0.41	0.13	0.71
Non-recurring finance cost, before taxes	0.04	0.05	0.14	0.10
Non-recurring taxes	-0.17	0.00	-0.17	-0.01
<b>Normalized earnings per share not taking into account the exercise of over-allotment option</b>	<b>2.43</b>	<b>2.38</b>	<b>7.00</b>	<b>7.35</b>
<b>Normalized earnings per share after exercise of over-allotment option<sup>11</sup></b>	<b>2.39</b>	<b>2.34</b>	<b>6.89</b>	<b>7.23</b>

<sup>11</sup> EPS calculation uses the total number of shares issued after the over-allotment option in connection with our company's global offering was exercised in full on 3 October 2019: 13,243,397,000 shares.



**Reconciliation between profit attributable to equity holders and normalized EBITDA**

**Figure 7. Reconciliation of normalized EBITDA to profit attributable to equity holders of Budweiser APAC**

	3Q18	3Q19	9M18	9M19
<b>Profit attributable to equity holders of Budweiser APAC</b>	<b>328</b>	<b>251</b>	<b>899</b>	<b>853</b>
Non-controlling interests	1	6	1	8
<b>Profit</b>	<b>329</b>	<b>257</b>	<b>900</b>	<b>861</b>
Income tax expense	105	164	256	409
Share of result of associates	-7	-9	-14	-17
Net finance (income)/cost	2	9	9	-3
Non-recurring net finance cost	5	6	18	13
Non-recurring items above EBIT	6	53	17	92
<b>Normalized EBIT</b>	<b>440</b>	<b>480</b>	<b>1 186</b>	<b>1 355</b>
Depreciation, amortization and impairment	173	153	511	496
<b>Normalized EBITDA</b>	<b>613</b>	<b>633</b>	<b>1 697</b>	<b>1 851</b>

Normalized EBITDA and normalized EBIT are measures utilized by Budweiser APAC to demonstrate the company's underlying performance.

Normalized EBITDA is calculated excluding the following effects from profit attributable to equity holders of Budweiser APAC: (i) non-controlling interest; (ii) income tax expense; (iii) share of results of associates; (iv) net finance cost; (v) non-recurring net finance cost; (vi) non-recurring items above EBIT; and (vii) depreciation, amortization and impairment.

Normalized EBITDA and normalized EBIT are not accounting measures under IFRS accounting and should not be considered as an alternative to profit attributable to equity holders as a measure of operational performance, or an alternative to cash flow as a measure of liquidity. Normalized EBITDA and normalized EBIT do not have a standard calculation method and Budweiser APAC's definition of normalized EBITDA and normalized EBIT may not be comparable to that of other companies.



## NOTES

To facilitate the understanding of Budweiser APAC's underlying performance, the analyses of growth, including all comments in this press release, unless otherwise indicated, are based on organic growth and normalized numbers. In other words, financials are analyzed eliminating the impact of changes in currencies on translation of foreign operations, and scope changes. Scope changes represent the impact of acquisitions and divestitures, the start or termination of activities or the transfer of activities between segments, curtailment gains and losses and year over year changes in accounting estimates and other assumptions that management does not consider as part of the underlying performance of the business.

Whenever presented in this document, all performance measures (EBITDA, EBIT, profit, tax rate, EPS) are presented on a "normalized" basis, which means they are presented before non-recurring items. Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of Budweiser APAC. They are presented separately because they are important for the understanding of the underlying sustainable performance of Budweiser APAC due to their size or nature. Normalized measures are additional measures used by management and should not replace the measures determined in accordance with IFRS as an indicator of Budweiser APAC's performance. Values in the figures and annexes may not add up, due to rounding.

3Q19 and 9M19 EPS is based upon the number of shares issued after the full exercise of the over-allotment option (13,243,397,000 shares) compared to a weighted average for 3Q18 and 9M18 (13,025,642,000 shares).

### **Legal Disclaimer**

This release contains "forward-looking statements". These statements are based on the current expectations and views of future events and developments of the management of Budweiser APAC and are naturally subject to uncertainty and changes in circumstances. Forward-looking statements include statements typically containing words or phrases such as "will likely result", "are expected to", "will continue", "is anticipated", "anticipate", "estimate", "project", "may", "might", "could", "believe", "expect", "plan", "potential", "we aim", "our goal", "our vision", "we intend" or similar expressions that are forward-looking statements. All statements other than statements of historical facts are forward-looking statements. You should not place undue reliance on these forward-looking statements, which reflect the current views of the management of Budweiser APAC, are subject to numerous risks and uncertainties about Budweiser APAC and are dependent on many factors, some of which are outside of Budweiser APAC's control. There are important factors, risks and uncertainties that could cause actual outcomes and results to be materially different, including the risks and uncertainties relating to Budweiser APAC as described in the prospectus of Budweiser APAC dated 18 September 2019. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

The forward-looking statements should be read in conjunction with the other cautionary statements that are included elsewhere, including Budweiser APAC's prospectus dated 18 September 2019 and any other documents that Budweiser APAC has made public. Any forward-looking statements made in this communication are qualified in their entirety by these cautionary statements and there can be no assurance that the actual results or developments anticipated by Budweiser APAC will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Budweiser APAC or its business or operations. Except as required by law, Budweiser APAC undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or developments or otherwise.

## CONFERENCE CALL

**Friday, 25 October 2019**

**11:30am Hong Kong time**

Dial-in details

Hong Kong: 800963117 | International: +61 2 90034211

Conference ID: 2935307

### **About Budweiser Brewing Company APAC Limited**

Budweiser Brewing Company APAC Limited is the largest beer company in Asia Pacific. It is also leading the premium and super premium beer segments in Asia. The company brews, imports, markets, distributes and sells a portfolio of more than 50 beer brands, which it owns or has licensed, including Budweiser®, Stella Artois®, Corona®, Hoegaarden®, Cass® and Harbin®. Its principal markets are China, South Korea, India and Vietnam. Budweiser Brewing Company APAC Limited is listed on the Hong Kong Stock Exchange and is a subsidiary of Anheuser-Busch InBev SA/NV. It is incorporated under the laws of the Cayman Islands with limited liability. Visit our website at: <http://www.budweiserapac.com>.